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EFRAG
Attn. EFRAG Technical Expert Group
41, Avenue des Arts
B-1040 Brussels
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Our ref : AdK
Date : Amsterdam, 5 March 2008
Re : Comment on Exposure Draft of Proposed Amendments to IFRS 2 Share-based Payment and IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
“Group Cash-settled Share-based Payment Transactions”

Dear members of the EFRAG Technical Expert Group,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your draft comment letter regarding Exposure Draft of Proposed amendments to IAS 24 ‘Related Party Disclosures’.

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your draft comment letter regarding Exposure Draft of Proposed Amendments to IFRS 2 Share-based Payment and IFRIC 11 IFRS 2 – Group and Treasury Share Transactions “Group Cash-settled Share-based Payment Transactions”.

The DASB agrees with most of your comments.

We do not agree with your comment in paragraph 17, that it might not always be appropriate to recognize a group share-based transaction between related parties, that do not have a shareholder relation, as a capital contribution. If the contribution received could be recognized as some sort of income, we believe that the risk is present that companies will structure the share-based payment arrangements within the group in a way to affect their separate financial statements. Besides, we believe that such a proposal has a rules-based nature, which approach we reject.

Furthermore, we are of the opinion that paragraph 11B of IFRIC 11 is unclear, as the proposed accounting treatment is only applicable in the situation that the subsidiary does not have any obligations to its employees or its parent. The accounting treatment as proposed in paragraph 11B does not appear to be applicable when the subsidiary is required to reimburse its parent for the cash payments to the suppliers of goods or services. Therefore, the ED should also describe the accounting treatment of an arrangement between a parent and its subsidiary requiring the subsidiary to reimburse the parent for providing the provisions of the equity instruments or making the cash payments to the employees of the subsidiary.

We would be happy to discuss our reaction with you.

Yours sincerely,

A handwritten signature in black ink, consisting of a vertical line on the left, a loop at the bottom left, and a long horizontal stroke that curves upwards at the right end.

Hans de Munnik
Chairman Dutch Accounting Standards Board