

# Rådet för finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2010:14

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

Dear Sirs,

## Re: Put options written over non-controlling interests

The Swedish Financial Reporting Board is responding to your invitation to comment on the IFRS Interpretations Committee (IFRIC) tentative decision not to proceed with the agenda item a request for guidance on how to account for changes in the carrying amount of put options written over non-controlling interests in the consolidated financial statements.

In summary we have the following views

- We agree with IFRICs decision not to proceed with the agenda item and that this is an issue that should be addressed by the IASB.
- IFRIC have not followed the committees' due process as IFRIC cannot reach consensus when there is an identified inconsistency between standards.
- We believe that the IFRIC rejection should be rewritten in order to explain for constituents that there is an identified inconsistency between IAS 27 and IAS 39, which has to be resolved by the IASB, and that IFRIC will not conclude on which standard has precedence.

The issue cannot be resolved by IFRIC and should be addressed by the IASB. Due to the conflict between IAS 27 and IAS 39 there is a large divergence in practice regarding the accounting treatment of written puts over non-controlling interests which needs to be resolved. Whether or not this should be done in the FICE project is a matter of judgement. However if the IASB is uncertain regarding the progress in this project this matter could be considered in a separate project.

It is our understanding that IFRIC in the final rejection notice intends to state that IAS 39 is applicable regarding reameasurement of the financial liability. However there is no basis for how this conclusion was reached. According to the due process handbook the IFRIC cannot reach consensus when a decision would conflict with another IFRS (paragraph 7 of the IFRIC due process handbook). As there is an identified conflict the rejection should be rewritten in way that makes it clear that there is an identified inconsistency between the IAS 27 and IAS 39 and that the issue should be addressed by the IASB. Furthermore it should be made clear that both interpretations that were put forward to the IFRIC are acceptable due to the current wording in the standards.

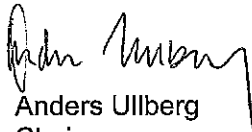


# Rådet **för** **finansiell rapportering**

If you have any questions concerning our comments please address our Executive member Carl-Eric Bohlin by e-mail to: [carl-eric.bohlin@radetforfinansiellrapportering.se](mailto:carl-eric.bohlin@radetforfinansiellrapportering.se)

Stockholm, 19 October 2010

Yours sincerely



Anders Ullberg  
Chairman