Dear Sir,

RESPONSE TO THE EXPOSURE DRAFT 62 - FINANCIAL INSTRUMENTS

Association of National Accountants of Nigeria is pleased to comment on the Exposure Draft 62- Financial Instruments.

Specific Comments

Our response to Questions for respondents are set out below:

Question 1

The Association of National Accountants of Nigeria (ANAN) agrees with IPSASB on the proposed Financial Instruments but with a request that the following hiccups noted under IPSAS 29 be addressed.

i. The issue of complexity in the application of its Ruled Based Approach.

ii. Since the objective of IPSAS 29 is to reflect the entity's risk management activities in the financial statements, there is need to replace some of the arbitrary rules with more principle based requirements that will allow more hedging instruments and hedged items to qualify for hedge accounting. Overall, this would result in more risk management strategy qualifying for hedge accounting.

Question 2

ANAN agrees with the proposed 3 years implementation period but IPSASB should endeavor to provide more educational and informational materials on its website in form of frequently asked questions and the appropriate answers to address its passive complexity and extraneous nature.
Question 3

ANAN agrees with the proposed transition requirements in paragraphs 153 - 180 ED 62, which is in consonance with those provided in IFRS 9 because we believe in the prospective nature of the provisions of the transition requirements. However, entities might have to rebalance their hedging while transitioning to fulfill the new effectiveness requirements under IFRS 9 in which case any resulting gain or loss must be recognized in surplus or deficit account.

ABOUT ANAN

Association of National Accountants of Nigeria (ANAN) is a statutorily recognized Professional Accountancy body in Nigeria. The body is charged among others, with the responsibility of advancing the science of accountancy.

The Association was founded on 1st January, 1979 and operates under the ANAN Act 76 of 1993 (Cap A26 LFN 2004), working in the public interest. The Association regulates its practising and non-practising members, and is overseen by the Financial Reporting Council of Nigeria.

Active ANAN members are 20,049, who are either FCNA or CNA and are found in Business, Practice, Academic and Public Sector in all the States of Nigeria and Overseas. The members provide professional services to various users of accountancy services.

ANAN is a member of the International Federation of Accountants (IFAC), International Association for Accounting Education & Research (IAAER), The Pan African Federation of Accountants (PAFA), and Associate of Accountancy Bodies in West Africa (ABWA).

Yours faithfully,

ASSOCIATION OF NATIONAL ACCOUNTANTS OF NIGERIA

DR. SUNDAY A. EKUNE, FCNA
Registrar/Chief Executive