

Mario Abela
Accounting Standards Board
5th Floor, Aldwych House
71-91 Aldwych
London
WC2N 4HN

23 January 2009

Dear Sir

**Exposure draft: Proposed amendments to Financial Reporting Standard 29 (IFRS 7)
'Financial Instruments: Disclosures'**

We are responding to your invitation to comment on the above exposure draft and set out below a summary of our views. Our principal concern, as explained below, is to secure and maintain consistency between FRS 29 and IFRS 7. Hence, we have not responded explicitly to the ASB's detailed questions, although we do address the matters raised in the first two questions.

Our view in summary

Present market conditions have highlighted the importance of relevant and reliable information about financial instruments. We therefore support the dual objectives of the exposure draft: the proposals in the exposure draft for additional disclosures and convergence between UK Generally Accepted Accounting Principles ("UK GAAP") and International Financial Reporting Standards ("IFRS").

We have confined this response to matters pertinent to the UK. We enclose as an appendix to this letter for reference purposes a copy of our global comment letter on the IASB's equivalent exposure draft.

Our main comments in relation to the proposals set out in this Financial Reporting Exposure Draft are:

- We support the ASB's proposal to amend FRS 29 to ensure its complete convergence with IFRS 7, except insofar as we continue to support the various scope exemptions set out in paragraphs 2B to 2E of FRS 29 and believe that it is important for them to be retained.
- Consistent with our previous comment, we support the proposed re-instatement of paragraph 9 of FRS 29 to provide credit risk disclosures for loans and receivables designated as at fair value through profit or loss.

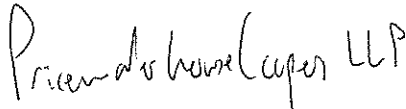
The main points addressed in our global response to the IASB are as follows:

- We do not support the proposal to introduce a fair value hierarchy as it would not improve the ability of users to assess the decision-usefulness of information disclosed about the fair value of financial instruments.
- We support the proposed requirement to disclose a maturity analysis for derivative financial liabilities based on how the entity manages the liquidity risk associated with such instruments as this is consistent with IFRS 7's principle of disclosing information "through the eyes of management". This amendment will improve the quality of liquidity risk disclosures under IFRS 7.

Notwithstanding the concerns we express in our comment to the IASB, we believe that the ASB should strive to ensure consistency of converged standards, such as FRS 29. Hence, should the IASB change IFRS 7 in the manner it suggests in its exposure draft, we believe that the ASB should make equivalent changes to FRS 29.

Please contact Peter Hogarth (+44 20 7213 1654) or Anjani Shah (+44 20 7212 2845) if you would like to discuss the contents of this letter.

Yours faithfully



PricewaterhouseCoopers LLP