UNICE
THE VOICE OF BUSINESS IN EUROPE

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16 June 2004

Sir David Tweedie
Chairman IASB
30 Cannon Street
London EC4M 6XH

Dear Sir David,

RE: CASH-FLOW HEDGES OF CURRENCY RISK IN FUTURE INTRA-GROUP TRANSACTIONS

As the IASB has acknowledged, the deletion of IGC 137-14 is changing the hedge accounting procedures as entities throughout Europe were planning to apply them as part of their IFRS conversion project.

We have understood from the decisions made by the Board in May that, against our expectations, IGC 137-14 would not be reinstated. Instead, some "clarifications" leading to a potential partial solution to this issue are intended to be exposed in an exposure draft to be issued in the coming weeks.

We strongly object to such a breach in the due process of the IASB. The deletion of IGC 137-14 has been decided without the least exposure and without any hint given to those that very closely follow the Board's decisions.

As has been stated in IFRS 1, first-time adoption of IFRS needs long-term planning and preparation in order to ensure the quality of the information to be presented as part of European companies' 2005 financial statements.

We therefore urge you to proceed with the exposure draft as you intend to do, while, in the meanwhile, reinstating IGC 137-14 as a correction of the standard issued last December. This would leave European entities able to report in 2005 on the basis of the procedures that have been carefully planned ahead, before a new change may be prepared, if necessary, for 2006.

At a time when the IASB is exposing on the strengthening of its due process, that is the least it can do to show to its constituency that due process really matters.

We trust that our concerns will be addressed and remain at your disposal to discuss further.

Yours sincerely,

J. Chauvin

Jérôme P. Chauvin
Director, Company Affairs Department

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