



---

**Agenda decisions**

Topic

**IAS 27 – Transaction costs for non-controlling interest**

---

**Background**

1. In May 2008 the IFRIC published a tentative agenda decision not to add an item to its agenda to clarify in IAS 27 *Consolidated and Separate Financial Statements* the treatment of transaction costs relating to acquisitions and disposals of non-controlling interests that do not result in a loss of control of the entity.
2. One comment letter was received supporting the tentative decision and its reasons.

**Recommendation and question for the IFRIC**

The staff recommends that the IFRIC finalise the agenda decision as published. Wording is included in the Appendix.

Does the IFRIC agree?

---

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IFRIC.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRIC or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

Decisions made by the IFRIC are reported in IFRIC *Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in IASB *Update*.

## Appendix A – proposed wording for agenda decision

A1. The staff proposes the following wording as published in *IFRIC Update* for the final agenda decision:

The IFRIC received a request to clarify the guidance in *IAS 27 Consolidated and Separate Financial Statements* (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.