



COMMENT LETTER

To
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

Date
11 January, 2008

By email - CommentLetters@iasb.org

Dear Sir,

Exposure Draft 9 Joint Arrangements

We are pleased to have the opportunity to comment on the above Exposure Draft issued by the International Auditing Standards Board (IASB), on behalf of BDO International¹.

We welcome the IASB's project to address the accounting for joint arrangements and generally agree with the definitions of the different types of joint arrangement and how they should be dealt with. However, while we do agree with many of the detailed proposals, we have significant reservations about the ED as a whole.

A key reason for the issue of the ED would appear to be the convergence of IFRS and US GAAP. A significant issue which is not considered in the ED is the potential for some entities in the extractives sector to report under US GAAP using proportionate consolidation. We believe that it is inappropriate to introduce new GAAP differences, which would be the effect should the ED be issued as drafted.

We are also concerned that proposals for Joint Arrangements to be accounted for in a particular way are being issued without a much wider debate about the most appropriate manner in which such arrangements should be accounted for. We believe that it would be appropriate for the IASB to carry out wider research before introducing new requirements, the rationale for which might be seen by some as being little more than adopting certain parts (but not all) of the related US GAAP guidance.

Our specific responses to your questions are set out below.

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 Global Coordination Office is located.