



LONDON SOCIETY
OF CHARTERED
ACCOUNTANTS

14 November 2008

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

Dear Sirs

Exposure Draft of Proposed Improvements to IFRSs

With a membership of in excess of 30,000, the London Society of Chartered Accountants (LSCA) is the largest of the regional bodies which form the Institute of Chartered Accountants in England & Wales (ICAEW). London members, like those of the Institute as a whole, work in practice or in business. The London Society operates a wide range of specialist committees including Technical (accounting and auditing), Tax, Regulation and Ethics Review and Financial Services and Insolvency, which scrutinise and make representations to bodies such as yourselves.

We are writing in support of the ICAEW response on the above Exposure Draft (ICAEW REP 126/08 Proposed Improvements to IFRSs).

In general, we support the IASB's proposed amendments. We also consider that the amendments proposed are largely of a suitable nature for inclusion in the Annual Improvements Project. However, we have particular concerns regarding the proposed changes to IFRS 5, IFRS 8, IAS 7, IAS 38 and IAS 39.

We find the proposed reference in IFRS 5 to IAS 1's general disclosure requirements to be vague and unhelpful. If the Board believes that additional disclosures are likely to be necessary for items covered by IFRS 5, they should include them in that standard.

We note that the proposed amendment to the Basis for Conclusions to IFRS 8 is expected to lead to a change in how the standard is applied. In our view, the Basis for Conclusion should explain the reasoning behind a standard, not to set out how it should be applied.

We believe that the proposed amendment to IAS 7 may have unintended consequences regarding the treatment of cash outflows other than those the Board had in mind when proposing the amendment. For example cash outflows relating to contingent consideration in a business combination accounted for under IFRS 3 (Revised 2008), the interaction with IAS 7.35, which indicates that taxation cash flows may in some cases be classified as 'Investing' and we also note also that expenditure on inventories is recognised as an asset in the statement of financial position but such expenditure is routinely regarded as being 'Operating' in nature.

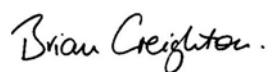
We note the use of the word "hypothetical" in the proposed amendments to IAS 38.41. We are not convinced that this word is necessary and consider that it may give the impression that there would be no or reduced need for evidence in support of the estimated cost the entity would avoid. If all proposed

changes to IAS 38 are pursued, we recommend that they have the same effective date as the amendments made by IFRS 3R.

We are not convinced that the proposed amendment to IAS 39 regarding bifurcation of an embedded foreign currency derivative would be a useful clarification. In our view, the Board would do better to address the lack of clear principles relating to treatment of embedded derivatives rather than rewrite the existing detailed requirements.

We trust you find our comments helpful in the consultation process and please do not hesitate to contact our Chairman, Brian Creighton on +44 (0) 207 7893 3415 if you wish to discuss any of our comments further.

Yours sincerely

A handwritten signature in black ink that reads "Brian Creighton." The signature is written in a cursive, flowing style.

Brian Creighton
LSCA Technical Committee Chair