



Press Release

27 November 2008

IFRIC issues guidance on distributions of non-cash assets to owners

The International Financial Reporting Interpretations Committee (IFRIC)* issued today an Interpretation that will standardise practice in the accounting treatment of distribution of non-cash assets to owners.

Existing International Financial Reporting Standards (IFRSs) do not address how an entity should measure distributions of assets other than cash when it pays dividends to its owners. At present the dividend payable is sometimes recognised at the carrying amount of the assets to be distributed and sometimes at their fair value. As a result significant diversity in practice has developed and the IFRIC was asked to provide guidance.

The IFRIC released a draft Interpretation in January 2008 and in the light of the responses finalised the Interpretation issued today, IFRIC 17 *Distributions of Non-cash Assets to Owners*. The Interpretation clarifies that:

- a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity.
- an entity should measure the dividend payable at the fair value of the net assets to be distributed.
- an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation.

IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions.

* The IFRIC is the interpretative arm of the International Accounting Standards Board (IASB).

Recognising the difficulty that entities would face in recognising past distributions at their fair values the IFRIC requires prospective application of the guidance. The Interpretation is effective for annual periods beginning on or after 1 July 2009. Earlier application is permitted.

IFRIC 17 *Distributions of Non-cash Assets to Owners* is available for eIFRS subscribers from today. Those wishing to subscribe to eIFRSs should visit the online shop at www.iasb.org or contact:

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For more information on IFRIC 17 visit the project Website on www.iasb.org.

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NOTES TO EDITORS

About the IFRIC

The IFRIC first met in February 2002. It comprises 14 voting members (all part-time) drawn from a variety of countries and professional backgrounds, and it meets about six times a year under a non-voting chairman. The IFRIC's principal role is to consider, on a timely basis within the context of International Financial Reporting Standards and the IASB *Framework*, accounting issues that are likely to receive divergent or unacceptable treatment in the absence of authoritative guidance, with a view to reaching consensus on the appropriate accounting treatment. In developing Interpretations, the IFRIC works closely with similar national interpretation committees.

About the IASB

The IASB, based in London, began operations in 2001. It is funded by contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private

financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations. The 14 IASB members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.