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**Comments on Exposure Draft of Proposed Amendments to IAS 39,
“Cash Flow Hedge Accounting of Forecast Intragroup Transactions”**

Dear Sirs:

We, The Japanese Institute of Certified Public Accountants, are pleased to provide our comments on the proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Cash Flow Hedge Accounting of Forecast Intragroup Transactions (the “ED”).

We disagree with the ED and have specific comments and recommendations which are outlined as follows:

We disagree with the proposal which does not allow a forecast intragroup transaction to be designated as a hedged item in a foreign currency cash flow hedge in consolidated financial statements, although the ED, in certain circumstances, allows a group to designate as a hedged item, in a foreign currency cash flow hedge, a highly probable forecast external transaction denominated in the functional currency of the entity entering into the transaction.

It is common practice for entities to designate as a hedged item a forecast intragroup transaction denominated in a currency different from the functional currency of the entity. There are also many cases where it is not clear whether the transaction is a highly probable forecast external transaction to be designated as a hedged item against a foreign currency exposure. Since exchange differences cannot be eliminated in consolidated net profit or loss for an intragroup monetary item recognized as a result of a forecast intragroup transaction, it should qualify as a hedged item in a foreign currency cash flow hedge. We recommend that the Board extend the current exception in IAS 39 to highly probable forecast intragroup transactions as hedged items in consolidated financial statements.

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We would be pleased to discuss any aspect of this letter with the IASB or its staff at your convenience.

Very truly yours,

Michiyoshi Sakamoto

Chairman

Technical Committee for IASB