



Republic of the Philippines
 Department of Finance
Securities and Exchange Commission
 SEC Bldg. EDSA, Greenhills, Mandaluyong City



NOTICE

Notice is hereby given that the Commission En Banc in its meeting of **October 9, 2008**, resolved to adopt the following standards and interpretations:

Standard/ Interpretations	Title	Effectivity Date	Brief Description
-	<i>Improvements to PFRSs</i>	1/01/09	The amendments are the result of conclusions the International Accounting Standards Board (IASB) reached on proposals made in its annual improvement projects. These are presented in two parts: (1) those that involved accounting changes for presentation, recognition or measurement purposes; and (2) those involving terminology or editorial changes with minimal effect on accounting.
-	<i>Amendments on Cost of an Investment under PFRS 1 and PAS 27</i>	1/01/09	The amendments respond to concerns that retrospectively determining cost and applying the cost method in accordance with IAS 27 on first-time adoption of IFRSs cannot, in some circumstances, be achieved without undue cost and effort. The amendments address the issue: (1) by allowing first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements; and (2) by removing the definition of the cost method from IAS 27 and replacing it with a requirement to present dividends as income in the separate financial statements of the investor.
PFRS 3 (rev. 2008)	<i>Business Combinations</i>	7/01/09	The revised IFRS 3 reinforces the existing IFRS 3 model and remedies problems that have emerged in its application.
PAS 27 (rev. 2008)	<i>Consolidated and Separate Financial Statements</i>	7/01/09	The amendments related primarily to accounting for non-controlling interests and the loss of control of a subsidiary, including the information that an entity must disclose to enable users of the financial statements to evaluate the nature of relationship between the entity and its subsidiaries.

Standard/ Interpretations	Title	Effectivity Date	Brief Description
-	<i>Amendments on Puttable Financial Instruments under PAS 32 and PAS 1</i>	1/01/09	<p>The amendments to PAS 32 provide that puttable financial instruments will be presented as equity only if all of the criteria are met, as follows: (1) the holder is entitled to a pro-rata share of the entity's net assets on liquidation; (2) the instrument is in the class of instruments that is the most subordinate and all instruments in that class have identical features; (3) the instrument has no other characteristics that would meet the definition of a financial liability; (4) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the entity (excluding any effects of the instrument itself).</p> <p>In addition, the entity must have no other instrument that has terms equivalent to item (4) and that has the effect of substantially restricting or fixing the residual return to the holders of the puttable financial instruments.</p>
-	<i>Amendments to Share-based Payment Standard under PFRS 2</i>	1/01/09	<p>The amendments clarify that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. They also specify that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.</p>
PFRS 8	<i>Operating Segments</i>	1/1/09	<p>This PFRS specifies how an entity should report information about its operating segments in annual financial statements and, as a consequential amendment to IAS 34 (<i>Interim Financial Reporting</i>), requires an entity to report selected information about its operating segments in interim financial reports. It also sets out requirements for related disclosures about products and services, geographical areas and major customers.</p>
IFRIC-11	<i>Group and Treasury Share Transactions</i>	3/01/07	<p>This IFRIC addresses share-based payment arrangements in which: (a) an entity grants to its employees rights to equity instruments of the entity, and either chooses or is required to but those equity instruments from another party, to satisfy its obligations to its employees under the share-based payment arrangement;</p>

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			(b) a subsidiary entity's employees are granted rights to equity instruments of the parent entity (or another entity in the same group), in particular, arrangements in which the parent entity grants those rights direct to the subsidiary entity's employees, and the subsidiary entity grants those rights to its employees.
IFRIC-12	<i>Service Concession Arrangements</i>	1/01/08	IFRIC 12 addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements.
IFRIC-13	<i>Customer Loyalty Programmes</i>	7/01/08	This IFRIC addresses how companies that grant their customer loyalty award credits (often called "points"), when buying goods or services, should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points. Under this IFRIC, companies must estimate the value of the points and defer this amount of revenue as a liability until they have fulfilled their obligations to supply awards. IFRIC 13 will standardize practices and ensure that entities measure obligations for customer loyalty awards in the same way as they measure other obligations to customers, i.e., at the amount the customer has paid for them.
IFRIC-14	<i>PAS 19-The Limit on a Defined Asset, Minimum Funding Requirements and their Interaction</i>	1/01/08	This IFRIC addresses three issues: (1) how entities should determine the limit places by IAS 19 Employee Benefits on the amount of a surplus in a pension plan they can recognize as an asset; (2) how a minimum funding requirement affects that limit; (3) when a minimum funding requirement creates an onerous obligation that should be recognized as a liability in addition to that otherwise recognized under IAS 19. IFRIC 14 will standardize practice and ensure that entities recognize an asset in relation to a surplus on a consistent basis.

Standard/ Interpretations	Title	Effectivity Date	Brief Description
IFRIC-16	<i>Hedges of a Net Investment in a Foreign Operation</i>	10/01/08	This IFRIC applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and that apply hedge accounting in accordance with IAS 39. It clarifies the following issues: (a) whether risk arises from the foreign currency exposure to the functional currencies of the foreign operation and the parent entity, or from the foreign currency exposure to the functional currency of the foreign operation and the presentation currency of the parent entity's consolidated financial statements; (b) which entity within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation and, in particular, whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument; (c) how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment. The main expected change in practice is to eliminate the possibility of an entity applying hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. The IFRIC recognizes the difficulty that entities would face in preparing adequate documentation from the inception of the hedge relationship and therefore requires prospective application of the guidance.

Copies of the foregoing standards and interpretations will be available at the offices of the Philippine Institute of Certified Public Accountants (PICPA).

SO RESOLVED.

Issued this 10th day of October 2008, Mandaluyong City, Philippines.

For the Commission:


E. B. BARIN
 Chairperson