

Chapter 1: General Provisions

Article 1

This Standard is formulated in accordance with the Basic Standards for Enterprise Accounting to regulate the recognition, measurement, and disclosure of debt restructuring.

Article 2

Debt restructuring refers to transactions where, without changing the counterparties, creditors and debtors renegotiate or a court adjudicates the terms of debt repayment, including timing, amount, or method. The claims and debts involved in this Standard refer to financial instruments governed by ASBE No. 22 – Recognition and Measurement of Financial Instruments.

Article 3

Debt restructuring generally includes one or a combination of the following methods:

Settlement of debt with assets by the debtor;

Conversion of debt into equity instruments by the debtor;

Modification of other terms (e.g., adjusting principal, changing interest rates, or extending repayment periods) to form restructured debt and claims.

Article 4

This Standard applies to all debt restructurings, except:

Recognition, measurement, and presentation of financial instruments involved in restructuring, which are governed by ASBE No. 22 and ASBE No. 37 – Presentation of Financial Instruments;

Debt restructurings resulting in business combinations (ASBE No. 20 – Business Combinations);

Transactions where one party holds equity in the other or both are under common control, and the restructuring constitutes an equity distribution or contribution (accounted for as equity transactions).

Chapter 2: Accounting by Creditors

Article 5

When debt is settled with assets or converted to equity, creditors shall recognize the acquired assets if they meet definition and recognition criteria.

Article 6

For non-financial assets received in debt settlement, initial measurement shall be at cost, including:

Inventory: Fair value of the surrendered claim + directly attributable costs (e.g., taxes, transport, insurance);

Investments in associates/joint ventures: Fair value of the claim + directly attributable costs;

Property, plant, equipment (PPE), intangible assets, etc.: Fair value of the claim + costs to bring the asset to usable condition.

The difference between the claim's fair value and carrying amount shall be recognized in profit or loss.

Article 7

For debt-to-equity conversions, creditors shall measure the investment at cost per Article 6. The fair value-carrying amount difference is recognized in profit or loss.

Article 8

For restructurings modifying other terms, creditors shall account for restructured claims under ASBE No. 22.

Article 9

For mixed restructurings, creditors shall:

First recognize financial assets and restructured claims under ASBE No. 22;

Allocate the residual fair value to non-financial assets proportionally;

Recognize the fair value-carrying amount difference in profit or loss.

Chapter 3: Accounting by Debtors

Article 10

For asset settlements, debtors shall derecognize the debt and transferred assets, with differences in carrying amounts recognized in profit or loss.

Article 11

For debt-to-equity conversions, debtors shall derecognize the debt and measure equity at fair value (or debt's fair value if equity cannot be reliably measured). Differences are recognized in profit or loss.

Article 12

For modifications of terms, debtors shall account for restructured debt under ASBE No. 22 and ASBE No. 37.

Article 13

For mixed restructurings, differences between the debt's carrying amount and the sum of transferred assets/equity/restructured debt are recognized in profit or loss.

Chapter 4: Disclosure

Article 14

Creditors shall disclose:

Carrying amounts of claims and restructuring gains/losses by method;

Increases in equity investments in associates/joint ventures and ownership percentages.

Article 15

Debtors shall disclose:

Carrying amounts of debts and restructuring gains/losses by method;

Increases in equity (e.g., share capital) from restructuring.

Chapter 5: Transitional Provisions

Article 16

Restructurings between January 1, 2019, and the effective date shall be adjusted retrospectively. Pre-2019 restructurings are exempt from retroactive application.

Chapter 6: Supplementary Provisions

Article 17

Effective from June 17, 2019.

Article 18

Replaces the prior ASBE No. 12 issued on February 15, 2006. Conflicting prior rules are superseded.
Issued on October 28, 2019.