BDO

BDO Global Coordination B.V.
International Executive Office

Boulevard de la Woluwe 60, B-1200 Brussels
Telephone: +32 2 778 0130 Fax: +32 2 778 0143
E-mail: bdoglobal@bdoglobal.com

COMMENT LETTER

To

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

Date

23 January, 2009

By email *- Commentletters@iasb.org*

Dear Sir,

Exposure Draft of Proposed Amendments to IFRS 1 – Additional Exemptions for First-time Adopters

We are pleased to have the opportunity to comment on the above Exposure Draft issued by the International Accounting Standards Board (IASB), on behalf of BDO International[1].

Overall, we support the proposals in the ED as we believe these additional exemptions will be very important to the jurisdictions adopting IFRS in the future. Our responses to the questions raised in the ED are set out below.

Our responses to your specific question are set out in the attached Appendix.

We hope that our comments and suggestions are helpful. Should you wish to discuss any of the points we have raised please contact either Helen Thomson at +32 2 778 01 30 or Andrew Buchanan at +44 (0)20 7893 3300.

Yours faithfully,

BDO Global Coordination B.V.

[1] BDO International is a world wide network of public accounting firms, called BDO Member Firms, serving international clients. Each BDO Member Firm is an independent legal entity in its own country.

The network is coordinated by BDO Global Coordination B.V., incorporated in the Netherlands, with an office in Brussels, Belgium, where the International Executive Office is located.

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Appendix

Question 1

Do you agree with the proposed deemed cost option for entities using full cost accounting under previous GAAP? Why or why not? If not, what alternative do you propose and why?

We agree that a deemed cost option should be provided for entities using full cost accounting under previous GAAP and we agree with the proposals on how deemed cost is to be determined and the need for impairment testing.

Question 2

Do you agree with the proposed disclosure requirements relating to the deemed cost option for oil and gas assets? Why or why not?

We agree with the proposed disclosure requirements relating to the deemed cost option for oil and gas assets.

Question 3

Do you agree with the proposed deemed cost option for entities with operations subject to rate regulation? Why or why not? If not, what alternative do you propose and why?

Given the current accounting for rate regulated entities in countries adopting IFRS in the near future, such as Canada and the United States, we agree that a deemed cost option is needed to achieve the Board's stated intention of avoiding excessive cost. However we have concerns with the use of the term "impracticable" in the proposals.

We feel the use of the term "impracticable" will result in no entities being able to use these proposals. IAS 8 states that applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. We agree that in many cases it will be impracticable for an entity to restate these assets retrospectively to remove the non-qualifying amounts. However in the case of determining fair value, although the cost would be excessive, we do not feel it would be impracticable. For example we are aware of acquisitions of rate regulated entities and it was possible to determine fair value of these items for purposes of the purchase price allocation. Given the capital intensive nature of such entities we believe requiring use of the fair value as deemed cost option would be excessive and would not achieve the Board's stated intention of avoiding excessive cost. We suggest the following wording change to paragraph 19B to clarify that the term impracticable should only refer to retrospective restatement and not the fair value as deemed cost option:

> … If this is the case, a first-time adopter may elect to use the carrying amount of such an item at the date of transition to IFRSs if it is otherwise impracticable (as defined in IAS 8) to restate these items retrospectively to remove the non-qualifying amounts ~~meet the requirements of this IFRS~~. …

Question 4

Do you agree with the proposal not to require the reassessment of whether an arrangement contains a lease in the circumstances described in this exposure draft? Why or why not?

We agree with the proposal not to require the reassessment of whether an arrangement contains a lease in the circumstances described in the exposure draft.

Question 5

Do you agree that the situation referred to in Question 4 is the only one in which additional relief of this type is needed? If not, in what other situations is relief necessary and why?

We are not aware of another situation in which additional relief of this type is needed.