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Sandra Thompson  
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International Accounting Standards Board  
30 Cannon Street  
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**CL 35**

8<sup>th</sup> October 2004

Dear Ms Thompson,

**Exposure Draft of Proposed Amendments to IAS 39, Cash Flow Hedge Accounting of Forecast Intragroup Transactions**

The Accounting Committee (AC) of the Institute of Chartered Accountants in Ireland considered the proposals in the ED at its meeting on 16 September 2004.

**Question 1**

**Do you agree with the proposals in this Exposure Draft? If not, why not? What changes do you propose and why?**

**Question 2**

**Do the proposals contained in Exposure Draft appropriately address the concerns set out in paragraph 3 of the Background on the Exposure Draft? If not, why not, and how would you address these concerns?**

AC believes that a more appropriate method of addressing this issue would be to extend the scope of paragraph 80 of IAS 39 to permit the designation of an intercompany forecast transaction as a hedged item for foreign currency risk in a cash flow hedge in consolidated accounts as well as entity accounts. AC considers that this would be consistent with the economic exposure to the group and with US GAAP.

AC considers that the proposal in the ED has extended the ability to hedge beyond intragroup transactions by enabling entities to translation hedge, (i.e. to hedge accounting

positions arising from the selection of a group presentation currency), which goes further than the hedging of actual economic positions (i.e. arising from transactions by group entities in non-functional currencies).

However, having considered the concerns set out in BC4, AC accepts the proposals in the ED as a pragmatic solution to those concerns.

Yours faithfully,

Simon Magennis  
Secretary  
Accounting Committee  
Institute of Chartered Accountants in Ireland