

27 January 2017

Chair
IFRS Interpretations Committee
30 Cannon Street
London
United Kingdom
EC4M 6XH

Dear Sir

Tentative agenda decision – Commodity loans

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the November IFRIC Update of the tentative decision not to take onto the Committee's agenda the request for guidance on the accounting for a commodity loan transaction.

We agree with the statement in the tentative agenda decision that the transaction described might not be clearly captured within the scope of any IFRS Standard and that addressing such transactions effectively would require actions beyond the scope of the Committee's activities. However, we do not believe that the discussion of the general requirements of IAS 8 will be helpful to preparers without any guidance on how those principles might be applied to the transaction described. We also note that transactions settled in commodities are becoming more common and more varied and as a result the gap in literature noted in the tentative agenda decision is becoming more problematic.

There are now a range of transactions in which commodities are used, to a greater or lesser extent, 'as currency' rather than in a more traditional sale by a producer to a customer intending to use the commodity in a production process. IFRSs currently provide no guidance on how to characterise or account for such transactions and include limited disclosure requirements when compared to purely financial transactions within the scope of IFRS 7 *Financial Instruments: Disclosures*. As such, we recommend that the broader issue of commodity-settled transactions be referred to the IASB for further consideration as the current lack of guidance has the potential to result in both diversity in practice and action by national or regional bodies to either interpret IFRSs or add further disclosure requirements for commodity transactions.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely



Veronica Poole
Global IFRS Leader