



28 January 2008

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

**INVITATION TO COMMENT ON INTERNATIONAL FINANCIAL REPORTING
INTERPRETATIONS COMMITTEE (IFRIC) DRAFT INTERPRETATION
D23 DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS**

Comments to be received by 31 March 2008

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IFRIC Draft Interpretation which has been posted on the Institute's website at: www.hkicpa.org.hk/professionaltechnical/accounting/exposedraft/content.php.

The IFRIC was asked to provide guidance on how an entity should measure distributions of assets other than cash when it pays dividends to its owners acting in their capacity as owners. At present, International Financial Reporting Standards do not address the measurement of distributions to owners.

IFRIC D23 proposes that all types of distributions of non-cash assets to owners are to be measured at the fair value of the assets distributed. The one exception to this principle is that IFRIC D23 does not apply to a distribution of an asset to another entity within the same consolidated group.

D23 proposes that when the dividend payable is settled, the entity should recognise any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss. However, the Basis for Conclusions includes an alternative view that the difference should be recognised directly in equity (see paragraph BC44).

IFRIC D23 would be applied prospectively, that is, to future distributions.

In accordance with the Institute's Convergence Due Process, comments are invited from any interested party and the FRSC would like to hear from both those who do agree and those who do not agree with the proposals contained in the Draft Interpretation.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the IFRIC Draft Interpretation to be considered, they are requested to be received by the Institute on or before **31 March 2008**.

Comments may be sent by mail, fax or e-mail to

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.