



## Accounting Standards Board

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Stig Enevoldsen  
Chairman  
European Financial Reporting Advisory Group  
Avenue des Arts 13-14  
1210 Brussels  
Belgium

2 October 2006

Dear Stig

**EFRAG's Draft Comment Letter on the IASB Exposure Draft of Amendment to IAS 32  
*Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements*  
Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation**

This letter sets out the ASB's comments on EFRAG's draft comment letter on the above IASB Exposure Draft.

The ASB supports your arguments against the implementation of the proposals in the IASB Exposure Draft noted in your letter and as such proposes only one change.

The Board noted the proposal in your draft comment letter requesting a widening of the scope of the amendments to other types of instruments with equity-like characteristics. The Board does not support this proposal as it feels that this would simply add to the complexity of what is already a complex standard. Rather the Board would prefer to see this issue being considered as part of the review of the underlying principles being carried out in the liabilities and equity project.

The Board also notes that EFRAG will need to carefully consider its conclusions in advising the European Commission on endorsement of the definitive IFRS.

However, IAS 32 has been issued in the UK as the converged standard FRS 25. The ASB places considerable importance on the need for converged standards to be amended to keep them in line with IASB standards. Accordingly, the ASB has issued an exposure draft proposing corresponding amendments to FRS 25, and if the IASB confirms its proposals the ASB will consider making the corresponding changes to the UK standard.

If you would like any further information on the comments made above then please contact Seema Jamil-O'Neill on 020 7492 2422 or myself on 020 7492 2434.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Mackintosh', written in a cursive style.

**Ian Mackintosh**  
**Chairman, Accounting Standards Board**  
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