



April 24, 2008

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

Dear Sir:

IFRIC Draft Interpretation D23, Distributions of Non-cash Assets to Owners

We are pleased to submit our comments on the above exposure draft.

We have no objection to the application of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, in accounting for dividends payable in non-cash assets and the recognition of the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit and loss.

Our comments to the questions in the Invitation to Comment are further discussed below.

Question 1 Specifying how an entity should measure a liability for a dividend payable (dividend payable)

We have no objection to the application of IAS 37 in measuring a liability for a dividend payable in non-cash assets.

We suggest, however, that IFRIC clarify whether this would also apply when accounting for purely cash distributions to owners, which are the more common distributions to owners, or whether IAS 39 should apply in these cases. The IFRIC concluded that all dividends payable, regardless of the types of assets to be distributed should be addressed by a single standard. The scope of the draft Interpretation, however, covers only distributions of non-cash assets and distributions that give owners a choice of receiving either non-cash assets or a cash alternative.

An alternative is for IFRIC to consider issuing an Interpretation that will address accounting for all types of distributions to owners (non-cash, cash, and stock dividends as well) that will draw on the provisions of IAS 37 or IAS 39, as appropriate.

The draft Interpretation provides that to apply IAS 37 to measure a liability for an obligation to distribute non-cash assets to owners, an entity shall consider the fair value of the assets to be distributed at the commitment date and at the distribution date. We suggest that the draft Interpretation address the following implementation issues that would arise particularly in countries where there are no active markets or where the markets are not yet mature:

- Determination of the fair value of the asset to be distributed when sources of fair values are not clearly evident;

- Consideration of a one-time determination of the fair value of the dividend payable where the period between commitment date (declaration date) and the distribution date (settlement date) is relatively short (e.g., 45 days), for example, on the commitment date (declaration date). It would be too costly for an entity to determine the fair value of the liability twice, particularly where valuers would need to be involved, such as when property, plant or equipment or investment property will be distributed

We also suggest that an example be provided to illustrate the accounting for a distribution that give the owners a choice of receiving either non-cash assets or a cash alternative.

Question 2 Specifying how any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable should be accounted for when an entity settles the dividend payable

We have no objection to the recognition of the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit and loss, consistent with the reasons set forth in paragraphs BC28-BC43 of the Basis for Conclusions. We suggest, however, the clarification of the perceived inconsistency with the provision in IAS 1 which requires an entity to present distributions to equity holders, such as dividends, within the statement of changes in equity.

Question 3 Whether an entity should apply the requirements in IFRS 5 to non-current assets held for distribution to owners

Because of the differing nature of distributions to owners from the usual asset disposals, we believe that the measurement provisions of IFRS 5 would not apply to a distribution of non-cash assets.

We agree, however, that certain presentation and disclosures required in IFRS 5 would be useful to users of financial statements when an entity declares the distribution of non-cash assets to owners, such as a description of the non-current assets for distribution, the terms of the distribution, and the treatment of any gain or loss from the distribution.

When applied to distributions of non-cash assets to owners, there is a difference between (a) the date on which an entity commits itself to make a distribution and (b) the date on which it commits to settle the obligation. In the Philippines, the commitment date is the date of declaration, which is the date on which the entity obligates itself to distribute the non-cash assets to owners and, accordingly, recognizes a dividend payable. The date on which it commits to settle the obligation is the settlement date, which is the date on which the non-cash assets are distributed and de-recognized.

We suggest that instead of amending IFRS 5 to include non-current assets held for distribution to owners, the Interpretation itself should address the measurement, presentation and disclosure requirements that would apply to distributions of non-current assets to owners.

If you have any questions on our comments, you may contact me at the following address:

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Very truly yours,

A handwritten signature in black ink, appearing to read 'Carlos R. Alindada', written in a cursive style.

CARLOS R. ALINDADA
Chairman