

2 October 2002

The Rt Hon The Lord Brittan of Spennithorne QC DL  
Vice Chairman  
UBS Warburg Limited  
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London  
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Thank you for your letter of 18 September relating to the proposed amendments to IAS 27. I have taken the liberty of making sure that it is treated as an additional submission to that of LTBS dated 12 September 2002.

Representatives of UBS met with the relevant project managers and senior staff of the IASB dealing with both the improvements and financial instruments Exposure Drafts on 25 September. In relation to the private equity investments, I am told that the staff found the discussions useful. The UBS representatives indicated that they may wish to reconsider their position, having regard to how consolidation requirements generally address temporary control, entities that do not exercise their ability to control and the appropriateness of consolidation when the group comprises entities engaging in disparate activities. The general problem faced by us, as standard setters, would be to distinguish arguments of exempting venture capitalists from the general positions we hold in each of those three areas. The UBS representatives indicated that they could see our problem. We look forward to their revised submission.

Many thanks for writing.

David Tweedie