

International Accounting Standards Board  
30 Cannon Street  
London  
EC4M 6XH

26 February 2009

Grant Thornton International  
Regent's Place  
7th Floor  
338 Euston Road  
London NW1 3BG

Submitted electronically through the IASB Internet site ([www.iasb.org](http://www.iasb.org))

Exposure Draft Post-implementation Revisions to IFRIC Interpretations  
(proposed amendments to IFRIC 9 and IFRIC 16)

Grant Thornton International is pleased to comment on the International Accounting Standards Board's (the Board) Exposure Draft *Post-implementation Revisions to IFRIC Interpretations* (the ED). We have considered the ED, as well as the accompanying draft Basis for Conclusions.

Our responses to the questions in the ED's Invitation to Comment are set out below.

Proposed amendment to IFRIC 9 Reassessment of Embedded Derivatives  
**Question 1 - Amendment arising from IFRS 3 (as revised in 2008)**

**The Board proposes to amend paragraph 5 of IFRIC 9 to exclude from its scope embedded derivatives in contracts acquired in combinations of entities or businesses entities under common control and in the formation of joint ventures. Do you agree with the proposal? If not, why?**

We agree with the proposal.

The Board has stated that when it revised IFRS 3, it did not intend to change existing practice to bring the formation of a joint venture or a common control transaction within the scope of IFRIC 9. Given this fact and the fact that such transactions are not specifically addressed by IFRIC 9, we believe that it is appropriate to amend paragraph 5 to clarify that such transactions are not brought within the scope of IFRIC 9 as a result of the changed definition of a business combination in IFRS 3 (as revised in 2008).

**Question 2 – Effective date**

**The proposed amendment to IFRIC 9 would be effective for annual periods beginning on or after 1 July 2009 with prospective application, and would require an entity that applies IFRS 3 (revised 2008) for an earlier period to disclose that fact and apply the amendment to IFRIC 9. Do you agree that this amendment should apply for annual periods beginning on or after 1 July 2009 with prospective application? If not, why?**

We agree with the proposed effective date. We consider it appropriate that the effective date of the proposed amendment should be consistent with the effective date of IFRS 3 (as revised in 2008).

Proposed amendment to IFRIC 16 Hedges of a Net Investment in a Foreign Operation

**Question 1 – Removal of the restriction on the entity that can hold hedging instruments**

**The Board proposes to amend paragraph 14 of IFRIC 16 to remove the restriction on the entity that can hold hedging instruments. Do you agree with the proposal? If not, why?**

We agree.

**Question 2 – Effective date**

**IFRIC 16 is effective for annual periods beginning on or after 1 October 2008 with prospective application. The Board concluded that this amendment should apply in the same way. Do you agree that this amendment should apply for annual periods beginning on or after 1 October 2008 with prospective application? If not, why?**

In general we would not support amendments that take effect for periods beginning prior to the date of publication. In this instance, however, the proposed amendment removes a restriction that was inserted by IFRIC 16. The amendment restores this aspect of IAS 39's hedge designation rules to the pre-IFRIC 16 position (depending on how the relevant requirements of IAS 39 were interpreted prior to IFRIC 16). Ideally, therefore, the effective date and transition provisions would together operate in a manner that would avoid or 'put right' any disruption to hedge accounting practice that the current version of IFRIC 16 may have caused. For example:

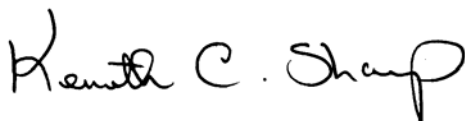
- An entity may have acquired a hedging instrument that would not have qualified under existing paragraph 14 of IFRIC 16 but will qualify after the amendment. This entity will be unable to designate that instrument retrospectively.
- It is also possible that some entities have discontinued hedge accounting prospectively in accordance with the current version of IFRIC 16. It is not apparent to us how the proposed amendment should be applied by such entities.

We expect that these problems will be rare in practice. It is also difficult to see how the possible disruption issues could be addressed without adding detailed and complex transition provisions which we doubt are justified by the circumstances. We therefore agree that the most appropriate solution in this case is to align the effective date with IFRIC 16's current effective date.

\*\*\*\*\*

If you have any questions on our response, or wish us to amplify our comments, please contact our Executive Director of International Financial Reporting, Andrew Watchman (andrew.watchman@gtuk.com or telephone + 44 207 391 9510).

Yours sincerely,



Kenneth C Sharp  
Global Leader - Assurance Services  
Grant Thornton International