

24 September 2004

Ms Sandra Thompson
Senior Project Manager
International Accounting Standards Board
30 Cannon Street
London EC 4M 6 XH
UNITED KINGDOM

Dear Ms Thompson

Cash Flow Hedge Accounting of Forecast Intra-group Transactions

The Group of 100 (G100) is pleased to respond to the request for comment. Our responses are set out below.

Q1 Do you agree with the proposals in this Exposure Draft? If not, why not? What changes do you propose and why?

Yes. The G100 considers that the proposed accounting is appropriate in consolidated financial statements where transactions of entities within a group are presented from the point of view of the group as an economic entity.

Q2 Do the proposals contained in the Exposure Draft appropriately address the concerns set out in paragraph 5 of the Background on this Exposure Draft? If not, why not and how would you address these concerns?

Yes. The G100 considers that the guidance in BC10 clarifies that the group is hedging on the basis that its costs are denominated in a different currency from its revenues.

Q3 *Do you have any other comments on the proposals?*

The G100 welcomes the approach to the amendments, particularly in respect of specifying the application date of 1 January 2006 with early adoption permitted. We believe that this approach takes account of the differences in systems and preparation for 2005, provides preparers with the flexibility to adapt their systems in an orderly manner in response to late changes in the requirements. We believe that in view of timing and implementation issues the IASB should adopt a similar approach in respect of other revisions to the Year 2005 stable platform.

Yours sincerely

John V Stanhope
National President

c.c. Mr D Boymal, Chairman - AASB