

IMPAIRMENT OF RECEIVABLE

Borrower is experiencing financial difficulty.

The amount of impairment should be recognized in Profit or Loss.

IFRS 9 paragraph 5.2.2
 an entity shall assess at every end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, the entity shall determine and recognize the amount of any impairment loss.

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| Carrying Amount | XX |
| Less: Present Value of Expected future cash flows | XX |
| Impairment Loss | XX |

Use the ORIGINAL EFFECTIVE RATE

Effective Interest rate at the time the loan originated, not the Effective Interest rate at the time of impairment.

If Nominal Interest Rate \neq Effective Interest Rate

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| Present Value at Impairment Date |
| Add: Recorded unpaid accrued interest |
| Carrying Amount |

If Nominal Interest Rate = Effective Interest Rate

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| Principal Amount |
| Add: Accrued Interest |
| Carrying Amount |

It should be specifically stated that the company accrued interest before adding it to the principal amount. In other words, add Accrued Interest if **recorded** by the company. On the other hand, accrued interest is excluded when the problem indicates that "the entity did not accrue interest during the year".