CHAPTER 6
Measurement

- Elements recognized in financial statements are quantified in monetary terms. The measurement bases in the Framework are: historical cost and current value.

HISTORICAL COST MEASUREMENT BASIS
- Price that gave rise to item being measured

CURRENT VALUE MEASUREMENT BASIS
- Reflects conditions at measurement date

- Current value provides information updated to reflect conditions at measurement date
- Current value measurement bases include:
  - Fair Value
    - Value in use (for assets)
    - Fulfillment value (for liabilities)
  - Current cost

FAIR VALUE
- The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.
- Reflects market participants' current expectations about the amount, timing and uncertainty of future cash flows

VALUE IN USE / FULFILLMENT VALUE
- Reflects entity-specific current expectations about the amount, timing and uncertainty of future cash flows

CURRENT COST
- Reflects the current amount that would be:
  - Paid to acquire an equivalent asset
  - Received to take on an equivalent liability

FAIR VALUE
- The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.
- Reflects market participants' current expectations about the amount, timing and uncertainty of future cash flows

CHAPTER 7
Presentation and Disclosure

- Income and expenses are classified and included either:

STATEMENT OF PROFIT OR LOSS
- The primary source of information about an entity's financial performance for the reporting period
- Profit or loss could be a section of a single statement of financial performance or a separate statement
- The statement of financial performance includes a total or subtotal for profit or loss
- Principle, all income and expenses are classified and included in the statement of profit or loss

OTHER COMPREHENSIVE INCOME
- In extraordinary situations, the Board may elect to exclude income or expenses deriving from a change in the current value of an asset or liability from the statement of profit or loss and include them in other comprehensive income
- The Board may make such a decision when doing so would provide more relevant information or a more faithful representation in the statement of profit or loss

OTHER COMPREHENSIVE INCOME
- Income and expenses included in OCI in one period are recycled to P&L in a future period when doing so results in more relevant information or faithful representation; otherwise, no subsequently recycling of such items

CLASSIFICATION
- The sorting of assets, liabilities, equity, income or expenses on the basis of shared characteristics for presentation and disclosure purposes

AGGREGATION
- The sum up of assets, liabilities, equity, income or expenses that have shared characteristics and are included in the same classification

OFFSETTING
- Occurs when an entity recognizes and measures both an asset and a liability as separate unit of account, but groups them into a single net amount in the statement of financial position