

Ms Sandra Thompson  
Senior Project Manager  
International Accounting Standards Board  
30 Cannon Street  
LONDON  
EC4M 6XH

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

14 October 2004

Dear Sandra

**IASB EXPOSURE DRAFT - PROPOSED AMENDMENTS TO INTERNATIONAL ACCOUNTING STANDARD (IAS) 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT – CASH FLOW HEDGE ACCOUNTING OF FORECAST INTRAGROUP TRANSACTIONS**

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

**Response to Detailed Questions**

Our responses to the specific questions in the Exposure Draft are set out below:

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

We do not agree with these proposals. We agree with the alternative view stated in paragraph AV 2 of the exposure draft.

- (ii) *Do the proposals contained in this Exposure Draft appropriately address the concerns set out in paragraph 3 of the Background on this Exposure Draft? If not, why not, and how would you address those concerns?*

We believe that the proposals stated in the exposure draft would appropriately address the concerns in paragraph 3 of the Background, but as noted above we do not agree with these proposals.

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

One issue relates to the repeal of IGC 137-14. Those IFRS reporters which were applying this guidance would have to unwind these previous hedge accounting adjustments. We suggest that, if the proposals are to proceed, the Exposure Draft be amended to allow entities already applying IFRS to retrospectively designate hedges of highly probable forecast external transactions.

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

Yours sincerely

RICHARD ANDERSON  
Assistant Director, Accounting and Auditing  
Secretary to the Accounting Standards Committee