

PRESS RELEASE

31 May 2012

IFRS Interpretations Committee publishes proposed guidance on put options written on non-controlling interests

The IFRS Interpretations Committee, responsible, in co-operation with the IASB, for developing amendments and Interpretations of International Financial Reporting Standards (IFRSs), has today published for public comment proposed guidance on the accounting for a put option written by a parent entity on the shares of its subsidiary held by a non-controlling-interest shareholder. A put option is a contract that gives the holder of the option the right to sell a specified asset to the writer of the option at a specified price within a specified time.

If a parent entity is obliged to purchase the shares of its subsidiary for cash or for another financial asset, the parent must recognise a financial liability in its consolidated financial statements for the present value of the option exercise price. The Interpretations Committee was asked to consider how to subsequently measure that financial liability, because diversity exists in practice.

In response to that request, the Interpretations Committee has proposed that all changes in the measurement of that financial liability should be recognised in profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 9 *Financial Instruments*.

The draft Interpretation DI/2012/2 *Put Options Written on Non-controlling Interests* is open for public comment until 1 October 2012 and can be accessed via the '[Comment on a Proposal](#)' section of www.ifrs.org.

End

Press enquiries:

Mark Byatt, Director of Communications and External Affairs, IFRS Foundation

Telephone: +44 (0)20 7246 6472

Email: mbyatt@ifrs.org

Chris Welsh, Communications Manager, IFRS Foundation

Telephone: +44 (0)20 7246 6410

Email: cwelsh@ifrs.org

Technical enquiries:

Michael Stewart, Director of Implementation Activities, IASB

Telephone: +44 (0)20 7246 6922

Email: mstewart@ifrs.org

About the IASB

The IASB was established in 2001 and is the standard-setting body of the IFRS Foundation, an independent, private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The IASB has 15 full-time members drawn from 11 countries and a variety of professional backgrounds. By 2012 the Board will be expanded to 16 members. Board members are appointed by and accountable to the Trustees of the IFRS Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities. For more information visit www.ifrs.org