

24 August 2007

Robert Garnett, Chairman  
International Financial Reporting Interpretations Committee  
30 Cannon Street  
London EC4M 6XH  
United Kingdom  
Email: [ifric@iasb.org](mailto:ifric@iasb.org)

Dear Bob,

**Proposed agenda decision wording: IAS 18 *Revenue Recognition* – Guidance on identifying agency relationships**

Deloitte Touche Tohmatsu is pleased to respond to the IFRIC's publication in the July 2007 *IFRIC Update* of the tentative decision not to take onto the IFRIC's agenda a request for an Interpretation of IAS 18 *Revenue Recognition* with respect to identifying agency relationships.

We *do not* support the IFRIC's decision not to take this item to the agenda.

Although we understand how the IFRIC reached the conclusion that "...determining whether an entity is acting as an agent depends on facts and circumstances and that judgement is required and that any guidance beyond that given in IAS 18 would be more in the nature of implementation guidance than an Interpretation", we think that the issue is so pervasive and troublesome in practice that the IFRIC should take the issue to its agenda.

We note that IFRIC acknowledged in the rejection notice that "...constituents might not be aware of the existing guidance that has been issued in some jurisdictions". We agree that this is an important consideration when developing guidance on agency relationships; however, in our opinion, the more crucial issue relating to the currently existing guidance is that such guidance may not be consistent. Consequently, divergent accounting treatments arise depending on which existing guidance is followed. We do not think this desirable.

We acknowledge that the IFRIC has asked the staff to develop guidance that might be recommended to the Board for inclusion in the Appendix to IAS 18; however, we do not believe that this approach will provide the most timely guidance on an issue that IFRIC acknowledge "...has widespread and practical relevance...". We believe that following the IFRIC due process could result in the development of an Interpretation considerably earlier than if guidance was developed through the Board, possibly in time for 2009 implementation. Ultimately, however, we would expect that such guidance would be located in IAS 18.

If you have any questions concerning our comments, please contact Ken Wild in London at +44 (0)20 7007 0907.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Wild", written over a single horizontal line that extends to the left and right of the signature.

**Ken Wild**  
**Global IFRS Leader**

cc: Tricia O'Malley, IFRIC Coordinator