



Project	Financial Instruments: Recognition and Measurement
Topic	Description of possible alternative features to Exposure Draft (ED) model

Introduction

1. At the board meeting on 16 June some possible alternative features to the ED model were briefly mentioned. The Board asked that the alternative features be summarised in a paper to facilitate a discussion by the Board, and that the possible alternative features should be described in the ED.
2. This paper summarises the possible alternative features.

Possible alternative features

3. The starting point is the ED model as discussed by the Board.
4. So, the changes to the basic ED are summarised below:
 - (a) Financial assets with basic loan features that are managed on a contractual yield basis would be measured at fair value in the balance sheet, unless they meet the definition of loans and receivables in IAS 39 *Financial Instruments: Recognition and Measurement*.
 - (b) The financial assets described above would:
 - (i) be measured on an amortised cost basis in profit or loss (including recognition of impairment using the incurred loss impairment requirements in IAS 39); with

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- (ii) any difference between that amortised cost measure and the fair value change being recognised in other comprehensive income (OCI).

There would be no recycling between OCI and profit or loss.