Reporting: An IFRS Perspective, 2E (Chapter 17) - 31 5. Derecognition of a Financial Liability An entity is required to ... a financial liability) when, and only when, it is extinguished. –IAS 39 explains that a financial liability is derecognised when an entity (a) ... of a financial asset, (b) reacquires substantially all of the risks and rewards of ownership, (c) retains substantially all the risks and rewards of ownership, and (d) retains control.

The entity is required to derecognise the financial liability it transferred. –The entity no longer has a continuing involvement in the transferred financial liability if, and only if, it has insufficient involvement to meet any of the conditions to continue to derecognise the transferred financial liability.

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