

# Rådet för finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2010:06

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6 XH  
United Kingdom

Dear Sirs,

## Re: DP/2010/1 Extractive Activities

The Swedish Financial Reporting Board is responding to your invitation to comment on the International Accounting Standard Board's discussion paper on extractive activities.

We are aware of diversity in practice in and between the industries concerned and therefore support that the IASB issue an IFRIC interpreting the asset specific issues of these industries with respect to IAS 16 and IAS 38.

We support the use of historical cost as the measurement basis, but have concerns with other proposals as follows:

1. The proposed asset definition with respect to exploration activities based on the asset continuum approach. Assets should be recognised in accordance with IAS 16 and IAS 38, as applicable. We see no reason to have specific principles for extractive industries that deviate from those in other industries. Once the commercial viability has been determined, future expenditures should be recognised as assets in accordance with these standards. We have serious doubts as to the validity of the proposed definition, which is in our view is not in accordance with the Framework.
2. The impairment proposal for assets relating to exploration activities, which is the result of a questionable asset recognition proposal. This reverse approach, as compared to what is prescribed by IAS 36, is very questionable and may set unwanted precedence. All assets should be tested for impairment in accordance with IAS 36.
3. The requirement to use the CRIRSCO and SPE definitions. These definitions are outside the IASB's control and therefore not subject to the same due process as other disclosures. We consider that companies can determine these definitions themselves, something which does not exclude using the CRIRSCO and SPE definitions. If the IASB has some concerns about the reliability of this approach, some principles could be set out for how such definitions shall be developed.
4. That attention should be paid to the PWYP proposals. In Sweden the financial reports include several politically motivated disclosures, which unnecessarily burden the reports and their preparation. The IASB should stay away from including this type of disclosures.

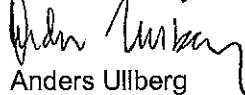


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If you have any questions concerning our comments please address our Executive member Carl-Eric Bohlin by e-mail to: [carl-eric.bohlin@radetforfinansiellrapportering.se](mailto:carl-eric.bohlin@radetforfinansiellrapportering.se)

Stockholm, 30 June 2010

Yours sincerely



Anders Ullberg  
Chairman