RIO
TINTO

30 July 2004

International Accounting Standards Board
30 Cannon Street
London,
EC4M 6XH
England

Dear Sir

Comments on ED of proposed amendments to IAS 19 Actuarial gains and losses, group plans and disclosures

On behalf of Rio Tinto I would like to comment as follows:

Question 1- Initial recognition of gains and losses
We agree with the addition of the option to recognise actuarial gains and losses as they occur, outside profit or loss, in a statement of recognised income and expense.
We would support the Board's view that such a presentation produces transparent information about defined benefit plans in financial statements.

Question 2 – Initial recognition of the effect of the limit on the amount of a surplus that can be recognised as an asset
We agree with the proposed treatment, which is a logical extension of the option to recognise actuarial gains and losses outside profit or loss, in a statement of recognised income and expense.

Question 3 – Subsequent recognition of actuarial gains and losses
We agree that when actuarial gains and losses are recognised outside profit or loss, in a statement of recognised income and expense, they should not subsequently be recycled. The proposed disclosure of the reconciliation of the opening and closing balances of plan assets and liabilities will help readers to understand the movement in shareholders' funds attributable to post retirement benefits. Under the proposed disclosure, movements other than cash can be clearly related to either the profit or loss charges for service cost, interest etc. or to the effect of actuarial gains and losses in the period on the statement of recognised income and expense. Introducing recycling, however it is calculated, will reduce the transparency of these disclosures.

Question 4 – Recognition within retained earnings
We note the proposed treatment. We assume that the possible effect of this treatment on dividend capacity has been taken into consideration.

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Question 5 – Treatment of defined benefit plans for a group in the separate or individual financial statements of the entities in the Group

(a) Our strong preference is that defined benefit plans that pool assets contributed by various entities under common control should be accounted for as defined contribution plans in the separate financial statements of the entities in the Group that meet the criteria specified in the ED. The costs involved in attempting to apply defined benefit accounting to all entity accounts would, we suggest, greatly outweigh the benefits. This is most evident for the accounts of wholly owned subsidiaries where the only shareholder has access to all the information it needs about the plan as a whole. We would suggest that the separate financial statements of the individual entities that meet the criteria should disclose that the Group plan is a defined benefit plan and disclose any available information about a surplus or deficit in the plan and the implications for the entity, in particular, the likely effect on future contribution rates.

If this is not acceptable, then we agree with the extension of the provisions in IAS 19 relating to multi employer plans for use in the separate financial statements of members of a consolidated group that meet specified criteria.

(b) We agree with the criteria.

Question 6 – Disclosures

We agree with the proposed disclosure.

Question 7 – Further disclosures

We do not think any disclosures other than those proposed in the ED should be required.

Yours faithfully,

M R Merton

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Controller