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International Accounting Standards Board
30 Cannon Street
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15 January 2008

Dear Sir / Madam

Investments in Debt Instruments – Proposed Amendment to IFRS 7

The Chartered Institute of Management Accountants (CIMA) is pleased to have the opportunity to comment on this consultation. CIMA is a global professional body representing accountants in business. CIMA represents over 164,000 members and students in 161 countries. CIMA is committed to high quality, global, principle-based, neutral financial reporting standards and supports the widespread adoption of International Financial Reporting Standards.

We note that the proposed amendments to IFRS 7 stem from a series of public round-table meetings held in November and December 2008. These round-table meetings called for a number of changes to existing disclosure requirements with respect to financial instruments. Most of those taking part in the round-table meetings agreed that the following disaggregated information about impairment losses recognised for available-for-sale debt instruments would be useful:

- The incurred loss portion – determined in the same way as for debt instruments measured at amortised cost using the incurred loss model; and
- The remainder of the fair value change.

The Board has moved at commendable speed to address these issues. However, the proposed amendment calls for even more comprehensive disclosures and we believe that this is incompatible with a significantly shortened consultation period. We believe that these additional disclosures should be subject to the normal consultation process and so should be removed from this exposure draft.

Our discussions with finance directors lead us to the opinion that disclosure requirements for financial instruments for non-financial institutions are already burdensome and could, if extended further, become out of proportion and not relevant to users. We believe that these proposals may increase this burden.

We agree that it is correct for financial institutions that trade debt instruments and which are taking advantage of the option to reclassify loans out of the fair value through profit or loss category should be required to provide this information. However, we believe that other entities may also find themselves having to satisfy the disclosure requirements of this proposed amendment.

We are not aware of any definition of the term ‘investment in debt instrument’ and without this we believe that there is a risk that the scope of the proposed amendment is interpreted very widely for example to include trade receivables, or the interpretation could be inconsistently applied by entities. We believe that this amendment should either contain a definition of ‘investment in debt instruments’ or make reference to a definition expressed elsewhere in International Accounting Standards.’

We would be pleased to discuss with you any aspect of this letter that you may wish to raise with us.

Yours sincerely

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