LIBERTY LIFE

15 January 2009

International Accounting Standards Board
30 Cannon Street
LONDON EC4M 6XH
United Kingdom
Email: CommentLetters@iasb.org

Dear Sir/Madam

LIBERTY GROUP LIMITED SUBMISSION ON EXPOSURE DRAFT – *INVESTMENTS IN DEBT INSTRUMENTS – PROPOSED AMENDMENTS TO* IFRS 7

In response to your request for comments on the IASB's exposure draft, *Investments in Debt Instruments – Proposed amendments to* IFRS 7, attached is a comment letter.

I thank you for the opportunity to provide comments on this document.

Please do not hesitate to contact me should you wish to discuss any of my comments.

Yours sincerely

Jeff Hubbard
Executive: Group Financial Reporting
Liberty Group Limited
Tel: (011) 408 4203
Fax: (011) 408 1236
Email: jeff.hubbard@liberty.co.za

General Comments

We understand that this exposure draft has been written in response to the current crisis in the world's financial markets and to provide users with additional fair value information to enhance credibility of IFRS.

We support the need for further disclosures to be provided for investments in debt instruments that are not recognised at fair value through profit or loss as envisaged by the exposure draft. However, we are concerned that the requirement to disclose the fair value effect on pre-tax profit and loss for all instruments that are accounted for at amortised cost will result, in the proposed format, in providing an alternative earnings result. Given the disclosure is restricted to "investments in debt instruments", it may create confusion or over reliance on an amount which is not derived from adopted accounting policies and related disclosure e.g. sensitivities. It needs to be acknowledged that earnings is a very sensitive measure and whilst this disclosure is intended to help restore confidence in financial reporting, disclosing an alternative earnings result may be reported out of context and have the opposite effect.

We note that there is no definition of 'Investments in Debt Instruments' in the exposure draft. We do not believe that any existing IFRS standard contains a clear definition of "Investments in Debt Instruments". We propose that the definition of 'Investments in Debt Instruments' is clarified since any inconsistency will result in non-comparable information being produced.

In our opinion, in the longer term we would suggest all financial instruments be measured at fair value through profit and loss.

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?

In light of our general comments, we do not agree with presenting the profit or loss information as currently proposed but support the proposal to provide the fair value adjustment that would have been required on available for sale debt instruments and debt instruments measured at amortised cost. In other words, we suggest not presenting the information as a restatement of earnings.

Question 1 (contd.)

We also do not believe there is any benefit in providing the required disclosure for investments in available for sale debt instruments at fair value as though they had been accounted for at amortised cost.

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?

No, we do not support a reconciliation.

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?

We agree with the proposal.

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 agree with the proposal.

Question 5

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

No, we do not agree with the effective date as we have a concern in principal with the proposed effective dates of exposure drafts preceding the date on which the final amendment will be issued by the Board.

We also suggest that the Board consider the timing of the issue of any future standards, amendments and interpretations with short lead times. This could result in unintended consequences such as inconsistencies with other IFRSs, inappropriate interpretations being reached as well as application oversights by preparers of financial statements.

We would also like to recommend that the Board consider the timing practicality when issuing any future amendments to standards, particularly those that are urgent and/ or have short lead times, during periods, such as over Christmas, when many constituents are unavailable to consider the implications on their financial reporting requirements.

Question 6

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

Yes – in light of the effective date, we deem it appropriate that no comparatives are required.

We would also like to express our concern with the number of changes that are currently being made to IFRS 7 and specifically with regard to the potential for further conflicts that may arise within IFRS 7 and between IFRS 7 and other IFRSs. We are of the opinion that any necessary changes to IFRS 7 should not be done on an ad-hoc basis in response to specific needs, but should rather be done as part of the annual improvements process.