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**International  
Accounting Standards  
Board**

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.*

*These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

### **INFORMATION FOR OBSERVERS**

**Board Meeting:** December 2008, London

**Project:** *IAS 39 Financial Instruments: Recognition and Measurement*

**Subject:** **Differentiation between credit-related impairment losses and other fair value changes of available-for-sale debt instruments (Agenda Paper 6A1) – Addendum**

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### **Introduction**

1. This addendum to agenda paper 6A1 illustrates what the disclosures about investments in debt instruments that permit comparison irrespective of the classification as available for sale, held to maturity or loans and receivables might be. This approach combines the IASB staff and FASB staff proposals.
2. For debt instruments classified as available for sale disclosure of the following components of the impairment loss:
  - (i) the amount that would have been determined as an impairment loss in accordance with paragraphs 63 and 64 of IAS 39 had the debt instrument been measured at amortised cost; and the cumulative balance of those amounts at the beginning and end of the period and a reconciliation of changes in that balance; and
  - (ii) the remainder of the impairment loss.
3. Disclosure of the following for all investments in debt instruments other than those classified as at fair value through profit or loss:

- (a) profit or loss and equity as though the instruments had been:
  - (i) classified as at fair value through profit or loss; and
  - (ii) accounted for at amortised cost.
- (b) the following amounts in a way that permits a comparison:
  - (i) the carrying amount in the statement of financial position;
  - (ii) fair value; and
  - (iii) amortised cost.

The information required by this paragraph would be presented in tabular format (illustrated below – excludes comparative information). The disclosure of profit or loss in accordance with (a) above may be on either a pre-tax basis or a post-tax basis (with disclosure of which basis is adopted).

| <b>Investments in debt instruments (other than those classified as at fair value through profit or loss)</b>           |                                                                      |                          |                              |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------|------------------------------|
|                                                                                                                        | 20X1                                                                 | 31 Dec 20X1              |                              |
| If all investments in debt instruments (other than those classified as at fair value through profit or loss) had been: | Pre-tax <sup>(a)</sup> profit or loss<br>CU million                  | Equity<br>CU million     |                              |
| Classified as financial assets at fair value through profit or loss                                                    | X                                                                    | X                        |                              |
| Accounted for at amortised cost                                                                                        | X                                                                    | X                        |                              |
| (a) Disclosure of the profit or loss can be made using either a pre-tax basis or a post-tax basis.                     |                                                                      |                          |                              |
|                                                                                                                        | 31 Dec 20X1                                                          |                          |                              |
| Investments in debt instruments classified as:                                                                         | Carrying amount in the statement of financial position<br>CU million | Fair value<br>CU million | Amortised cost<br>CU million |
| Loans and receivables                                                                                                  | X                                                                    | X                        | X                            |
| Held-to-maturity investments                                                                                           | X                                                                    | X                        | X                            |
| Available-for-sale financial assets                                                                                    | X                                                                    | X                        | X                            |
| <b>Total</b>                                                                                                           | <b>X</b>                                                             | <b>X</b>                 | <b>X</b>                     |