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Sir David Tweedie
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30 Cannon Street
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15 January 2009

Dear Sir David

Investments in Debt Instruments: Proposed amendments to IFRS 7

Our responses to the specific questions in the exposure draft are set out in the appendix. However we wish to emphasise a number of key points:

It is not clear to us why the Board has proposed disclosure requirements for all debt instruments rather than requiring the disaggregated information suggested by the public round-table meetings: the disclosures in the exposure draft would not permit the user to derive such disaggregated data. Furthermore, we do not believe that it is realistic to issue a disclosure amendment that would be effective for 2008 financial statements so close to the end of the financial year. There will not be sufficient time for reporting entities to prepare.

We are also concerned that the Board has yet to put forward proposals to amend the existing impairment rules for available-for-sale financial assets.

Please contact me if you have any questions on our response.

Yours sincerely

Rajan Kapoor
Group Chief Accountant

Appendix

Question 1

The exposure draft proposes in paragraph 30A(a) to require entities to disclose the pre-tax profit or loss as though all investments in debt instruments (other than those classified as at fair value through profit or loss) had been (i) classified as at fair value through profit or loss and (ii) accounted for at amortised cost.

Do you agree with that proposal If not, why? What would you propose instead, and why?

No. We believe that disclosure of the fair value of debt instruments carried at amortised cost provides sufficient information for users to compare investments in all debt instruments. We would, however, support a requirement to make the disclosures outlined in paragraph BC 4 of the exposure draft.

Question 2

The exposure draft proposes to require disclosing the pre-tax profit or loss amount that would have resulted under two alternative classification assumptions.

Should reconciliations be required between profit or loss and the profit or loss that would have resulted under the two scenarios? If so, why and what level of detail should be required for such reconciliations?

As explained above we do not support the disclosure of the pre-tax profit or loss amount that would have resulted under the two alternative classification assumptions.

Question 3

The exposure draft proposes in paragraph 30A(b) to require entities to disclose for all investments in debt instruments (other than those classified as at fair value through profit or loss) a summary of the different measurement bases of these instruments that sets out (i) the measurement as in the statement of financial position, (ii) fair value and (iii) amortised cost.

Do you agree with that proposal? If not, why? What would you propose instead, and why?

No. We do not agree with this proposal principally because we do not believe that it improves on the existing requirement in IFRS 7 to disclose the fair value of each class of financial instruments.

Question 4

The exposure draft proposes a scope that excludes investments in debt instruments classified as at fair value through profit or loss.

Do you agree with that proposal? If not, would you propose including investments in debt instruments designated as at fair value through profit or loss or those classified as held for trading or both, and if so, why?

We do not agree with the proposal but if it were to be implemented debt instruments classified as at fair value through profit or loss should be excluded. We would further note that there is no definition of 'debt instrument'; and that it is not clear whether the pre-tax profit or loss requirement applies to total profit or only to that derived from debt instruments.

Question 5

Do you agree with the proposed effective date? If not, why? What would you propose instead, and why?

As discussed in the covering letter, we are concerned that the effective date gives insufficient time to apply the proposal in 2008 financial statements.

Question 6
Are the transition requirements appropriate? If not, why? What would you propose instead, and why?

Yes.