

Mr Robert Garnett
Chairman
International Financial Reporting Interpretations Committee
30 Cannon Street
London
United Kingdom
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Email: ifric@iasb.org

18 August 2008

Dear Mr Garnett,

Tentative agenda decision: IAS 32 *Financial Instruments: Presentation* – Transaction costs to be deducted from equity

Deloitte Touche Tohmatsu is pleased to respond to the IFRIC's publication in the July 2008 *IFRIC Update* of the tentative decision not to take onto the IFRIC's agenda a request for an Interpretation of IAS 32 *Financial Instruments: Presentation* with respect to providing guidance on the extent of transaction costs to be accounted for as a deduction from equity in accordance with IAS 32.37 and .38.

We support the IFRIC's decision not to take this item onto its agenda. However, we believe that the IFRIC should address in the agenda decision why it believes that the issue of costs relating jointly to more than one transaction as discussed in IAS 32.38 should not be added to the agenda. Clarification of this issue was requested in the original submission; however, the issue is not addressed in the tentative agenda decision. We believe IFRIC should make clear that in the case of an entity issuing additional equity instruments and at the same time obtaining a listing, any transaction costs relating jointly to both transactions must be allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions in accordance with IAS 32.38.

We agree with the IFRIC's conclusion that costs of becoming a public entity or acquiring an exchange listing are not related to issuing or acquiring an entity's own equity instruments. Furthermore, we concur with the IFRIC's recommendation that the Board develop common definitions for the terms "incremental" and "directly attributable" as different interpretations of these terms are creating divergence in practice – not only in relation to equity transaction costs.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ken Wild", written over a horizontal line.

Ken Wild
Global IFRS Leader