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Dear Andrea

**Exposure Draft 7 *Financial Instruments: Disclosures***

The Accounting Standards Board is grateful for the opportunity to comment on the Exposure Draft referred to above.

We recognise the need to revise and enhance the disclosures on financial instruments by removing unnecessarily onerous or duplicative disclosures. We also note that this Standard offers entities the possibility of a single change to disclosures in 2005 rather than making disclosures based on IAS 30 and IAS 32 in 2005 and 2006 and then making a second change to disclosures in 2007. Therefore, we support the proposals in this Exposure Draft.

We note, however, that the disclosure requirements in the consequential amendments to IFRS 4, although adequate as general disclosures, are not sufficient to highlight some of the more specialised financial risk issues arising in some insurance contracts. The ASB, when developing FRED 34 'Life Assurance', considered including IFRS 4 type disclosures but concluded that more detailed and targeted disclosures were required. We recommend that the IASB consider the need for such detailed disclosure requirements during phase II of the insurance project.

The ASB is currently consulting on the proposals contained in this Exposure Draft. We will pass on any views expressed to us that are relevant to your consultation.

Yours sincerely

Ian Mackintosh  
Chairman