



PASSFR.EU

A Digital Learning Platform for Generation Z:
Passport to IFRS®

IAS® Standard 32 Financial Instruments: Presentation



FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS

```
graph TD; A[FINANCIAL INSTRUMENTS] --> B[IAS Standard 32 Presentation]
```

IAS Standard 32
Presentation

FINANCIAL INSTRUMENTS

```
graph TD; A[FINANCIAL INSTRUMENTS] --> B[IAS Standard 32 Presentation]; A --> C[• Definitions of financial instruments]; A --> D[• Equity and financial liability classification]; A --> E[• Accounting for treasury shares]; A --> F[• Offsetting];
```

IAS Standard 32 Presentation

- Definitions of financial instruments
- Equity and financial liability classification
- Accounting for treasury shares
- Offsetting

FINANCIAL INSTRUMENTS

```
graph TD; A[FINANCIAL INSTRUMENTS] --> B[IAS Standard 32 Presentation]; A --> C[IFRS Standard 7 Disclosure];
```

IAS Standard 32
Presentation

IFRS Standard 7
Disclosure

FINANCIAL INSTRUMENTS

```
graph TD; A[FINANCIAL INSTRUMENTS] --> B[IAS Standard 32 Presentation]; A --> C[IFRS Standard 7 Disclosure]; A --> D[IFRS Standard 9 Recognition and measurement];
```

IAS Standard 32
Presentation

IFRS Standard 7
Disclosure

IFRS Standard 9
Recognition and
measurement

FINANCIAL INSTRUMENT

FINANCIAL INSTRUMENT

CONTRACT

FINANCIAL INSTRUMENT



CONTRACT



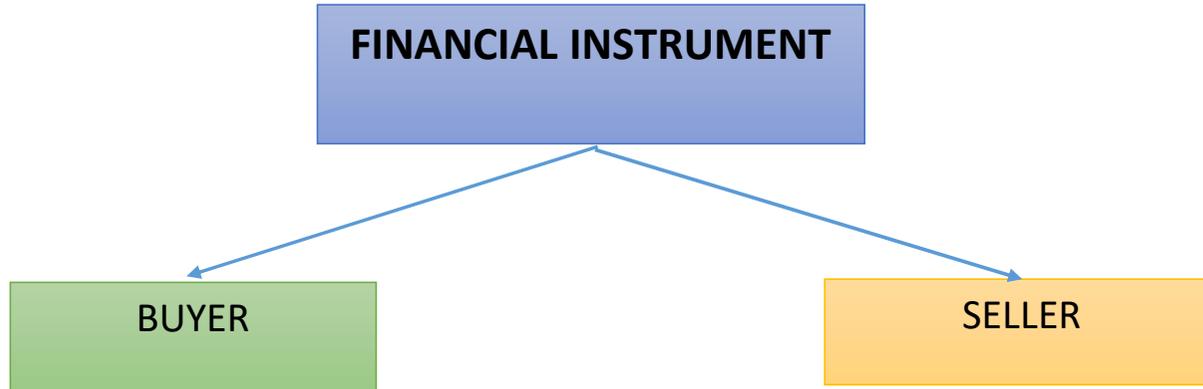
Financial Asset

Financial Liability
or Equity
Instrument

FINANCIAL INSTRUMENT

BUYER

SELLER



FINANCIAL INSTRUMENT

BUYER

Statement of Financial Position

Current Asset

+

Noncurrent Asset

+

FINANCIAL INSTRUMENT

BUYER

Statement of Financial Position

Current Asset

+

Noncurrent Asset

+

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset from another entity; or
- a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments

FINANCIAL INSTRUMENT

BUYER

SELLER

Statement of Financial Position

Current Asset

+

Noncurrent Asset

+

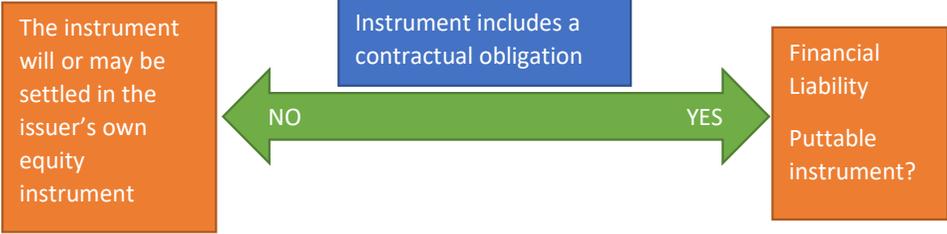
Statement of Financial Position

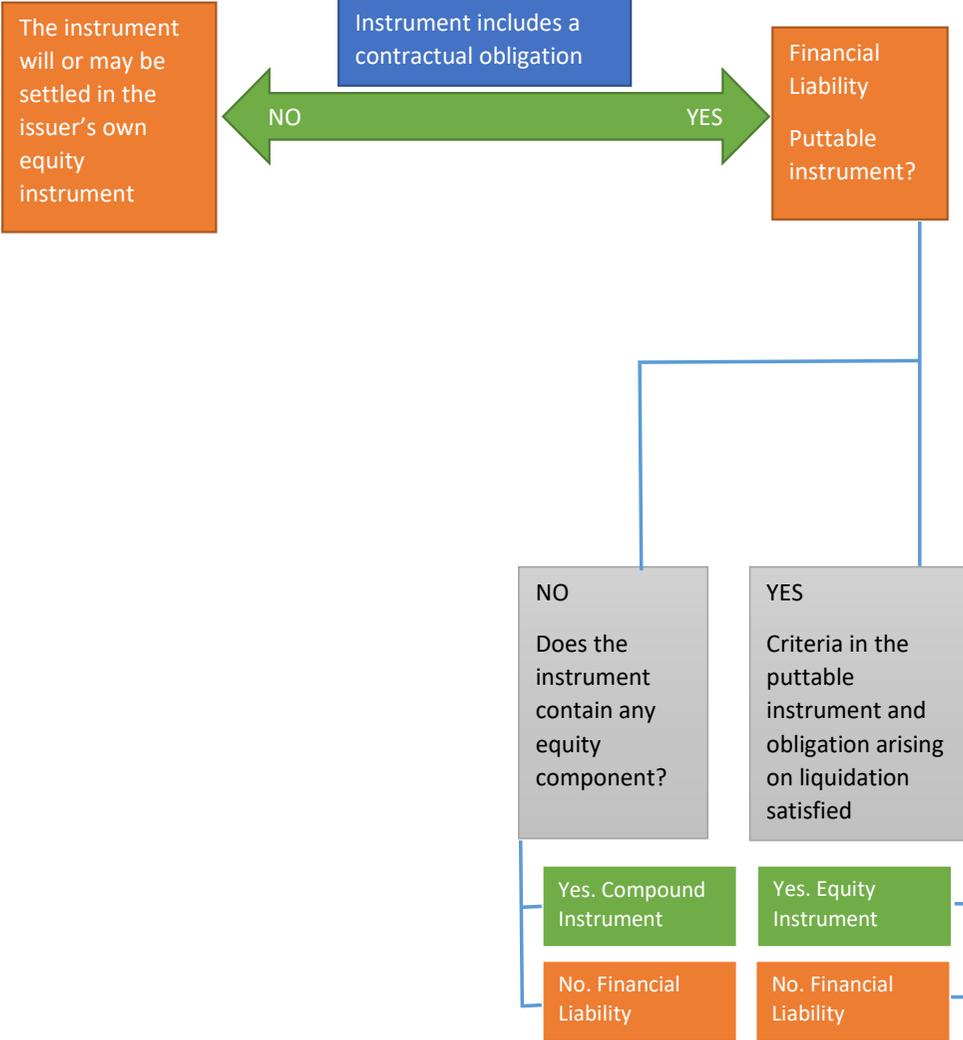
Liabilities

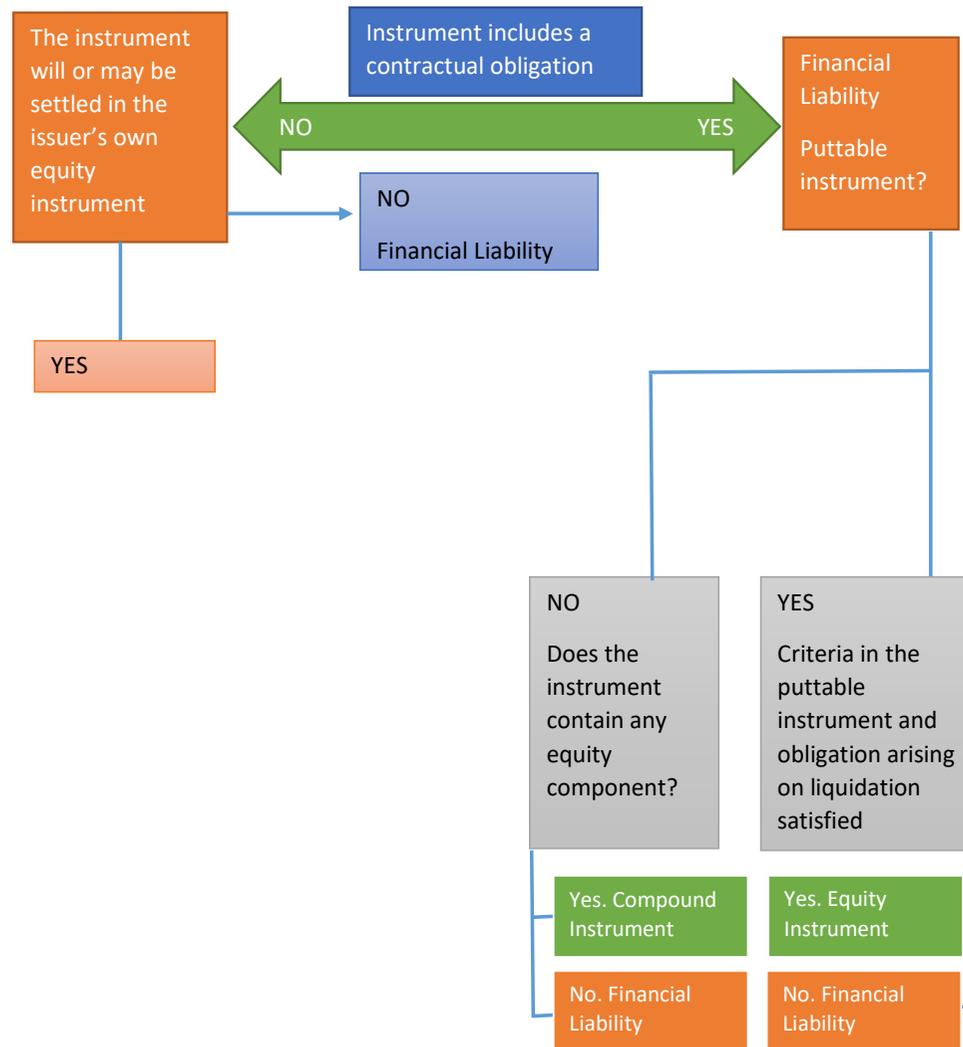
+

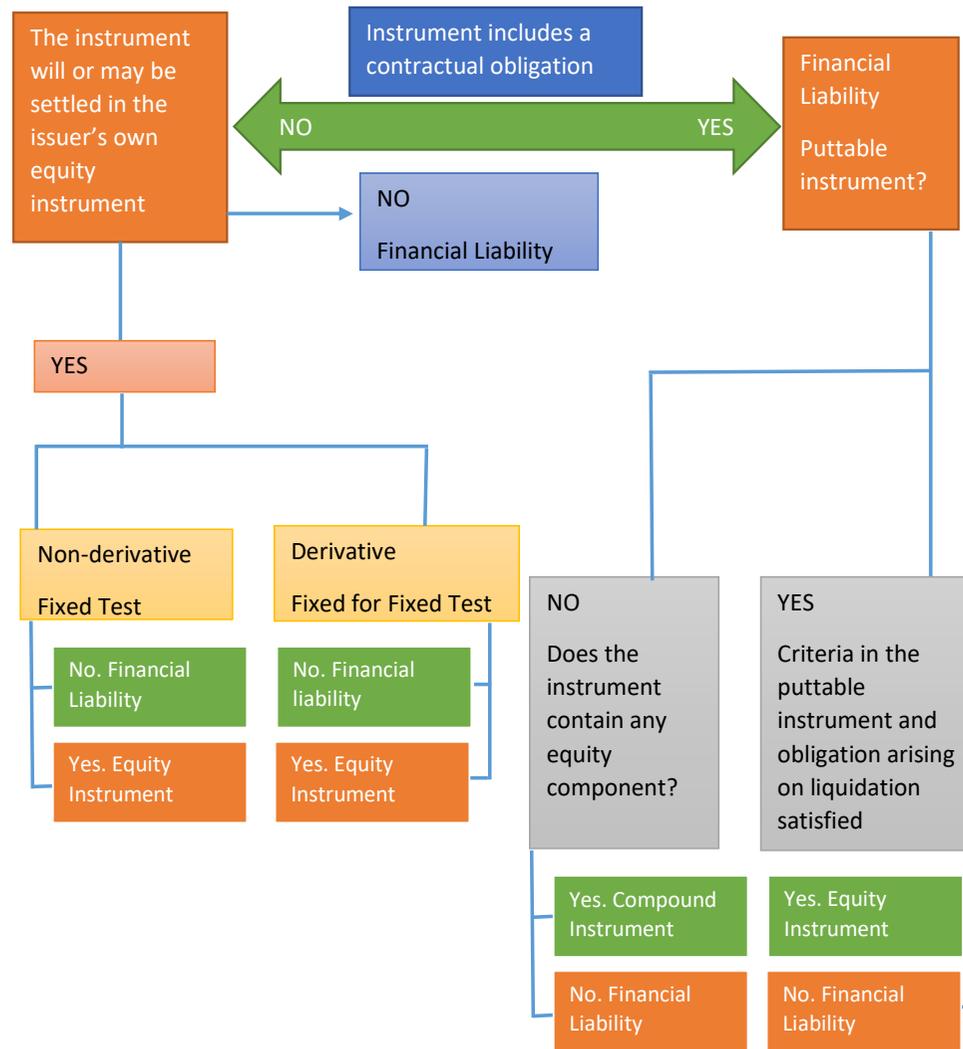
Equity

+









COMPOUND FINANCIAL INSTRUMENT

FAIR VALUE OF THE FINANCIAL INSTRUMENT



COMPOUND FINANCIAL INSTRUMENT

FAIR VALUE OF THE FINANCIAL INSTRUMENT



FINANCIAL LIABILITY

- Determine the future cash flows related to liability element
- Determine the discount rate
- Calculate the fair value of the financial liability

COMPOUND FINANCIAL INSTRUMENT

FAIR VALUE OF THE FINANCIAL INSTRUMENT



FINANCIAL LIABILITY

- Determine the future cash flows related to liability element
- Determine the discount rate
- Calculate the fair value of the financial liability



EQUITY INSTRUMENT

- Deduct the fair value of the financial liability from the fair value of the financial instrument

**Accounting for Interest, Dividends,
Losses and Gains of a Financial
Instrument**

**Accounting for Interest, Dividends,
Losses and Gains of a Financial
Instrument**

```
graph TD; A["Accounting for Interest, Dividends, Losses and Gains of a Financial Instrument"] --> B["Financial Liability"]; B --> C["Recognize interest, dividends, losses and gains as income or expense in PROFIT/LOSS"]
```

Financial Liability

Recognize interest, dividends,
losses and gains as income or
expense in
PROFIT/LOSS

**Accounting for Interest, Dividends,
Losses and Gains of a Financial
Instrument**

Financial Liability

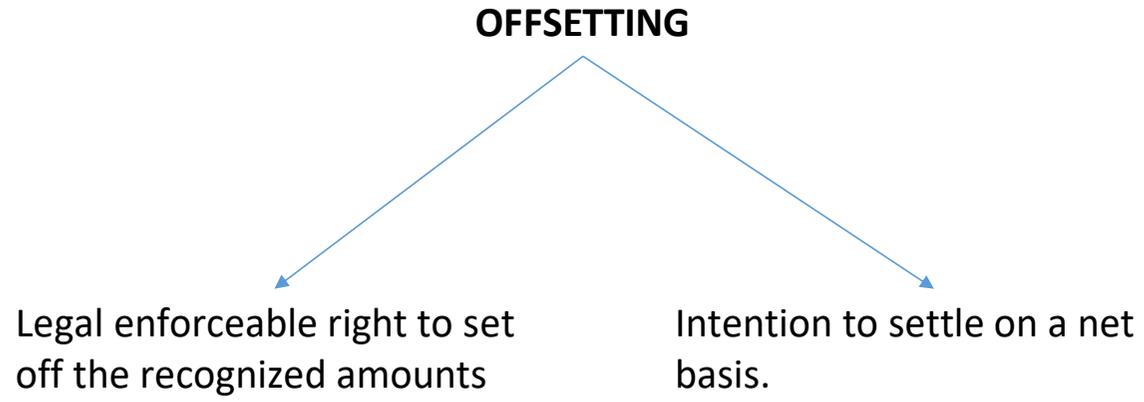
Equity Instrument

Recognize Interest, dividends,
losses and gains as income or
expense in
PROFIT/LOSS

Recognize distributions to
equity holders in
EQUITY

OFFSETTING

OFFSETTING

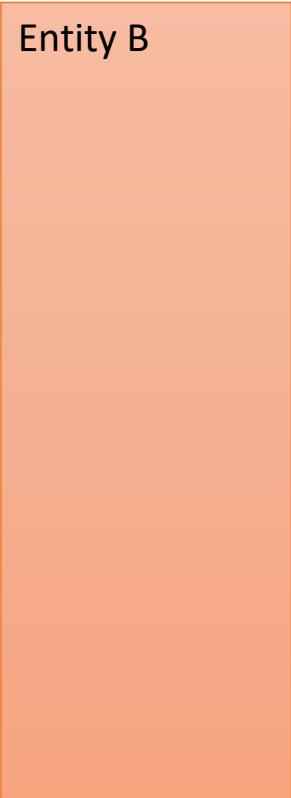
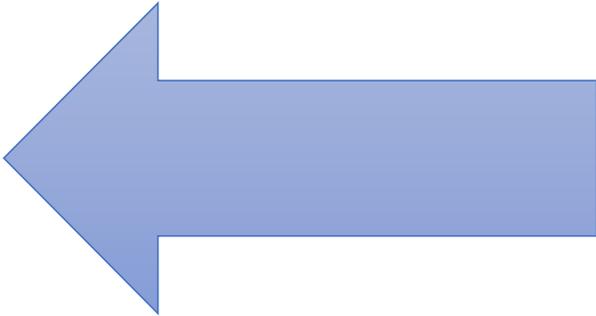


```
graph TD; A[OFFSETTING] --> B[Legal enforceable right to set off the recognized amounts]; A --> C[Intention to settle on a net basis.];
```

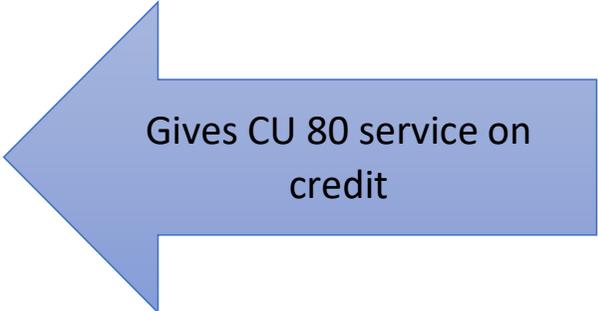
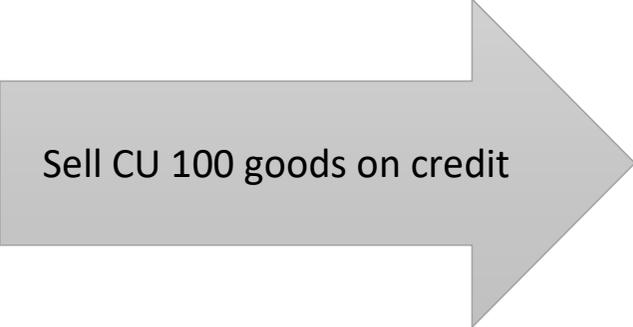
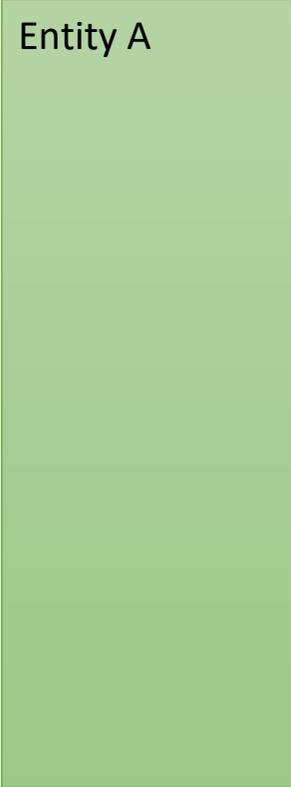
Legal enforceable right to set off the recognized amounts

Intention to settle on a net basis.

OFFSETTING



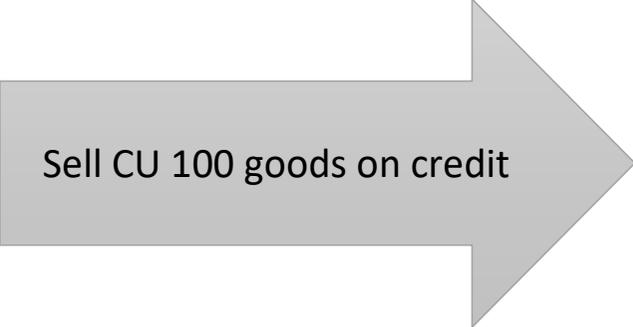
OFFSETTING



OFFSETTING

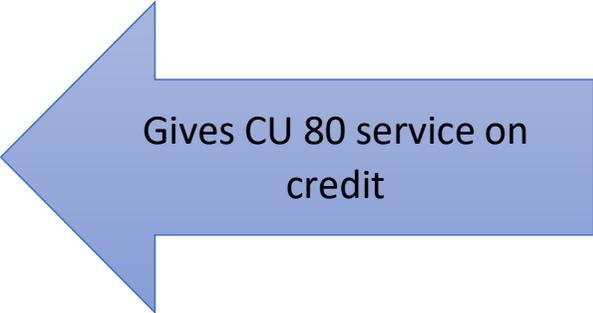
Entity A
Accounts Receivable
CU 100

Accounts Payable
CU 80



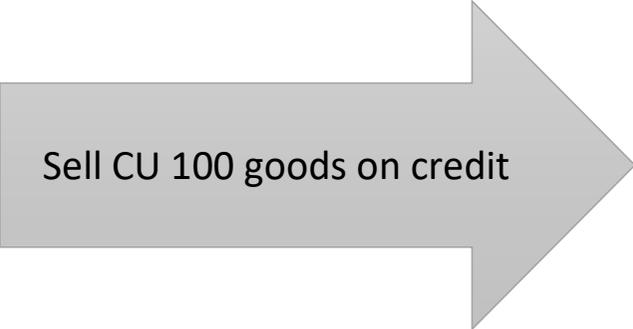
Entity B
Accounts Receivable
CU 80

Accounts Payable
CU 100

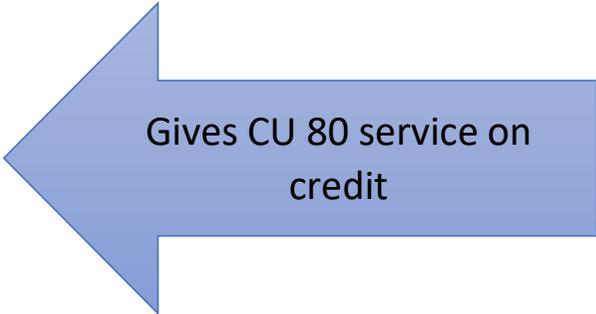


OFFSETTING

Entity A
Accounts
Receivable
CU 20



Entity B
Accounts
Payable
CU 20





PASSFR.EU

A Digital Learning Platform for Generation Z:
Passport to IFRS®



Co-funded by the
Erasmus+ Programme
of the European Union