



Analyst Guide
POWERED BY SOLEADEA

CFA LEVEL 2

Must-Have IFRS vs. U.S. GAAP

E-BOOK

SAMPLE

Reclassification of financial assets investments under IFRS

OLD STANDARDS (IAS 39)		
out of	into	Where is the unrealized gain or loss reported?
available-for-sale	held-to-maturity	amortized through profit and loss over the remaining life of the asset
held-to-maturity	available-for-sale	Other comprehensive income

Note 1: Under old standards (IAS 39), some but not all types of reclassification are allowed.

Note 2: Under the new standards (IFRS 9) the reclassification of:

- ▶ equity securities is forbidden.
- ▶ debt securities is allowed when the business model for financial assets has changed materially.

Reclassification of financial assets investments under U.S.GAAP

out of	into	Where is the unrealized gain or loss reported?
available-for-sale	held-to-maturity	amortized cost in the balance sheet
held-to-maturity	available-for-sale	other comprehensive income
held for trading	other	income statement
available-for-sale	held for trading	income statement
held-to-maturity	held for trading	income statement

Impairment reversal:

- ▶ generally, allowed **under IFRS** (but there has to be an event confirming an increase in value),
- ▶ not allowed **under IFRS** for equity securities,
- ▶ not permitted **under U.S.GAAP**.

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find out more at:

<https://analyst.guide/#ifrs-us-gaap>