



19 October 2007

The Project Manager  
International Financial Reporting Interpretations Committee (IFRIC)  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Via email: [commentletters@iasb.org](mailto:commentletters@iasb.org)

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Dear Project Manager

### **IFRIC Draft Interpretation D22 Hedges of a Net Investment in a Foreign Operation**

Thank you for the opportunity to comment on the Exposure Draft of a Proposed IFRIC Interpretation *Hedges of a Net Investment in a Foreign Operation*.

CPA Australia's response to the invitation to comment has been prepared in consultation with members through its Asia Pacific Financial Reporting Advisory Group (APFRAG) which is a Board Committee representing a regional perspective from South-East Asia and Oceania, and its Financial Reporting and Governance Centre of Excellence.

CPA Australia supports the proposed consensus (and the illustrative examples) developed to provide guidance on:

- whether the parent entity may designate as a hedged risk, foreign exchange differences arising from differences in the presentation currency of the parent and the functional currency of the foreign operation and differences in the functional currencies of the parent and foreign operation.
- If the parent entity holds the foreign operation indirectly, whether the hedged item may also include any foreign exchange differences between the functional currency of the foreign operation and any intermediate or ultimate or parent entity.
- Whether a qualifying hedging relationship can be established only if the entity hedging its net investment is a party to the hedging instrument.

If you have any queries on our comments, please contact Dr Mark Shying, CPA Australia's Financial Reporting and Governance Senior Policy Adviser at [mark.shying@cpaaustralia.com.au](mailto:mark.shying@cpaaustralia.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to be 'GRANKIN', written in a cursive style.

Geoff Rankin FCPA  
Chief Executive Officer

cc: D Boymal  
M Shying  
D Pratt