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International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Comments on the Exposure Draft of Investments in Debt Instruments
(Proposed amendments to IFRS 7)

To the Board Members:

The Japanese Institute of Certified Public Accountants appreciates the efforts of the International Accounting Standard Board (IASB) in dealing with the credit crisis, and welcomes the opportunity to comment on the Exposure Draft of Investments in Debt Instruments (Proposed amendments to IFRS 7).

The following is our response to the items in 'invitation to comment' with which we disagree or have questions or concerns.

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?

Comment:

We do not agree with part of the proposed requirements.

We agree with the proposed requirement in which an entity shall disclose pre-tax profit or loss as though all investments in debt instruments other than those classified at fair value through profit or loss had been accounted for at amortised cost, since it is relevant to the reason why the exposure draft has been issued as described in the paragraphs of the Introduction, that disaggregated information about impairment losses on available-for-sale debt instruments under the incurred loss model would be useful.

However, with regard to the disclosure about the effect, as if they had been classified at fair value thorough profit or loss, we believe that the exposure draft should contain further explanation and detailed examples in paragraph IG14A to ensure that constituents clearly understand these requirements.

Question2

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?

Comment:

Although we agree with the proposed expansion of disclosure, we believe additional explanation should be given to the examples in paragraph IG14A about consistency among each amount to be disclosed.

Yours faithfully,

Kiyoshi Ichimura
Executive Board Member－Accounting Standards
The Japanese Institute of Certified Public Accountants