ASC
ACCOUNTING STANDARDS COUNCIL

15 January 2009

International Accounting Standards Board
1st Floor 30 Cannon Street
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United Kingdom

(By online submission)

RESPONSE TO EXPOSURE DRAFT (ED) OF INVESTMENTS IN DEBT INSTRUMENTS - PROPOSED AMENDMENTS TO IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURE

The Accounting Standards Council (ASC) appreciates the opportunity to comment on the Exposure Draft of *Investments in Debt Instruments* – Proposed Amendments to IFRS 7 issued by the International Accounting Standards Board (IASB) in December 2008.

2. We are supportive of the proposed amendments in the exposure draft and agree that the splitting of impairment losses between the incurred loss portion and the remainder of the fair value change would serve as useful information to investors when analyzing an entity's financials, especially when markets are volatile. However, we have some comments on the specific questions below:

Question 1
The exposure draft proposes in paragraph 30A(a) to require entities to disclose the pre-tax profit or loss as though all investments in debt instruments (other than those classified as at fair value through profit or loss) had been (i) classified as at fair value through profit or loss and (ii) accounted for at amortised cost. Do you agree with that proposal? If not, why? What would you propose instead, and why?

3. The underlying principle for disclosure should be the value added when disclosure is made. Requiring disclosure of the pre-tax profit and loss using different methods of measurement for investments in debt instruments other than those classified as FVPL may not only add to entities' costs in preparing financial statements, it may also confuse the reader. There might be confusion as to which set of figures would be most reflective of the economic substance of an entity's business and assets held, and whether the income statement presented as part of the primary financial statements is reliable.

4. If the concern is about the different methods used in computing the impairment losses that are classified as AFS and LR or HTM, a comprehensive review should be done to align the disparity. The additional disclosures in paragraph 30A(a) may not serve much purpose in this aspect.

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Question 2
The exposure draft proposes to require disclosing the pre-tax profit or loss amount that would have resulted under two alternative classification assumptions. Should reconciliations be required between profit or loss and the profit or loss that would have resulted under the two scenarios? If so, why and what level of detail should be required for such reconciliations?

5. We feel that it would not be necessary to provide reconciliations between profit or loss and the profit or loss that would have resulted under the two scenarios. Doing so will increase the cost of preparing the financials and such information may not be value-adding to the users of the financial statements anyway.

Question 5
Do you agree with the proposed effective date? If not, why? What would you propose instead, and why?

6. We feel that if the amendments are issued in 2009 with an effective date of 15 December 2008, entities might face great difficulty in complying with the amendments, as well as meeting the statutory timelines for year-end/quarterly reporting. We suggest a delay in the effective date to enable entities to have more time to prepare the additional disclosures.

7. Should you require any further clarification, do contact me. Thank you.

Yours faithfully,

Dexter Tan
Secretary, Accounting Standards Council

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