



The Institute of Certified Public Accountants of Cyprus

CL 05

3 October 2002

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

Dear Sirs

Exposure Draft of Proposed Amendments to IAS 32 and IAS 39

The Accounting and Auditing Standards Committee of our Institute has reviewed the respective Exposure Draft. Our comments, as summarised below, do not specifically address the questions in the 'Invitation to Comment', but have been assessed critical, given the trend followed by the quoted financial instruments on the Cyprus Stock Exchange, over the recent years:

1. Paragraph 99 (page 188) states that 'The existence of published price quotations in an active market is the best evidence of fair value'. Interpreting what is an 'active market' is critical and thus it is our opinion that further guidance could be given on the conditions that lead to the disappearance of an active market.
2. Paragraph 110A (page 195) reads 'A significant and prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment'. It is our assessment that consistency will be better achieved if further guidance is given as to what constitutes a significant and prolonged decline in fair value.
3. Paragraph 119 (page 200) does not allow impairment losses recognised in profit or loss for a financial instrument classified as available for sale to be reversed through profit or loss as long as the instrument is recognised. We believe that, for consistency, such reversals should be effected through profit or loss.

We are at your disposal in case you require any clarifications.

Yours faithfully

Michael M Antoniades
Chairman - AASC