ASPE At a Glance

Section 3831 - Non-monetary Transactions





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Effective Date

Fiscal years beginning on or after January 1, 2011¹

Definitions

Monetary assets and liabilities

 Money or claims to future cash flows that are fixed or determinable in amounts and timing by contract or other arrangement.

Non-monetary assets and liabilities

· Assets and liabilities that are not monetary.

Non-monetary transactions are either:

- Non-monetary exchanges
 - Exchanges of non-monetary assets, liabilities or services for other non-monetary assets, liabilities or services with little or no monetary consideration involved; or
- · Non-monetary non-reciprocal transfers
 - Transfers of non-monetary assets, liabilities or services without consideration.

Applies to:

- Non-monetary transactions.
- A group of monetary transactions that represent a nonmonetary transaction in substance.

Does not apply to:

- Business combinations (see Section 1582).
- Transactions involving employee future benefits (see Section 3462).
- Transactions between related parties that are accounted for in accordance with Section 3840 or financial instruments Section 3856 unless paragraphs 3831.14-.15 apply.

Scope

- Transactions involving stock-based compensation (see Section 3870).
- Transactions involving the acquisition of a subsidiary by an exchange of only equity interests when the acquisition-date fair value of the subsidiary's equity interest is more reliably measureable than the acquisition-date fair value of the enterprise's equity interests that are accounted for in accordance with 1591.26A(b).
- Transactions involving the acquisition of an investment subject to significant influence by an exchange of only equity
 interests when the acquisition-date fair value of the investee's equity interest is more reliably measureable than the
 acquisition-date fair value of the enterprise's equity interests that are accounted for in accordance with 3051.07A(a).
- Replacement through insurance or expropriation proceeds, of non-monetary assets that are lost, destroyed or expropriated since these are monetary transactions.

Measurement

- An asset exchanged or transferred in a non-monetary transaction is measured at the fair value of the asset given up or the fair value of the asset received, whichever is more reliable, unless:
- The transaction lacks commercial substance;
- The transaction is an exchange of a product / property held for sale in the ordinary course of business for a product / property to be sold in the same line of business to customers who were not parties to the exchange;
- Neither the fair value of the asset received nor given up are reliably measurable; and
- The transaction is a non-monetary non-reciprocal transfer to owners.
- An asset exchanged or transferred in a non-monetary transaction that is not measured at fair value, is measured at the carrying amount of the asset given up (after any reduction for impairment) adjusted by the fair value of any monetary consideration received or given.

Reliably Measurable Fair Values

- When comparable market transactions do not exist the fair value of an asset is reliably measurable when:
 - Variability in the range of reasonable fair value estimates for the asset is not significant; or
 - Probabilities of the various estimates within the range can be reasonably assessed and used to estimate fair value.
- When an entity can reliably determine the fair value of both the asset received and the asset given up, the fair value of the asset given up is used to measure the asset received.

Commercial Substance

- Exists in a non-monetary transaction when the entity's future cash flows are expected to change significantly as a result of the transaction.
- This occurs when:
 - The configuration of the future cash flows of the asset received differs significantly from the configuration of the future cash flows of the asset given up; or
 - The entity-specific value of the asset received differs significantly, relative to the fair value of the assets exchanged, from the entity-specific value of the asset given up.

Restructuring or Liquidation

 A non-monetary non-reciprocal transfer to owners that represents a spin-off or other form of restructuring or liquidation is measured at the carrying amount of the nonmonetary assets or liabilities transferred.

Gains and Losses

• Any gain or loss resulting from a non-monetary transaction is included in net income for the period, except as specified in Section 3051, Investments, and Section 3056, Interests in Joint Arrangements.

¹Except as specified in paragraph 3831.18.

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