



IFRS AT A GLANCE
IFRIC 17 *Distribution of Non-Cash Assets*
to Owners



IFRIC 17 *Distribution of Non-Cash Assets to Owners*

ISSUES

When an entity declares a distribution and has an obligation to distribute the assets concerned to its owners, it must recognise a liability for the dividend payable. Consequently, IFRIC 17 addresses the following issues:

- ▶ When should the entity recognise the dividend payable?
- ▶ How should an entity measure the dividend payable?
- ▶ When an entity settles the dividend payable, how should it account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable?

SCOPE

- ▶ IFRIC 17 applies to the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners:
 - Distribution of non-cash assets
 - Distributions that give owners a choice of receiving either non-cash assets or a cash alternative
- ▶ IFRIC 17 only applies if all owners of a class of equity instruments are treated equally
- ▶ IFRIC 17 does not apply to distributions of non-cash assets that are ultimately controlled by the same party or parties before and after the distribution.

CONSENSUS

WHEN TO RECOGNISE A DIVIDEND PAYABLE

The liability to pay a dividend is recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity, which is the date either:

- ▶ When declaration of the dividend is approved by the relevant authority, if the jurisdiction requires such approval
- ▶ When the dividend is declared, if the jurisdiction does not require further approval.

MEASUREMENT OF A DIVIDEND PAYABLE

- ▶ An entity measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed
- ▶ If an entity gives its owners a choice of receiving either a non-cash asset or a cash alternative, the entity estimates the dividend payable by considering both the fair value of each alternative and the associated probability of owners selecting each alternative
- ▶ At the end of each reporting period and at the date of settlement, the entity reviews and adjusts the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution.

ACCOUNTING FOR DIFFERENCES IN CARRYING AMOUNTS

When an entity settles the dividend payable, it recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the dividend payable in profit or loss.

PRESENTATION & DISCLOSURE












- ▶ An entity presents any gains or losses arising from differences in the carrying amounts of dividend liabilities and related assets that are derecognised on settlement as a separate line item in profit or loss
- ▶ An entity discloses the following information, if applicable:
 - The carrying amount of the dividend payable at the beginning and end of the period
 - The increase or decrease in the carrying amount recognised in the period as result of a change in the fair value of the assets to be distributed.
- ▶ If, after the end of a reporting period but before the financial statements are authorised for issue, an entity declares a dividend to distribute a non-cash asset, it discloses:
 - The nature of the asset to be distributed
 - The carrying amount of the asset to be distributed as of the end of the reporting period
 - The estimated fair value of the asset to be distributed as of the end of the reporting period, if it is different from its carrying amount and the information about the method used to determine that fair value required by IFRS 13 Fair Value Measurement.

Contact

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below.

Alternatively, please visit www.bdo.global where you can find full lists of regional and country contacts.



EUROPE

Anne Catherine Farlay	 France	annecatherine.farlay@bdo.fr
Jens Freiberg	 Germany	jens.freiberg@bdo.de
Teresa Morahan	 Ireland	tmorahan@bdo.ie
Ehud Greenberg	 Israel	ehudg@bdo.co.il
Stefano Bianchi	 Italy	stefano.bianchi@bdo.it
Roald Beumer	 Netherlands	roald.beumer@bdo.nl
Reidar Jensen	 Norway	reidar.jensen@bdo.no
Leonid Sidelkovskiy	 Russia	L.Sidelkovskiy@bdo.ru
David Cabaleiro	 Spain	david.cabaleiro@bdo.es
René Füglistner	 Switzerland	rene.fueglistner@bdo.ch
Moses Serfaty	 United Kingdom	moses.serfaty@bdo.co.uk




SUB SAHARAN AFRICA



Theunis Schoeman	 South Africa	tschoeman@bdo.co.za
------------------	--	--

NORTH AMERICA &







Armand Capisciolto	 Canada	acapisciolto@bdo.ca
Wendy Hambleton	 USA	whambleton@bdo.com


LATIN AMERICA

Marcello Canetti	 Argentina	mcanetti@bdoargentina.com
Victor Ramirez	 Colombia	vramirez@bdo.com.co
Ernesto Bartesaghi	 Uruguay	ebartesaghi@bdo.com.uy

Arshad Gadit	 Bahrain	arshad.gadit@bdo.bh
Antoine Gholam	 Lebanon	agholam@bdo-lb.com

ASIA PACIFIC

Aletta Boshoff	 Australia	aletta.boshoff@bdo.com.au
Hu Jian Fei	 China	hu.jianfei@bdo.com.cn
Fanny Hsiang	 Hong Kong	fannyhsiang@bdo.com.hk
Pradeep Suresh	 India	pradeepsuresh@bdo.in
Khoon Yeow Tan	 Malaysia	tanky@bdo.my
Ng Kian Hui	 Singapore	kianhui@bdo.com.sg



This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact your respective BDO member firm to discuss these matters in the context of your particular circumstances. Neither BDO IFR Advisory Limited, Brussels Worldwide Services BV, BDO International Limited and/or BDO member firms, nor their respective partners, employees and/or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

Service provision within the international BDO network of independent member firms ('the BDO network') in connection with IFRS (comprising International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the IFRS Interpretations Committee and the former Standing Interpretations Committee), and other documents, as issued by the International Accounting Standards Board, is provided by BDO IFR Advisory Limited, a UK registered company limited by guarantee. Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium with its statutory seat in Zaventem.

Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BV, BDO IFR Advisory Limited and the member firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV, BDO IFR Advisory Limited and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO member firms.

© 2021 BDO IFR Advisory Limited, a UK registered company limited by guarantee. All rights reserved.

www.bdo.global