

2 March 2009

International Accounting Standards Board  
30 Cannon Street  
LONDON EC4M 6XH  
**United Kingdom**

Email: [CommentLetters@iasb.org](mailto:CommentLetters@iasb.org)

Dear Sir/Madam

**SAICA SUBMISSION ON EXPOSURE DRAFT *POST-IMPLEMENTATION REVISIONS TO IFRIC INTERPRETATIONS – PROPOSED AMENDMENTS TO IFRIC 9 AND IFRIC 16***

In response to your request for comments on the IFRIC exposure draft, *Post-implementation Revisions to IFRIC Interpretations – Proposed amendments to IFRIC 9 and IFRIC 16*, attached is the comment letter prepared by The South African Institute of Chartered Accountants ('SAICA'). Please note that SAICA is not only a professional body, but also secretariat for the Accounting Practices Board ('APB'), the official standard-setting body in South Africa. The SAICA comment letter results from deliberations of the Accounting Practices Committee ('APC'), which is the technical advisory body to the APB.

We thank you for the opportunity to provide comments on this document.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours sincerely

**Sue Ludolph**  
**Project Director – Accounting**

cc: Moses Kgosana (Chairman of the Accounting Practices Board)  
Prof Alex Watson (Chairman of the Accounting Practices Committee)

**SAICA SUBMISSION ON EXPOSURE DRAFT ON POST-IMPLEMENTATION  
REVISIONS TO IFRIC INTERPRETATIONS – PROPOSED AMENDMENTS TO IFRIC 9  
AND IFRIC 16**

**Proposed amendment to IFRIC 9 – *Reassessment of Embedded Derivatives***

**SPECIFIC COMMENTS**

**Question 1**

*The Board proposes to amend paragraph 5 of IFRIC 9 to exclude from its scope embedded derivatives in contracts acquired in combinations of entities or business entities under common control and in the formation of joint ventures.*

*Do you agree with the proposal? If not, why?*

We agree with the amendment to IFRIC 9 – *Reassessment of Embedded Derivatives* ('IFRIC 9') noting BC 3, which states that the amendment will allow the IASB more time to consider the relevant accounting issues.

**Question 2**

*The proposed amendment to IFRIC 9 would be effective for annual periods beginning on or after 1 July 2009 with prospective application, and would require an entity that applies IFRS 3 (revised 2008) for an earlier period to disclose that fact and apply the amendment to IFRIC 9.*

*Do you agree that this amendment should apply for annual periods beginning on or after 1 July 2009 with prospective application? If not, why?*

We agree with the proposed effective date.

**OTHER COMMENTS**

Whilst we note that the amendment to IFRIC 9 seeks to maintain existing IFRS requirements, we believe that the IFRIC should provide respondents with sufficient time to consider all potential impacts and consequences (i.e. more than the 30 day comment period provided).

**SAICA SUBMISSION ON EXPOSURE DRAFT ON POST-IMPLEMENTATION  
REVISIONS TO IFRIC INTERPRETATIONS – PROPOSED AMENDMENTS TO IFRIC 9  
AND IFRIC 16**

**Proposed amendment to IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation***

**SPECIFIC COMMENTS**

**Question 1**

*The Board proposes to amend paragraph 14 of IFRIC 16 to remove the restriction on the entity that can hold hedging instruments.*

*Do you agree with the proposal? If not, why?*

We agree with the proposal, noting that all of the hedge accounting requirements with respect to such hedging relationships should be required to be complied with in terms of IAS 39.

**Question 2**

*IFRIC 16 is effective for annual periods beginning on or after 1 October 2008 with prospective application. The Board concluded that this amendment should apply in the same way.*

*Do you agree that this amendment should apply for annual periods beginning on or after 1 October 2008 with prospective application? If not, why?*

We agree with the proposal.

**OTHER COMMENTS**

We note that the proposed amendment to IFRIC 16 is highly technical and may, in the absence of provided examples, pose difficulties to respondents in understanding the reasons for the proposed amendment. Whilst we note that the IFRIC has indicated that examples illustrating the need for the proposed amendment are available on request, we recommend that such examples be provided to all respondents in future as part of similar exposure drafts to allow respondents to fully understand the basis of the IFRIC's conclusions. We further recommend that an example illustrating the IFRIC's conclusions for permitting a hedging instrument to be held by any entity within the group be provided in the amended IFRIC 16 as part of its Basis for Conclusions.

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