

6 June 2005

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Dear Patricia

## **AMENDMENTS TO IFRS 6 AND IFRS 1**

The Institute of Chartered Accountants in England and Wales welcomes the opportunity to submit written comments on the IASB exposure draft, 'Amendments to IFRS 6 *Exploration and Evaluation of Mineral Resources* and IFRS 1 *First-Time Application of IFRS*'. The Institute is the largest accountancy body in Europe, with more than 126,000 members operating in business, public practice and within the investor community. The Institute operates under a Royal Charter, working in the public interest.

We support the Board's intention to exempt entities that adopt IFRS before 1 January 2006 from the recognition, measurement and disclosure requirements of IFRS 6 in relation to the comparative period. We therefore welcome the clarification of the scope of the exemption as set out in IFRS 1, paragraph 36B. We encourage the Board to publish the final amendments to IFRS 1 and IFRS 6 at the earliest opportunity.

We would draw your attention to the different ways in which companies might apply the draft amendments when determining their 2004 numbers. For example, companies might assume that E&E assets should be recognised using their old GAAP in the comparative period. Alternatively, given that exploration activity would not qualify under the *Framework* as an asset, companies might write-off to reserves all previous exploration costs capitalised in the balance sheet, capitalising new E&E costs after 1 January 2005 under the accounting policy established on adoption of IFRS 6. The Board might wish to consider whether this range of potential outcomes is acceptable and, if appropriate, to clarify the required accounting.

We will be happy to provide any further information or clarification regarding these issues.

Yours sincerely

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