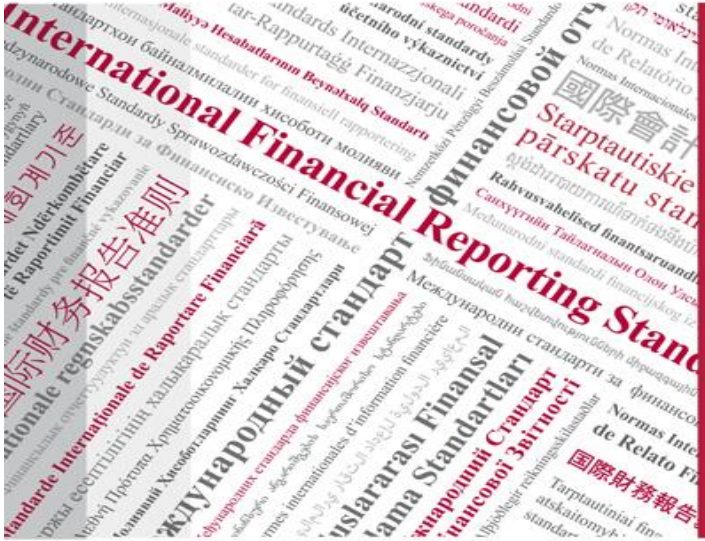
International Financial Reporting Standards
Международный стандарт
Normas Internacionais de Relatório
國際會計
Starptautiskie pārskatu stan
Rahvusvahelised finantsaruand
Normas Internacionales de Relato Fi
国际财务报告准则
Normas Internacionales de Relatório
Normas Internacionales de Relato
Normas Internacionales de Relatório
Normas Internacionales de Relato
Normas Internacionales de Relatório
Normas Internacionales de Relato

Before we start…

- You can download the slides by clicking on the button below the slides window
- This webinar is a recording (it is not live), so we are unable to take any questions
- The views expressed are those of the presenters, not necessarily those of the IASB or IFRS Foundation

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org

Conceptual Framework webinar schedule

Previously-recorded webinars	
17 / 06	Overview of Conceptual Framework Exposure Draft
06 / 08	Chapter 4 and 5—the elements of financial statements: definitions and recognition
13 / 08	Chapter 4—a closer look at liabilities and executory contracts
20 / 08	Chapter 6—measurement
27 / 08	Chapter 7—classification of income and expenses (profit or loss vs. OCI)
This webinar	
03 / 09	Chapter 5—derecognition of assets and liabilities
Future webinars	
10 / 09	Chapter 3—the reporting entity
17 / 09	Chapters 1 and 2—objectives and qualitative characteristics
24 / 09	Possible implications of the proposals—with provisions and contingent liabilities case study

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org

What is derecognition?

ED 5.25

Derecognition is the removal of all or part of a previously recognised asset or liability from an entity's statement of financial position.

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org

Aims of derecognition

The aims of derecognition are to faithfully represent both:

- the assets and liabilities **retained** after a transaction or other event that led to the derecognition
- the **change** in the entity's assets and liabilities as a result of that transaction or other event

The two aims are normally achieved by:

- Derecognising any assets or liabilities transferred, consumed, collected, fulfilled or expired
- Recognising any income or expense
- Continuing to recognise assets or liabilities retained

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org

Derecognition is normally quite straightforward…

Example – Sale of a machine

- Carrying amount CU 800
- Sales proceeds CU 850

Assets before		Change	Assets after
Machine	800	(800)	-
Cash	-	850	850
Gain		(50)	

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org

But sometimes the two aims conflict…

Example – Sale and repurchase agreement

- Sale of a bond with a carrying amount of CU 800 for Fair Value (FV) CU 850
- Agreement to repurchase one month later for CU 852, assume FV CU 850
- Assume that purchaser is not holding bond as agent for seller

Assets/ liabilities before sale		Change (sale)	Assets/ liabilities after sale	Change (repurchase)	Assets/ liabilities after repurchase
Bond	800	(800)	-	850	850
Cash	-	850	850	(852)	(2)
Repurchase contract	-	-	-	-	-
Gain		(50)		-	
Loss on repurchase contract		-		2	

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org

If the two aims conflict…

First, consider if the transferee is acting as agent for transferor

If transferee is not acting as agent then…

Derecognise but consider:

- Separate presentation
- Explanatory disclosure

- In some cases, continue to recognise
  - Separate presentation and/ or explanatory disclosure may still be needed

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org

Continued recognition…

Example – Sale and repurchase agreement

- Sale of a bond with a carrying amount of CU 800 for Fair Value (FV) CU 850
- Agreement to repurchase one month later for CU 852, assume FV CU 850
- Assume that purchaser is not holding bond as agent for seller

Assets/ liabilities before sale		Change (sale)	Assets/ liabilities after sale	Change (repurchase)	Assets/ liabilities after repurchase
Bond	800	-	800	-	800
Cash	-	850	850	(852)	(2)
Loan received	-	(850)	(850)	850	-
Gain		-		-	
Interest expense		-		2	

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org

Timeline

May 2015

Exposure Draft

26 October 2015

Comment deadline

2016
Revised
Conceptual Framework

Separate Exposure Draft *Updating References to the Conceptual Framework* also published - same comment deadline

Conceptual Framework webinar schedule

Previously-recorded webinars	
17 / 06	Overview of Conceptual Framework Exposure Draft
06 / 08	Chapter 4 and 5—the elements of financial statements: definitions and recognition
13 / 08	Chapter 4—a closer look at liabilities and executory contracts
20 / 08	Chapter 6—measurement
27 / 08	Chapter 7—classification of income and expenses (profit or loss vs. OCI)
This webinar	
03 / 09	Chapter 5—derecognition of assets and liabilities
Future webinars	
10 / 09	Chapter 3—the reporting entity
17 / 09	Chapters 1 and 2—objectives and qualitative characteristics
24 / 09	Possible implications of the proposals—with provisions and contingent liabilities case study

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org

Further information

- Exposure Draft *Conceptual Framework for Financial Reporting*
  http://go.ifrs.org/ED-CF-May2015
- Conceptual Framework website
  http://go.ifrs.org/Conceptual-Framework
- Submit a comment letter
  http://go.ifrs.org/comment_CF
- Snapshot
  http://go.ifrs.org/CFSnapshot2015
- Register for email alerts
  http://eifrs.ifrs.org/eifrs/Register

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org