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6 October 2004

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Exposure Draft of Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement: *Transition and Initial Recognition of Financial Assets and Financial Liabilities*.

Dear Sandra

Grant Thornton International is pleased to comment on the International Accounting Standards Board (the Board) Exposure Draft of Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement: *Transition and Initial Recognition of Financial Assets and Financial Liabilities* (the ED).

We generally support the proposed amendments contained in the ED and respond to the specific questions in the Invitation to Comment as follows:

Question 1

Do you agree with the proposals in this exposure draft?

We agree with the proposals. Compiling all the data necessary for full retrospective application of the "day 1" gain or loss recognition will in some instances prove impracticable or very onerous and will be based on subjective assessments regarding what information was available at the time. Providing the additional choice, of prospective application to transactions entered into after 25 October 2002, makes the collation of data less onerous for entities.

We acknowledge the selection of 25 October 2002 to align with US GAAP, but an alternative would be to allow the last sentence of AG76 to be applied prospectively from 1 January 2004, or from any earlier date that the entity may select.

Question 2

Do the proposals contained in this Exposure Draft appropriately address the concerns set out in paragraph 5 of the Background on this Exposure Draft? If not, why not and how would you address those concerns?

Yes.

Question 3

Do you have any other comments on the proposals?

The Board may also wish to consider requiring entities to disclose in the financial statements the option they have chosen.

Also, when considering the IFRS application for non-publicly accountable entities (small and medium sized entities (SME)), we believe that prospective application would be suitable for SMEs. The cost of partial retrospective application would be too onerous.

If you have any questions on our response, or wish us to amplify our comments, please contact our Director of International Financial Reporting, Ms April Mackenzie (april.mackenzie@gt.com or telephone +1 212 624 5428).

Yours sincerely



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