

International Accounting Standards Board,
First Floor,
30 Cannon Street,
London, EC4M 6XH,
United Kingdom.

15th January, 2008

Exposure Draft
Investments in Debt Instruments
Proposed amendments to IFRS 7

Dear Sirs,

Thank you for the opportunity to comment on the above Exposure Draft. Following our review please find our answers to the questions posed in the paper hereunder.

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?

Answer: We do not agree with the proposal. It is not evident from the Round Tables that this disclosure was seen as important to users.

It is not appropriate for all financial instruments to be fair valued to the income statement, even on a disclosure basis, and the disclosure could be potentially misleading as it does not adequately deal with the question of derivatives hedging these instruments.

IFRS 7 already requires significant information on fair value and it is not appropriate to continue to add to disclosure requirements, when energy should be directed towards fixing the AFS impairment rules for equity shares.

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?

Answer: We do not believe the information is useful and we believe it could be misleading for the reasons set out above.

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.

Answer: As it is most entities would be showing the carrying value and the fair value of the items on the balance sheet in a separate note. We don't believe that this disclosure proposal meets the information needs identified and should relate to impaired debt securities only.

Question 4

The exposure draft proposes a scope that excludes investments in debt instruments classified as at fair value through profit and 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?

Answer: We agree with the proposal to exclude instruments classified at fair value through profit and loss and held for trading from scope. These instruments are already carried at fair value with fair value gains and losses going through the income statement. We do not see any value in showing the amortised cost of these instruments to the user.

Question 5

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

Answer: No we do not agree with the effective date. For entities who report on the 31st December 2008 there is very little time to perform the calculations necessary to provide the above disclosures as all the information may not be readily available. We do not believe that the Board has given sufficient thought to whether the information provided through the disclosures will meet the objectives and feel that there will be many implementation issues that will need to be resolved before the disclosures become meaningful. We would suggest if the proposals were introduced they should apply to periods ending on or after 1st January 2009. Early adoption of part or all of the requirements should be permitted.

Question 6

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

Answer: We agree with not having to provide comparative information for periods before initial adoption.

Please contact me with any queries.

Yours sincerely

Brendan McHugh
Group Financial Controller