

Learning Objectives

- Recognize key characteristics, as well as advantages/disadvantages of factoring arrangements.
- Identify the U.S. GAAP area applicable to factoring arrangements.
- List the three specific conditions that must be met for a factoring arrangement to qualify as a sale.
- Recognize key evaluation considerations relating to true sale opinions.
- Identify examples of continuing involvement.
- Recognize the impact from a failed sale in a factoring arrangement.

Topics Covered

- Overview of Factoring Arrangements
- Advantages & Disadvantages of Factoring
- Where Do I Look to in U.S. GAAP?
- Transfers Within Scope of ASC 860
- Overall Conditions for Sale Accounting
- Three Specific Conditions for Sale Accounting
- Sale Condition #1 – Legal Isolation
 - True Sale Opinion
- Sale Condition #2 – Right to Pledge or Exchange
 - Continuing Involvement
 - Assessment of Constraints
- Sale Condition #3 – Effective Control
 - Factoring Arrangements Qualifying as a Sale
- Re-Recognition Events
- Factoring Arrangements Not Qualifying as a Sale