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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:**      **May 2007, London**

**Project:**            **Review of tentative agenda decision published in March 2007 IFRIC Update**  
**IAS 1 Presentation of Financial Statements/IAS 39 Financial Instruments: Recognition and Measurement – Current or non-current presentation of derivatives classified as 'held for trading' under IAS 39 (Agenda Paper 10(ii))**

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

The IFRIC was asked to provide guidance on whether derivatives that are classified as held for trading in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* should be presented as current or non-current on the face of the balance sheet date. Such derivatives may be settled more than one year after the balance sheet date.

IAS 39 sets out requirements on the recognition and measurement of financial instruments. It does not address how financial instruments should be presented on the face of the balance sheet. Consequently, some believed that the held-for-trading classification under IAS 39 is solely for measurement purposes.

IAS 1 paragraphs 51-62 set out requirements on whether an asset or a liability should be presented as current or non-current on the face of the balance sheet. IAS 1

paragraph 56 states that information about the liquidity and solvency of an entity is useful for users of the financial statements.

In the light of the above requirements, the IFRIC [decided] not to take the issue onto its agenda. However, it noted that some believe that IAS 1 paragraph 62 could be read as implying that financial liabilities that are classified as held for trading in accordance with IAS 39 are required to be presented as current. Therefore, the IFRIC [directed] the staff to recommend the Board to make a minor amendment to IAS 1 paragraph 62 through the Board's annual improvements process to remove that implication.