

24 September 2004

Ms Sandra Thompson
Senior Project Manager
International Accounting Standards Board
30 Cannon Street
London EC 4M 6 XH
UNITED KINGDOM

Dear Ms Thompson

**Transition & Initial Recognition of Financial Assets
And Financial Liabilities**

The Group of 100 (G100) is pleased to respond to the request for comment. Our responses are set out below.

Q1 Do you agree with the proposals in this Exposure Draft? If not, why not? What changes do you propose and why?

The G100 considers that the selection of an arbitrary date of 25 October 2002 is unhelpful. While, in some circumstances, this date may be manageable for those entities that have prepared information under US GAAP it is of no significance for those entities who are applying IASB Standards for the first time for reporting periods beginning on or after 1 January 2005. It is unreasonable to expect these entities to apply the requirements retrospectively to transactions entered into after 25 October 2002.

Q2 Do the proposals contained in the Exposure Draft appropriately address the concerns set out in paragraph 3 of the Background on this Exposure Draft? If not, why not and how would you address these concerns?

Yes. Except as outlined above in respect of the 25 October 2002 date the G100 considers that the proposed accounting is appropriate.

Q3 *Do you have any other comments on the proposals?*

No.

Yours sincerely

John V Stanhope
National President

c.c. Mr D Boymal, Chairman - AASB