

IAS 39 Financial Instruments: Recognition and Measurement (March 2010)

Unit of account for forward contracts with volumetric optionality

The IFRIC received a request to add an item to its agenda on providing guidance on whether a contract that (a) obliges an entity to deliver (sell) at a fixed price a fixed number of units of a non-financial item that is readily convertible to cash and (b) that provides the counterparty with the option to purchase also at a fixed price a fixed number of additional units of the same item can be assessed as two separate contracts for the purpose of applying paragraphs 5–7 of IAS 39.

Although the IFRIC recognised that significant diversity exists in practice, it noted that the Board has accelerated its project to develop a replacement for IAS 39 and expects to issue a new standard by the end of 2010. The Board will consider the scope of IAS 39, including the guidance about contracts to buy or sell non-financial items in IAS 39.5–7, as part of the replacement for that standard. Therefore, the IFRIC decided not to add this issue to its agenda.