

31 October 2005



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Mr Henry Rees
Project Manager
International Accounting Standards Board
30 Cannon Street
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UNITED KINGDOM

Our reference: RME/CM
By mail and by email:commentletters@iasb.org

Dear Mr Rees,

**Exposure Draft of Proposed Amendments to IAS 37 - Provisions,
Contingent Liabilities and Contingent Assets (ED)**

I am writing to you to outline the Australian Institute of Company Directors' (AICD) views on the ED.

The AICD is the peak organisation representing the interests of company directors in Australia. Current membership is over 20,000 drawn from large and small organisations, across all industries, and from private, public and the not-for-profit sectors. The AICD has had a standing policy committee focusing on financial and other reporting issues for over twenty years.

The AICD has a number of reservations about the proposals in the ED which involve a fundamental change in this area. AICD also believes that if the changes proposed by the ED eventuate, the IASB will need to allow for a lengthy transition period and may need to work with local standards setters on a significant education campaign.

One example of a difficulty created by the proposals in the ED of which AICD is aware is that relating to legal proceedings. The effect of the proposals is to bring litigation 'on balance sheet'. This will significantly disadvantage corporate defendants who will be

required to reveal not only what they estimate will be the result of litigation but also to quantify what is at the best of times almost impossible to judge – the actual result of legal proceedings.

Please contact me if you have any questions in connection with this letter.

Yours sincerely,

Ralph Evans

Chief Executive Officer

C.C. Professor David Boymal, Chairman, Australian Accounting Standards Board

Mr Warren McGregor, IASB

Mr Michael Coleman, Chairman AICD Reporting Committee