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

Please be advised with regard to paragraph 23 given on page 19 in ED 3 BUSINESS COMBINATION.
It is given in the draft that;
Cost of a business combination 23. The acquirer shall measure the cost of a business combination as the aggregate of;

*(a) the fair values, at the date of exchange, of assets given, **liabilities incurred**, and equity investments issued by the acquirer, in exchange of control of the acquiree; plus*
(b) any costs directly attributable to the business combination.

I believe that "liabilities incurred" above should be changed to "***interest-bearing liabilities incurred***". Liabilities under current expression seems to include operating liabilities (ex. accounts payable), income taxes payable and/or other operating costs accrued. These operating liabilities should be recognized in the course of allocating the cost of a business combination in accordance with paragraph 35 and 36 given in the exposure daft.

As you see, interest-bearing liabilities represents debts or borrowings provided by investors and should be treated as "invested capital" in the same manner, in the context of measuring a cost of a business combination, as equity investments. Only debt and equity investors provide/infuse cash in the right hand side of a balance sheet and have a claim to the operating cashflow ("free cash flow" in its correct definition in corporate finance literature) generated by the reporting company.

Thank you very much for being commented by me.
Best regards

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