

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

22 June 2009

Dear Mr Garnett,

**Tentative agenda decision: IAS 28 *Investments in Associates* – Potential effect of IFRS 3 *Business Combinations* (as revised in 2008) and IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008) on equity method accounting**

Deloitte is pleased to respond to the IFRIC's publication in the May 2009 *IFRIC Update* of the tentative decision not to take onto the IFRIC's agenda a request for an Interpretation of IAS 28 *Investments in Associates* with respect to providing guidance on the potential effect of IFRS 3 *Business Combinations* (as revised in 2008) and IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008) on equity method accounting.

We agree that the cost of an investment in an associate determined in accordance with paragraph 11 of IAS 28 would comprise its purchase price and any directly attributable expenditures necessary to obtain it. However, we believe that, on the basis of the words in paragraph 20 and by analogy to IFRS 3 (revised 2008) (and without more explicit words from the IFRIC to the contrary), an alternative view of expensing acquisition-related costs is possible. Therefore, we suggest that IFRIC should be more explicit in their wording.

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

Yours sincerely,



**Ken Wild**  
Global IFRS Leader