



International Accounting Standards Board®

# Press Release

FOR IMMEDIATE RELEASE

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## **IFRIC publishes proposed guidance on issues relating to IFRS 2**

The International Financial Reporting Interpretations Committee (IFRIC)\* today released for public comment two draft Interpretations: D16 *Scope of IFRS 2* and D17 *IFRS 2—Group and Treasury Share Transactions*.

The proposed Interpretation D16 has been developed in response to requests for clarification of the scope of IFRS 2 *Share-based Payment*. The proposed Interpretation clarifies that transactions within the scope of the IFRS include those in which the entity cannot specifically identify some or all of the goods or services received.

The proposed Interpretation D17 has been developed in response to requests for guidance on applying IFRS 2 to share-based payment transactions involving treasury shares or two or more entities within the same group of entities. The proposed Interpretation provides guidance on whether particular types of transactions should be accounted for as cash-settled or equity-settled share-based payment transactions under IFRS 2.

Introducing the draft Interpretations, Gilbert Gélard, Acting IFRIC Chairman and IASB member responsible for liaison with the French national standard-setter, said:

IFRS 2 has recently become effective and many entities are now applying the IFRS to account for share-based payment transactions. The IFRIC believes that the proposed Interpretations will provide valuable guidance on the scope of IFRS 2 and its application to particular types of transactions involving treasury shares, or two or more entities within the same group.

Subscribers to the IASB's Comprehensive Subscription Service can view the draft Interpretations from the secure online services area of the IASB's Website ([www.iasb.org](http://www.iasb.org)). From 20 May 2005 the complete text of the draft Interpretations will be freely available from the Website. The proposals are open for public comment until 18 July 2005.

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\* The IFRIC is the interpretative arm of the International Accounting Standards Board (IASB).

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## **NOTES TO EDITORS**

### ***About the IFRIC***

The IFRIC first met in February 2002. It comprises 12 voting members (all part-time) drawn from a variety of countries and professional backgrounds, and it meets about nine times a year under a non-voting chairman. The IFRIC's principal role is to consider, on a timely basis within the context of International Financial Reporting Standards and the IASB *Framework*, accounting issues that are likely to receive divergent or unacceptable treatment in the absence of authoritative guidance, with a view to reaching consensus on the appropriate accounting treatment. In developing Interpretations, the IFRIC works closely with similar national interpretation committees.

### ***About the IASB***

The IASB, based in London, began operations in 2001. It is funded by contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations. The 14 IASB members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.

A Deloitte & Touche study indicates that 94 countries either require or permit the use of IFRSs for publicly traded companies beginning in 2005. Some other jurisdictions, including Australia, New Zealand, the Philippines and Singapore, base their national practices on international standards. In September 2002 the IASB and the US standard-setter, the Financial Accounting Standards Board, reached an agreement to work towards the convergence of existing US and international practices and the joint development of future standards. In October 2004, the IASB and the Accounting Standards Board of Japan agreed to initiate discussions about a joint project to minimise differences between IFRSs and Japanese accounting standards towards a final goal of convergence of their standards. In January 2005 the two boards announced their agreement to launch a joint project to reduce differences between IFRSs and Japanese accounting standards, and in March the boards met to decide on the initial programme of work for the project.