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THE
INSTITUTE OF
CHARTERED
ACCOUNTANTS
OF SCOTLAND



International Accounting Standards Board
30 Cannon Street
LONDON
EC4M 6XH

28 April 2008

Dear Sir/Madam

IFRIC DRAFT INTERPRETATION D23 – DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS

The Institute's Accounting Standards Committee has considered the above Draft Interpretation and I am pleased to set out its comments below.

The Institute is the first incorporated professional accountancy body in the world. The Institute's Charter requires the Accounting Standards Committee to act primarily in the public interest, and our responses to consultations are therefore intended to place the general public interest first. Our Charter also requires us to represent our members' views and protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

General comments

We agree with the general approach taken in this interpretation, although the issue it is addressing seems to us a fairly narrow one that will not impact on a large number of entities (e.g. it will not apply to listed entities). We question whether the IFRIC should address issues which seem to be of limited relevance, however as noted above we do not disagree with the consensus reached.

Specific questions

Q1: Specifying how an entity should measure a liability for a dividend payable –

Do you agree with the proposal? If not, do you agree that all dividends payable should be addressed by a single standard? Why? What alternative would you propose?

We agree that an entity should measure a liability to distribute non-cash assets to its owners in accordance with IAS 37.

Q2: 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 –

Which view do you support and why?

We are reasonably happy with the proposal that the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable should be recognised in profit or loss, but we can also see the case for recognising the difference directly in equity. We believe that the arguments both for treating the difference as income and for treating it as an owner change in equity are sound, therefore either approach would be acceptable.

Q3: Whether an entity should apply the requirements in IFRS 5 to non-current assets held for distribution to owners –

Do you agree that an entity should apply IFRS 5 to non-current assets that are held for distribution to owners? If not, why and what alternative would you propose?

Should an entity apply IFRS 5 when it is committed to make a distribution or when it has an obligation to distribute the assets?

Do you think there is a difference between those dates?

If there is a difference between the dates and you think that an entity should apply IFRS 5 at the commitment date, what is the difference? What indicators should be included in IFRS 5 to help an entity to determine that date?

We agree that an entity should apply IFRS 5 to non-current assets that are held for distribution to owners, since the carrying amount of the assets will no longer be recovered principally through continuing use. We believe that the date when an entity is committed to make a distribution and the date when it has an obligation to make a distribution are the same.

I hope our comments are useful to you in the finalisation of this interpretation. If you wish to discuss any of them, please do not hesitate to contact me.

Yours faithfully



AMY HUTCHINSON

Assistant Director, Accounting and Auditing
Secretary to the Accounting Standards Committee