For immediate release 26 January 2000

**IASC'S STANDING INTERPRETATIONS COMMITTEE (SIC)
ISSUES TWO NEW INTERPRETATIONS**

The Standing Interpretations Committee (SIC) today published two new Interpretations to clarify accounting issues under International Accounting Standards. The new Interpretations are:

- SIC – 17, *Equity – Costs of an Equity Transaction*
- SIC – 18, *Consistency – Alternative Methods*

The Interpretations were approved by the IASC Board at its last meeting in December. All Interpretations issued by SIC are part of the binding International Accounting Standards literature. SIC-17 becomes effective for annual financial periods beginning on or after 30 January 2000 and SIC-18 becomes effective for annual financial periods beginning on or after 1 July 2000.

Commenting on the new Interpretations, Paul Cherry, Chairman of the Standing Interpretations Committee, said: "The role of International Accounting Standards in today's capital markets is ever increasing. The SIC's interpretation on accounting for the costs of an equity transaction will require consistent accounting for the costs of accessing those markets through the issuance of shares and other equity instruments."

Paul Cherry continued: "The SIC's Interpretation on alternative methods of accounting provides guidance on the manner of exercising the choice of methods available under certain International Accounting Standards. This Interpretation requires consistency by applying a single appropriate accounting method to transactions or a category of transactions, as the relevant Standard may determine. This Interpretation follows two similar Interpretations which dealt with specific cases of alternative accounting policies, SIC-1, *Consistency – Different Cost Formulas for Inventories,* and SIC-2, *Consistency – Capitalisation of Borrowing Costs.* "

ENDS.

Printed copies of Interpretations SIC-17 and 18 will be mailed to subscribers to IASC's "SIC Interpretations Subscription Package" and to subscribers to the IASC "Comprehensive Package" services this week. The SIC publications include a loose-leaf binder containing Draft and Final SIC Interpretations, the SIC Operating Procedures, a member list and other additional information. Detailed information on subscription services can be obtained from IASC's Publications Department, 166 Fleet Street, London EC4A 2DY, United Kingdom. Telephone: +44 (020) 7427-5927. Fax: +44 (020) 7353-0562. E-mail: publications@iasc.org.uk

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NOTE TO EDITORS:

- SIC – 17*: Equity – Costs of an Equity Transaction*

The SIC agreed that transaction costs, defined as incremental external costs directly attributable to an equity transaction, should be accounted for as a deduction from equity. The Interpretation applies to transactions involving the issuance or acquisition of instruments of the reporting enterprise that are classified by that enterprise as equity and result in a net increase or decrease to equity. Typical examples of equity transactions subject to the Interpretation would include the issuance of common shares for cash and the acquisition by an enterprise of its own equity instruments. Costs of a stock exchange listing of shares already outstanding, a secondary offering of shares, a share split, or a stock dividend would not be considered costs of an equity transaction subject to the Interpretation.

- SIC – 18*: Consistency – Alternative Methods*

The SIC agreed that if more than one accounting policy is available under an International Accounting Standard or Interpretation, an enterprise should choose and apply consistently one of those policies unless the Standard or Interpretation specifically requires or permits categorisation of items (transactions, events, balances, or amounts) for which different policies may be appropriate. If a Standard requires or permits categorisation of items, the most appropriate accounting policy should be selected and applied consistently to each category. Additional guidance on the application of the Interpretation to specific choices available under IAS is provided in an appendix.