

Single instrument designated as a hedge of more than one type of risk (IAS 39 *Financial Instruments Recognition and Measurement*)—October 2004

The IFRIC considered whether, when a single hedging instrument is designated as a hedge of more than one type of risk, the effectiveness test can be carried out for the total hedged position, which incorporates all risks identified, if these risks are inextricably linked in the hedging instrument.

The IFRIC agreed that IAS 39 was clear on the matter. The Standard does not require separate effectiveness testing when a single hedging instrument is designated as a hedge of more than one type of risk. The IFRIC also noted that the issue is neither widespread nor pervasive at present.