Abbreviations: FV - fair value, TC - transaction costs, BS - balance sheet, PL - profit and loss statement, FVT

		Financial asset
	debt instrument	
	at amortized cost	**at FVTPL**
	(**hold strategy for FA** aka **held to maturity securities** - investments into debt securities e.g. corporate bonds, certificates of deposite, trade receivables on normal commercial terms****, which company intents to hold to maturity)	(**held for trading strategy for FA** aka **trading investments** into debt and equity securities and any **fin instuments designed as FVTPL on inception** e.g. investment into convertible bond with conversion option embedded in it)
General rules:		
initial measurement	FV + TC in BS	FV in BS, TC in PL
subsequent measurement	amortized cost*	changes in FV in PL
Additional notes:		
should be tested for	impairment testing	revaluations
how FV, if any, is calculated?	-	FV as current market price or as PV of future CF
how amortized cost, if any, is calculated?	Par value + Effective interest - Repayment	-
how transaction costs for FL are calculated?		

how TC for FL which is equity instrument are recorded in BS?

what can be issued as FL equity instrument?

*where

fin income (calculated using effective interest method
any changes in FV since the previous reporting date ar
amounts recognized in OCI are reclassified to PL when

Amortized cost =

amount measuerd at intial recognition
minus principal repayments
plus cummulative amortization using effective % meth
minus any impairment loss

**(held for trading - short-term investments and all derivatives not held for

***Tainting Rule - An accounting rule that defines a situation (tainting) in wl
**** If for the buyer a sale happened at better than normal commercial terr

PL - fair value through PL, FVTOCI - fair value through other comprehensive income

equity instrument	**debt instrument** (if obligation to repay)	
at FVTOCI	**at amortized cost**	
(**hold and sell strategy for FA** aka **available for sale securities** - investments into debt and equity securities. It is residual category which includes non-trading/non-quoted equity securities and quoted debt securities which compny doesn't intent to held to maturity or if such debt securities are subject to 2 year time-out ban as result of tained portfolio***)	(**hold strategy for FL** aka **issued to maturity securities** - issue of debt securities e.g. corporate bonds, certificates of loans, trade payables on normal commercial terms, which company intents to redeem on maturity)	**(held for t issue of tı** equity **redeem instumeı inceptioı** bond v
FV + TC in BS	FV - TC in BS	I
changes in FV in OCI	amortized cost	changes in in value change, b change, in b
revaluations	-	
FV as current market price or as PV of future CF	-	FV as curre
-	Par value + Effective interest - Repayment TC = % paid, discount on issue, premium on redumption, issue costs	

) is recognized in PL
e recognized in OCI
insturment is disposed of

iod

hedging purposes or linked to certain unquoted equity instruments; any fin instument

hich classification of an investment as held-to-maturity (HTM) is prohibited if the repor
ns provided by seller in course of its ordinary business activity (e.g. if payment is defer

<u>**Financial liability**</u>	
	equity instrument (if no obligation to repay)
<u>**at FVTPL**</u>	
trading strategy for FL aka **rading** debt and particluar **securities (pereference ıable stocks)** and any **fin nts designed as FVTPL on n** e.g. issue of convertible with conversion option embedded in it)	e.g. common stocks issued, issued option for purchase of common stocks
FV in BS, TC in PL	FV - TC in BS
FV in PL; however if change is due not to general % ut due to entity credit risk this case difference should e recorded in OCI	
revaluations	-
ent market price or as PV of future CF	FV as current market price or as PV of future CF (if delivery of consideration is deferred)
-	-

TC reduce Share premium or Retained earnings accounts

shares issued at normal market price, bonus issue of shares (as non-cash dividends), stock right issue (issue of shares at reduced market price), covertable bond issue (ordinary shares can be deliverd at maturity instead of cash), share options issue (allow purchase shares in the future at set price)

s designed as FVTPL on inception - on initial recognition it is part of a portfolio of identified financial instrument

rting entity, during the current reporting year or the two preceding years, has sold, transferred or exercised an p
rred beyond normal business terms or is financed at a rate of interest that is not a market rate), such sale is con

:s that are managed together and for which there is evidence of a recent actual pattern of short-term p

ɔut option on a significant amount of the investment, initially classified as held-to-maturity, before ma
sidered as financing transaction and such trade receivable should be initially meausured by the seller (a

›rofit-taking and embedded derivatives can sufficiently modify the cash flows of the whole liability and

turity date. The tainting rule prescribes a two year time-out period during which an entity is not allowe
and related trade payable should be initially meausred by buyer) at the present value of the future pay

are not clearly closely related to underlying lianility - e.g. conversion option embedded in a convertibl

ed to classify any financial assets as held to maturity if the portfolio is found to have been tainted (a tai
ments discounted at a market rate of interest for a similar debt instrument.

e bond acquired)

nted portfolio) during the current financial year, or during the two preceding financial years.