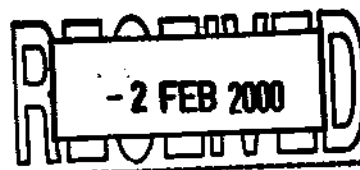




Tel: 0171-242 6855 Fax: 0171-831 8054

The Secretary-General
International Accounting Standards Committee
166 Fleet Street
London
EC4A 2DY

CL 2 2



31 January 2000

Dear Sir

E65 Agriculture

The Association of Chartered Certified Accountants (ACCA) is pleased to have this opportunity to respond to the above exposure draft. It was considered recently at a meeting of ACCA's Financial Reporting Committee and I am writing to give you their views.

We do not think that IASC should proceed to issue a standard along these lines at this time.

We think that the principal users of such a standard would initially be

- a relatively small number of listed entities with material agricultural interests, and
- a larger number of smaller enterprises in developing economies.

We are supportive of the basic fair value approach for biological assets, as it might be applied by larger companies in countries with more developed markets and media for reporting market activities. For these enterprises the treatments set out in E65 seem essentially right. We consider, however, that the presentation of fair value changes in the income statement should clearly segregate such gains or losses from those which represent actual transactions, and not include gains with income from the sale of produce for example as E65 seems to do.

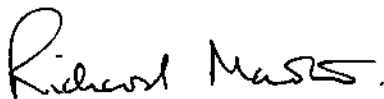
We are not convinced that a standard along these lines will be suitable for use by the second category above. We think, indeed, that it is very unfortunate that this exposure draft has been issued at a time when the IASC has started a project on the application of its standards in developing and emerging economies, but which has not yet reported. We notice also that the issuing of E65 took place before the field-testing of the proposals. This must in principle be putting things the wrong way around.



Given that the potential users for whom E65 does appear appropriate are relatively few, we think that IASC should leave E65 as guidance or recommended practice for now. Progress towards a standard on agriculture should await the outcome of the field-testing and of the other IASC project.

If there are any matters arising from the above on which you would like further information or clarification, please be in touch with me.

Yours sincerely

A handwritten signature in black ink, reading "Richard Martin". The signature is written in a cursive style with a large initial 'R'.

Richard Martin
Secretary to the Financial Reporting Committee