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Martin Friedhoff
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH

7th September 2009

Response to RfI on impairment

Dear Mr Friedhoff,

The CFA Society of the UK (CFA UK) represents the interests of more than 8,500 leading members of the UK investment profession. The society, which was founded in 1955, is one of the largest member societies of CFA Institute and is committed to leading the development of the investment profession through the promotion of the highest ethical standards and through the provision of continuing education, advocacy, information and career support on behalf of its members.

The society's advocacy activities are directed by the Accounting Advocacy and Investment Profession Advocacy committees which are wholly composed of CFA UK members working in the investment profession.

General comments

The society's Accounting Advocacy committee is aware that the deadline for submissions related to this issue has passed.

However, while the committee does not wish to submit detailed responses to the questions posed in the request for information, it does wish to make its views known to the IASB.

The committee supports a possible move to the replacement of the incurred loss model with an expected loss model. This is because we prefer expected losses to be reported over the life of the loan rather than having unrealistically high profits reported upfront. We also prefer prompt recognition of changes in expectations, rather than the scope for delay in reporting losses provided by the incurred loss model. Overall, the expected loss model does not suffer from the information lags and recognition issues created by the thresholds within the incurred loss model.

We would also prefer impairment measurement to be based on expected cash flows. We understand that the costs of this approach applied at an individual loan level would be significant. Costs may be reduced through application at portfolio level. If preparers use a different method for internal purposes, no doubt they will make that case. From a user's point of view, expected cash flows would be the preferred method, but a cruder measure of expected losses would be preferable to sticking with the incurred loss model.

We hope that these comments have been useful and would be pleased to provide additional feedback in future.

Yours,

Jane Fuller, Chair Accounting Advocacy Committee

Will Goodhart, Chief Executive