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**International  
Accounting Standards  
Board**

*This observer note is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. Views expressed in this document are identified by the staff as a basis for the discussion at the IFRIC meeting. This document does not represent an official position of the IFRIC. Decisions of the IFRIC are determined only after extensive deliberation and due process. IFRIC positions are set out in Interpretations.*

*Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.*

## **INFORMATION FOR OBSERVERS**

**IFRIC meeting:** September 2008, London  
**Project:** D23 *Distribution of Non-cash Assets to Owners* Cover note  
(Agenda Paper 3)

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### **A Introduction**

- 1 In this meeting, the staff will ask the IFRIC to consider minor issues and drafting issues arising from its redeliberation of the fundamental issues in the July meeting. Also, as requested the staff will present its analysis of the potential implications or consequences of a change to IFRS 5 requiring the assets to be distributed to be measured at fair value. Once the IFRIC reaches a consensus on those issues, the staff will ask for approval of the revised draft of the Interpretation.
- 2 The papers consist of:  
  
AP3A Minor issues

AP3B            Redrafting in response to decisions made in the July meeting

AP3C            Revised draft of the Interpretation

AP3D            ‘Accounting mismatch’ in equity – consequences of changing  
IFRS 5

3            The order of the discussion at this meeting is to:

- a)            approve the drafting of changes decided upon at the July meetings (AP3B)
- b)            discuss “accounting mismatch” issue (AP3D)
- c)            approve the staff proposals to drafting changes in response to minor issues (AP3A) - the staff do not intend to discuss these issues at the meeting unless otherwise requested by IFRIC members.
- d)            consider the need for re-exposure (Section B); and
- e)            approve the Interpretation (Section C).

## **B        Re-exposure**

4            The *Due Process Handbook for the IFRIC* states that:

40            If the proposed Interpretation is changed significantly, the IFRIC will consider whether it should be re-exposed. Re-exposure is not required automatically and will depend on the significance of the changes contemplated, whether they were raised in the Basis for Conclusions on the draft Interpretation or in questions posed by the IFRIC, their significance for practice and what might be learned by the IFRIC from re-exposure.

5            The draft Interpretation has been changed in the following respects since it was exposed for comment as D23 (as summarised in paragraph BC61 of the revised draft of the Interpretation):

BC61        The main changes from the IFRIC’s proposals are as follows:

- (a) Paragraphs 3 to 7 clarify the scope of the Interpretation.
- (b) Paragraph 9 clarifies when to recognise a dividend payable.
- (c) Paragraphs 10 to 12 were modified to require the dividend payable to be measured at the fair value of the assets to be distributed without linking [the IFRIC's] conclusion that fair value is the most relevant measurement attribute to any individual standard.
- (d) Illustrative examples were expanded to set out clearly the scope of the Interpretation.
- (e) The appendix of changes to IFRS 5 was added to the Interpretation.
- (f) The Basis for Conclusions was changed to set out more clearly the reasons for the IFRIC's conclusions.

- 6 Although they do not change the requirements themselves, these changes provide clarification that the constituents requested or highlight consequences of the requirements that some constituents may not have understood when commenting on the draft Interpretation.
- 7 The fundamental requirements of the Interpretation are virtually unchanged from those exposed for comment. In general, constituents supported the proposals. The changes made were in response to comments received. The staff therefore recommend that the Interpretation not be re-exposed.

### **Question for the IFRIC**

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| 8 | Do you agree that the changes made to D23 do not require re-exposure? |
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## **C Vote to confirm consensus**

- 9 If no substantial issues arise from the matters discussed above, the IFRIC will be asked to vote to confirm the consensus at this meeting. If no more than four members vote against the proposal, the IASB will be asked to approve the Interpretation at its October meeting.