



24 October 2005

Ms Patricia Buchanan
Project Manager
International Accounting Standards Board
30 Cannon Street
London EC 4M 6XH
UNITED KINGDOM

email: commentletters@iasb.org

Dear Ms Buchanan

Draft Technical Correction 1

The Group of 100 (G100) is an organisation representing the interests of chief financial officers of major Australian companies. We are pleased to comment on Draft Technical Correction 1.

The G100 is somewhat surprised that Draft Technical Correction 1 is issued for comment without the IASB having confirmed its policy in respect of making technical corrections to IFRSs.

The G100 agrees with proposals in respect of the clarification of IAS 21 'The Effect of Changes in Foreign Exchange Rates'. However, it is not clear how the proposed change to IAS 21:33 meets the criteria of clarifying the IASB's intentions, as the existing IAS 21 includes a statement that only currencies of the parent or foreign operation qualify for equity treatment on consolidation. We also consider the proposed amendment to IAS 28 'Investments in Associates' is more in the nature of an interpretation than a technical correction as it is not common practice for a trade payable to be treated as part of the net investment.

However, the G100 has some concerns about the approach to the timing of the application of the amendment. It is not clear what is meant by 'retrospectively with immediate effect'. We presume that it relates to the beginning of the current annual reporting period with prior period adjustments reflected in opening balances but in the absence of specific clarification other approaches may be taken. We are also concerned because these amendments are to existing standards which, in Australia, must become part of the law before they can be adopted. Immediate retrospective effect may prevent companies from achieving compliance with IFRSs.

Yours sincerely

Tom Honan
National President