

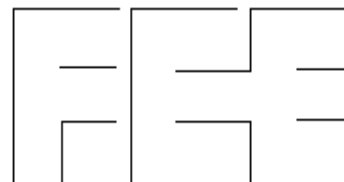
Date
20 April 2006

Le Président

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Sir David Tweedie
Chairman
International Accounting Standards Board
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cc: Mr. Tommaso Padoa-Schioppa
Mr. Bob Garnett

Dear Sir David,

Re: Control under IAS 27

In October 2005, the IASB published in an IASB Update a text on control under IAS 27 Consolidated and Separate Financial Statements, “that an entity holding a minority interest can control another entity in the absence of any formal arrangements that would give it a majority of the voting rights” (“de facto control”). It is unclear what status or authority such a text in an IASB Update has. Furthermore, we regret the absence of any form of due process.

We would have expected that, if the need had been identified to clarify IAS 27 on the issue of de facto control, it would have been put forward as either an IFRIC interpretation or, alternatively, as an amendment of IAS 27, both respecting the full due process.

The issue needs to be addressed for reasons of comparability and consistent application of IAS 27 within the EU, where divergent views on the issue are held. A public debate on the meaning of control is needed.

If the IASB continues to be of the view that there is a need to clarify IAS 27, further guidance may be needed for example on how to put this into operation, notably on applying de facto control and transition for companies that change in the future. Guidance will also be needed how to first consolidate when de facto control is achieved without an active change in ownership interest and where de facto control is lost without an active change in ownership interest. Providing guidance that applies in all circumstances may be difficult. We call on the IASB to propose an interpretation by IFRIC or, alternatively, an amendment to IAS 27 which is subject to public consultation. Although we appreciate that this issue may be part of the consolidations project, given the existing divergence caused by the text, the results of the consolidations project cannot be awaited. It is important to have such guidance in place before the year-end of 2006 in order to allow for endorsement of this pronouncement to become part of EU law.

We urge the IASB to take prompt action on this issue.

We would be pleased to discuss any aspects of this letter with you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Devlin'. The signature is fluid and cursive, with a large initial 'D'.

David Devlin
President