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For the attention of Mrs. Tricia O'Malley

Vienna, April 18th, 2008

Comment Letter to ED IFRIC 23

Ladies and Gentlemen,

Please find below my comments on the above mentioned exposure draft.

Regards,

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Comments on ED to IFRIC 23 as proposed in January 2008:

Question 1 – Specifying how an entity should measure a liability for a dividend payable.

In BC2 of the ED, the IFRIC states that at present, IFRS do not address how an entity should measure distributions to owners acting in their capacity as owners.

However, IAS 32.35 deals with dividends. This paragraph states that “Distributions to holders of an equity instrument shall be debited by the entity directly to equity, net of any related income tax benefit.”

The only thing missing in this paragraph is a clear statement, how this debit entry should be measured.

Therefore I believe that a link to IAS 37 is not necessary and would result in a complex guideline with two standards addressing the same issue. I believe that it would be much simpler to add a sentence to IAS 32.35: “The distribution shall be measured at fair value at the date of the declaration of the distribution.”

In using a link to IAS 37 for the measurement, the Draft does not regulate the measurement of the dividend itself (the debit entry to equity), but the measurement of the distribution liability. That would still leave the question how to measure a dividend, where there is no such liability in advance, because the dividend has not to be declared by a shareholder’s meeting or a similar body. There are legal structures of entities (like partnerships), where the owners can take out cash or other assets from the entity without any formal declaration. In my opinion, all kinds of distributions to owners should be treated the same way, irrespective of a formal declaration.

By regulating the measurement of the distribution itself instead of the measurement of the related liability, this consistent treatment would be achieved.

Question 2

I agree.

Question 2

I agree

Scope of the Exposure Draft

The Exposure Draft includes a variety of scope exclusions (transactions under control of an ultimate parent, transactions where equity holders are treated differently). Consequently, the scope of the IFRIC would be rather narrow.

In the BC the IFRIC gives the reason, that a scope which would include related party transactions would be too broad.

However, I cannot see any standard or a rule of the Framework which would indicate that related party transactions should be accounted for differently from other transactions. An IFRIC is an interpretation of the existing IFRS and IAS and any scope exclusion of an IFRIC should be argued with reference to the standards.