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24 October 2003

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Dear Ms McGeachin

**ED4 DISPOSAL OF NON-CURRENT ASSETS AND  
PRESENTATION OF DISCONTINUED OPERATIONS**

We are pleased to have the opportunity to comment on the above Exposure Draft (ED). As a UK group listed on US stock exchanges and required to reconcile its results to US GAAP, BP is very supportive of all moves towards harmonisation between IFRS and US GAAP. In general we would prefer to achieve rapid convergence to an existing standard rather than to enter into the potentially protracted process of agreeing the 'best possible' standard. This process can always be initiated later.

One concern we have with the ED is in the meaning of the word 'probable' in the context of the criteria for the classification of a non-current asset or disposal group as 'held for sale'. Although we understand the reasons behind this, we believe that it is unfortunate to substitute 'highly probable' for the word 'probable' used in SFAS 144.

Consultation of several English dictionaries reveals that the word probable has the same meaning in American English (Websters: 'likely to occur') as in British English (Oxford Compact: 'likely to happen'; Oxford Concise: 'that may be expected to happen; likely'). The addition of the word 'highly' sets the hurdle in IFRS significantly higher than the US test and will lead to confusion. In our view, the use of 'highly probable' in the ED will inevitably lead to fewer items being classified as held for sale under IFRS than will be the case under SFAS 144. It seems to us, therefore, that in this context, convergence on the meaning of the word 'probable' in an accounting context is a necessary precursor to accounting convergence. This is particularly important when native-speakers of other languages need to be able to interpret IFRS and US requirements.

A further concern is that the definition of a component as used in the ED appears to differ from that of paragraph 41 of SFAS 144. Consequently the items presented as discontinued operations under the US and future international standards may also differ. This potential GAAP difference has also been noted by commentators on proposed revised IAS 36 and we believe that the development of a consistent approach to components is essential if convergence is to be achieved. In the case of the ED, we suspect that the proposed definitions will lead to small units being classified as discontinued, resulting in excessive work for preparers in restating prior periods' income statements to exclude insignificant items from continuing operations. In a large integrated group such as BP there is a constant turnover of operating fixed assets, ranging from individual retail sites through refineries to entire business divisions. In order to avoid confusing users of the financial statements, it is important to ensure that disclosure of prior year results of discontinued operations is limited to a small number of really significant items.

In view of the limited time now available for the preparation of the implementation of IFRS, we respectfully commend to the IASB the relevant requirements and definitions of SFAS 144 and would encourage the Board to adopt these as the most efficient means to achieve convergence consistent with the timetable of adoption of IFRS by the European Union in 2005. In view of this, we do not offer any opinion on the specific questions posed in the ED.

Yours sincerely

**G D HODGKISS**