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**International  
Accounting Standards  
Board**

*This observer note is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. Views expressed in this document are identified by the staff as a basis for the discussion at the IFRIC meeting. This document does not represent an official position of the IFRIC. Decisions of the IFRIC are determined only after extensive deliberation and due process. IFRIC positions are set out in Interpretations.*

*Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.*

#### **INFORMATION FOR OBSERVERS**

**IFRIC meeting: July 2007, London**

**Project: Review of tentative agenda decision published in May  
IFRIC Update  
IAS 39 *Financial Instruments: Recognition and  
Measurement* – Gaming transactions (Agenda Paper 7B)**

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#### **Tentative agenda decision published in May 2007 IFRIC Update**

The IFRIC considered a submission relating to the accounting for wagers received by a gaming institution.

The IFRIC noted the definitions of financial assets and financial liabilities in IAS 32 *Financial Instruments: Presentation*, and the application guidance in paragraph AG8 of IAS 32. It noted that when a gaming institution takes a position against a customer, the resulting unsettled wager is likely to meet the definition of a derivative financial instrument that should be accounted for under IAS 39.

In other situations, a gaming institution does not take a position against a customer but instead provides services to manage the organisation of games between two or more gaming parties. In such situations, the gaming institution earns a commission regardless of the outcome of the wager. The IFRIC noted that such a commission was likely to meet the definition of revenue and would be recognised when the conditions in IAS 18 *Revenue* were met.

The IFRIC did not consider that there was widespread divergence in practice in this area and therefore [decided] not to take the issue on to its agenda.