



2 October 2009

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Board Members:

Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF), the accounting standard setting body in Mexico, welcomes the opportunity to submit its comments on the IFRIC Draft Interpretation D-25, Extinguishing Financial Liabilities with Equity Instruments. Set forth below you will find our comments to the topics included in the Exposure Draft.

Our viewpoint

We agree with the Draft Interpretation. As there are no questions on which you would like to receive feedback, we are including a brief summary of our viewpoint on the three main issues addressed by the Draft Interpretation.

- a. *Are an entity's equity instruments "consideration paid" in accordance with IAS 39 paragraph 41?*

We agree that equity instruments issued in exchange of a debt are consideration paid in accordance with IAS 39 paragraph 41.

- b. *How should an entity initially measure the equity instruments issued to extinguish a financial liability?*

We agree that the equity instruments issued should be measured at the fair value of the equity instruments or the value of the liability extinguished, whichever is more reliably determined.

- c. *How should an entity account for any difference between the carrying amount of the financial liability extinguished and the initial measurement amount or equity instruments issued?*

We agree that the entity shall recognize in profit and loss the difference between the carrying amount of the financial liability extinguished and the initial measurement of the equity instrument issued.

We have a comment on a specific transaction. The question may already be answered by paragraph BC13 of the basis for conclusion. If a supplier of equipment supplies a large turn key project, with a financing that goes over several years, and after one or two years accepts equity in payment of part of the debt, if IFRS 2 is applied the amount of the debt could be considered as the most reliable value. However if the equity instruments are quoted, it could be assumed that the fair value of the equity instruments is the more reliable, if the agreement is reached after delivery of the equipment and the payment with equity was not mentioned in the original purchase contract. It is a matter of judgment, but it could be beneficial to have some guidance.

Also, paragraph BC3 of the introduction of the basis for conclusion is geared to loans, at least in sub paragraphs (a) and (b). Some readers may assume that this interpretation does not cover trade receivables. It would be convenient to indicate in sub paragraph (c) that it does include trade receivables.

Should you require additional information on our comments listed above, please contact Juan M. Gras at (52) 55 5596 5633 ext 105 or me at (52) 55-5596 5633 ext 103 or by e-mail at jgras@cinif.org.mx or fperezcervantes@cinif.org.mx

Sincerely,

C.P.C. Felipe Perez Cervantes
President of Consejo Mexicano para la Investigacion y Desarrollo
de Normas de Informacion Financiera (CINIF) (The Mexican
Financial Reporting Standard Board – MFRSB)