

IAS 27 Consolidated and Separate Financial Statements (July 2009)

Transaction costs for non-controlling interests

The IFRIC received a request to clarify the guidance in IAS 27 (as amended in 2008) for accounting for transaction costs incurred in the acquisition or disposal of non-controlling interest (NCI) that does not result in the loss of control of an entity.

The IFRIC noted that the amended IAS 27 requires transactions with NCI to be treated as equity transactions. Paragraphs 106(d)(iii) and 109 of IAS 1 *Presentation of Financial Statements* state that changes in equity resulting from transactions with owners in their capacity as owners (such as equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions are not part of the income and expense generated by the entity's activities during that period.

Accordingly, the IFRIC concluded that relevant guidance exists in IFRSs applicable to such transactions. Because it did not expect significant divergence in practice given the existing guidance, the IFRIC decided not to add the issue to its agenda.