Purpose of the paper

1. This addendum to paper 5 consists of a diagram that provides an overview of the alternatives evaluated in that paper and how they relate to other aspects of the project. The staff believe that using such a diagram will facilitate an efficient discussion of the issue of eligibility of ‘cash instruments’ as hedging instruments that is addressed in paper 5. (NB: page 2 should be printed in colour).
FX risk: ‘FV’ under IAS 21

Allowed by IAS 39 (⇒ risk component determined by IAS 21)

Alt. A

≠ Risk components

Risk components

≠ Risk components

Alt. B

Staff recommendation

Would require expanding project scope
[⇔ AP 2 (5 Oct)]

Would require changing measurement to FVTPL or ‘mixed measurement’

Alt. C

FVTPL

≠ FVTPL

Amortised cost

FVTOCI

AP 2 (24 Aug)