

## Accounting Standards Board

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### ASB Issues Amendment on 'Financial Instruments: Measurement' - Recognition and Derecognition

ASB PN 287

25 April 2006

The ASB has today issued an "Amendment to Financial Reporting Standard (FRS) 26 (IAS 39) 'Financial Instruments: Measurement' – Recognition and Derecognition".

This amendment will implement the recognition and derecognition material as included in the international financial reporting standard IAS 39 'Financial Instruments: Recognition and Measurement'.

Entities within the scope of FRS 26 also need to comply with the disclosure requirements to financial assets and liabilities of FRS 25 (IAS 32) 'Financial Instruments: Disclosure and Presentation'. The existing requirements of FRS 5 'Reporting the Substance of Transactions' would be superseded for transactions that fall within the scope of the IAS 39 requirements, but FRS 5 would continue to apply to transactions in non-financial assets and liabilities.

In the exposure draft setting out these proposals the Board had also proposed to extend the scope of FRS 26 to all entities, excluding those applying the FRSSE, in the UK. The Board agreed to defer a decision on the extension of the scope until it had reached conclusions on the wider issue of convergence of UK standards with International Financial Reporting Standards (IFRS).

The amendments are effective for accounting periods commencing on or after 1 January 2007, with earlier adoption permitted. Transitional provisions are also set out for initial adoption of the amendments.

#### Notes to Editors

1. The ASB is an operating board of the Financial Reporting Council (FRC). The FRC is a unified, independent regulator. Its mission is to promote confidence in corporate reporting and governance. The FRC incorporates five operating boards: the ASB, the Auditing Practices Board, the Financial Reporting Review Panel, the Accountancy Discipline and Investigation Board and the Professional Oversight Board for Accountancy.
2. The role of the ASB is to issue accounting standards. The ASB collaborates with accounting standard-setters from other countries and the International Accounting Standards Board (IASB) both in order to influence the development of international standards and in order to ensure that its standards are developed with due regard to international developments.
3. The ASB has up to ten Board members, of whom two (the Chairman and the Technical Director) are full-time, and the remainder, who represent a variety of interests, are part-time.
4. In the exposure drafts preceding Financial Reporting Standard (FRS) 26 (IAS 39) 'Financial Instruments – Measurement', the ASB had decided not to implement the sections of International Accounting Standard (IAS) 39 relating to recognition and derecognition, as it doubted the validity of the method of derecognition being considered by the IASB. Consequent to the IASB revising the derecognition model, the ASB decided to bring FRS 26 fully in line with IAS 39 by implementing the IAS 39 recognition and derecognition material into the standard.
5. Hard copies of the "Amendment to Financial Reporting Standard (FRS) 26 (IAS 39) 'Financial Instruments: Measurement' – Recognition and Derecognition" are available, price £5.00 (post-free) from FRC Publications, 145 London Road, Kingston upon Thames, Surrey KT2 6SR (020 8247 1264). Web: [www.frcpublications.com](http://www.frcpublications.com).
6. Press enquiries should be addressed to Ian Mackintosh (Chairman) on 020 7492 2434, Simon Peerless (Project Director) on 020 7492 2424, or Peter Godsall (Project Director) on 020 7492 2426.