2011-100
Comment Letter No. 154

CBI
THE VOICE OF BUSINESS

INTERNATIONAL ACCOUNTING STANDARDS BOARD

ED : OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CBI RESPONSE APRIL 2011

1. The Confederation of British Industry (CBI) is pleased to offer some brief comments on the Board's Exposure Draft.

2. The CBI supports the efforts of the IASB and FASB to converge presentation requirements for offsetting of recognized financial assets and recognized financial liabilities, including derivative instruments, in order to resolve the current significant presentation differences in financial statements prepared under IFRS and US GAAP. Convergence in this area is seen as particularly important by investors in order to improve the quality and comparability of the financial statements of international businesses and financial institutions.

3. The CBI supports the general principles of the Exposure Draft, and in adopting an approach consistent with IAS 32. However, we consider that presentation in the financial statements should not be limited to gross positions in all circumstances, but should also permit or require presentation of net positions, which is more helpful and useful in respect of derivatives, in particular. If appropriate, gross and net positions might be shown using a linked presentation model.

4. We are generally supportive of some of the enhanced disclosure requirements, such as information about rights of set-off and related arrangements. However some of the proposals will require significantly more detailed information, and appear to be disproportionate. They should also be reviewed for consistency with related Standards.

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