

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

22 June 2009

Dear IFRIC members

Tentative Agenda Decision – Impairment of investments in associates

The global organisation of Ernst & Young is pleased to respond to the above Tentative Agenda Decision as published in the IFRIC Update of May 2009.

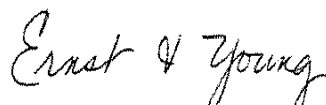
The IFRIC debated whether IAS 36 *Impairment of Assets* or IAS 39 *Financial Instruments: Recognition and Measurement* was the relevant standard for testing impairment in the standalone financial statements of an investor, when the investment is carried at cost.

The IFRIC ultimately concluded that the answer was not clear, and it will refer the matter to the Board.

We believe that the text of paragraphs 2, 4 and 5 of IAS 36, particularly if read in conjunction with paragraphs 2 (a) and (d) of IAS 39, make it clear that IAS 36 applies to the impairment of associates measured at cost in the separate financial statements. IAS 36 applies to all assets except financial assets to which IAS 39 applies. In our view, if an entity chooses to account for its investment in an associate at cost in its separate financial statements, it chooses not to apply IAS 39, in which case IAS 36 applies.

Please contact Lynda Tomkins on 0207 951 0241 if you have any questions regarding the above.

Yours faithfully

A handwritten signature in cursive script that reads 'Ernst & Young'.