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Dear Sirs

Proposed changes to IFRS 7, Investments in Debt Instruments.

The Accounting Standards Committee of the Institute of State Authorized Public Accountants in Denmark (FSR) is pleased to comment on the exposure draft Investments in Debt Instruments, proposed changes to IFRS 7.

We cannot support the proposed changes for a number of reasons.

1. No clear objective

We do not consider the proposals have a clear objective and therefore cannot determine whether the objective is met. For instance, the proposals only illustrate the profit or loss effect and carrying values of some financial assets had they been classified differently. Without a clearly identified objective that responds to an identified demand from users for specific information we believe the proposals would only introduce confusion about an entity's profit or loss effect and carrying values of the financial assets in question.

2. "As if" note disclosure is not appropriate

In our view "as if" note disclosure is not an appropriate type of note disclosure already for the reason that it will create doubt about whether the measurement basis applied is actually the most appropriate basis. We see the proposed information as being different from the current fair value disclosure requirements because they are merely of a "supplementary information" nature.

If the Board finds that measuring impairment on available for sale debt instruments on a historic cost basis is the appropriate measure, it should first take this decision as part of the accounting for financial assets project and then decide on disclosures. In our comment letter to the discussion paper on reducing complexity in reporting financial instruments we encouraged the Board to resolve the inconsistency between impairment measurement on available for sale debt instruments and debt instrument measured at amortised cost.

The proposed disclosure might be seen as an attempt to sneak more fair value measurements in through the backdoor while the relevance of expanding fair value measurements for financial instruments is currently an issue under consideration in the project *Reducing Complexity in Reporting Financial Instruments*.

3. Timing of the proposed changes
We do not find it appropriate to introduce changes effective for a financial year *after* year end, especially because the changes require entities to prepare information which is not readily available.
See our detailed comments in appendix 1

We appreciate the opportunity to provide our comments. If you have any questions concerning our comments, please contact the undersigned.

Yours sincerely

Eskild Nørregaard Jakobsen	Ole Steen Jørgensen
Chairman of FSR's Accounting Standards Committee	Chief Consultant Secretary to FSR's Accounting Standards Committee

Appendix 1 Response to the questions raise

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?

We do not agree with the proposal as it is not clear what the objective of the proposals is, how that objective is met, and how the proposals meet the immediate information needs of users. For the reason set out in our introductory comments we do not support the requirement of "as if"-information.

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 set out in question 1 we do not support the proposed changes. However, should the IASB elect to proceed with the proposed changes, we are not supportive at this stage of requiring reconciliations between 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. At first glance, providing this information may appear less onerous than the "as if" disclosure required by paragraph 30A(a). However, because it requires calculation of impairment on a different basis, we do not support 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?

Because it is not clear what the objective is we cannot assess whether the scope exclusion is appropriate.

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. The proposed effective date is not appropriate, because the effective date will result in insufficient time for many entities, particularly those with calendar year-ends, to provide the necessary disclosures. The amount of work needed to provide the disclosures is significant. For example, it would require an entity to look back at each and every impairment trigger event and determine what would have been the expected recoverable cash flows determined at that date.

In addition, by the time the proposed changes may actually result in changes to IFRS 7 companies might either already have approved their 2008 financial statements or be very close to finalising them. Therefore, they will not be in a position to include such disclosures unless they elect to do it on a voluntary basis. Entities which have not issued their financial statements at that point of time will be under undue time pressure to prepare information which is in most cases not readily available.

Should the IASB choose to finalise the ED we believe at a minimum the effective date should be deferred.

Question 6

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

We do not agree with the proposal. However, should the Board elect to make the proposed changes, we find it appropriate to include an exemption for comparative figures.