

## **Gaming transactions (IAS 39 *Financial Instruments: Recognition and Measurement*)—July 2007**

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 a financial instrument that is likely to meet the definition of a derivative financial instrument and should be accounted for under IAS 39 [The definition of derivative in IFRS 9 is the same as that in IAS 39].

In other situations, a gaming institution does not take positions against customers but instead provides services to manage the organisation of games between two or more gaming parties. The gaming institution earns a commission for such services 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.