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THE  
INSTITUTE OF  
CHARTERED  
ACCOUNTANTS  
OF SCOTLAND



Ms Patrina Buchanan  
Project Manager  
International Accounting Standards Board  
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Email: [CommentLetters@iasb.org](mailto:CommentLetters@iasb.org)

21 November 2005

Dear Patrina

**DRAFT TECHNICAL CORRECTION 1 – PROPOSED AMENDMENTS TO IAS 21 THE EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES – NET INVESTMENT IN A FOREIGN OPERATION**

The Institute's Accounting Standards Committee has considered the above draft technical correction and I am pleased to set out its comments below.

**Response to IASB's Specific Questions**

Our responses to the specific questions in the draft technical correction are set out below.

- (i) *Do you agree with the proposals in this technical correction? If not, why not? What changes do you propose and why?*

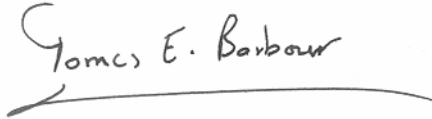
We agree with these proposals.

- (ii) *Do you have any other comments on the proposals?*

Although we support the technical content of these proposals, we are concerned about whether it was appropriate to address this as a technical correction. We are particularly concerned that this first draft technical correction was issued for comments before the comments on the IASB's draft technical corrections policy itself could have been considered by the Board. We suggest that the Board should ensure that the only issues addressed by the new technical corrections procedure are those as set out in the policy. Otherwise, we are concerned that the Board may give the impression that the technical corrections procedure is being used to implement changes after only a short comment period and thereby circumventing due process.

If you wish to discuss our comments further, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "James E. Barbour". The signature is written in a cursive style and is underlined with a single horizontal stroke.

JAMES E BARBOUR  
Director, Accounting and Auditing