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Opinion of disagreement on tentative agenda decision

We hereby write to inform you that we disagree with the proposed reason to dismiss the request to provide an Interpretation on what is meant by “written option” within the content of paragraph 7 of IAS 39.

We agree that the Implementation guidance A” of IAS 39 is sufficiently clear to dismiss the request to provide an Interpretation on what is meant by “written option” within the context of paragraph 7 of IAS 39.

However we are concerned with the quality and clearness of the analysis leading to the suggestion that “in many situations they [energy supply contracts to retail customers] do not meet the net settlement criteria laid out in paragraphs 5 and 6 of IAS 39.” Being a retail energy company sourcing our deliveries from a very transparent and active energy market we find it hard to conclude that the energy that we deliver, or do not deliver in the situations where our customers do not exercise the option to take delivery, are not readily convertible to cash.

Having in our previous financial statements identified a number of end user contracts as meeting the net settlement criteria we find a rejection wording that is based on a non-publicised analysis concluding that in many cases the net settlement criteria in paragraph 6 of IAS 39 is not meet to be problematic.

In addition we find it challenging to align the expectation of little divergence in practice with the acknowledgement of IFRIC that in some situations, not representing the majority of situations, energy supply contracts to retail customers will meet the net settlement criteria laid out in paragraphs 5 and 6 of IAS 39.

We recommend that the IFRIC rejection wording is limited to the issue originally raised on what is meant by “written option” within the content of paragraph 7 of IAS 39 whereby the existing implementation guidance is sufficiently clear.

We apologise for being late in replying to your tentative agenda decision.

Kind regards

Hafslund ASA

Morten J. Hansen
Financial Director