

**Measurement of liabilities arising from emission trading schemes (*IAS 37 Provisions, Contingent Liabilities and Contingent Assets*)—May 2014**

The Interpretations Committee received a request to clarify the measurement of a liability under IAS 37 that arises from an obligation to deliver allowances in an emission trading scheme.

The request asked whether the measurement of the liability for the obligation to deliver allowances should reflect current values of allowances at the end of each reporting period if IAS 37 was applied to the liability. The request noted that this was the basis required by IFRIC 3 *Emission Rights*, which was withdrawn in June 2005.

The Interpretations Committee noted that when the IASB withdrew IFRIC 3, it affirmed that IFRIC 3 was an appropriate interpretation of existing IFRS for accounting for the emission trading schemes that were within the scope of IFRIC 3. However, the IASB acknowledged that, as a consequence of following existing IFRS, IFRIC 3 had created unsatisfactory measurement and reporting mismatches between assets and liabilities arising from emission trading schemes.

In 2012, the IASB added to its agenda a research project on the accounting for emissions trading schemes. The Interpretations Committee noted that one of the main issues in the IASB's project on emission trading schemes was whether the accounting for the liabilities arising from emission trading schemes should be considered separately from the accounting for the assets. Consequently, the Interpretations Committee noted that to provide an interpretation of IFRS on the measurement of a liability arising from the obligation to deliver allowances related to an emission trading scheme would be too broad an issue for it to deal with.

On the basis of this analysis, the Interpretations Committee decided not to add this issue to its agenda.