Norsk RegnskapsStiftelse

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UK

Cc: EFRAG

Oslo, October 2, 2012

Dear Sir/Madam

Draft IFIRC Interpretation, DI/2012/2 Put Options Written on Non-controlling Interests

Norsk RegnskapsStiftelse (the Norwegian Accounting Standards Board) welcomes the opportunity to comment on the draft IFRIC Interpretation.

We agree with the draft IFRIC Interpretation Put Options Written on Non-controlling Interests.

We are of the opinion that it is very important that the IFRS Interpretation Committee issues the proposed interpretation without undue delay. A situation where an interpretation has been discussed but not issued will only give rise to further diversity in practice.

While we agree with the proposed scope, and do not want to sacrifice a timely issuance by widening the scope, we think there is a need to address further issues relating to recognition and measurement of put options written on non-controlling interests. We would like to use this opportunity to inform the IFRS Interpretation Committee that we have observed diversity in practice relating to the discount rate used to measure the liability prescribed in IAS 32.23.

Our comments to the detailed questions are laid out in the appendix to this letter. Please do not hesitate to contact us if you would like to discuss any specific issues addressed in our response, or related issues, further.

Yours faithfully,

Erlend Kvaal
Chairman of the Technical Committee on IFRS of Norsk RegnskapsStiftelse

Question 1 - Scope

The draft Interpretation would apply, in the parent's consolidated financial statements, to put options that oblige the parent to purchase shares of its subsidiary that are held by a non-controlling-interest shareholder for cash or another financial asset (NCI puts). However, the draft Interpretation would not apply to NCI puts that were accounted for as contingent consideration in accordance with IFRS 3 Business Combinations (2004) because IFRS 3 (2008) provides the relevant measurement requirements for those contracts.

Do you agree with the proposed scope? If not, what do you propose and why?

The area of written puts is by many seen as complex and raises a number of issues relating to recognition and measurement. We are of the opinion that it is very important that the IFRS Interpretation Committee issues the proposed interpretation without undue delay. A situation where an interpretation has been discussed but not issued will only give rise to further diversity in practice.

We agree with the proposed scope and support the timely issuing of the draft Interpretation.

While we agree with the proposed scope, and do not want to sacrifice a timely issuance by widening the scope, we think there is a need to address further issues relating to recognition and measurement. We would like to use this opportunity to inform the IFRS Interpretation Committee that we have observed diversity in practice relating to the discount rate used to measure the liability prescribed in IAS 32.23.

Question 2 - Consensus

The consensus in the draft Interpretation (paragraphs 7 and 8) provides guidance on the accounting for the subsequent measurement of the financial liability that is recognised for an NCI put. Changes in the measurement of that financial liability would be required to be recognised in profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments.

Do you agree with the consensus proposed in the draft Interpretation? If not, why and what alternative do you propose?

We agree with the consensus proposed in the draft Interpretation and the reasoning given in BC8.

Question 3 - Transition

Entities would be required to apply the draft Interpretation retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Do you agree with the proposed transition requirements? If not, what do you propose and why?

We agree with the transition requirements proposed in the draft Interpretation and the reasoning given in BC12.