Ifrs 9 Financial Instruments

This two volume title is of interest to UK companies which are required to or have elected to report under the IFRS regime, as well as to companies who are considering moving to IFRSs.
IFRS 9Understanding Financial Instruments and their AccountingWiley

Detailed product information alongside relevant IFRS 9 guidelines for more streamlined implementation IFRS 9 – Understanding Financial Instruments and their Accounting is a practical and informative guide to financial instruments and accounting issues in the context of the new global framework for financial reporting. The first handbook of its kind, this book provides detailed information about over eighty products alongside IFRS 9 accounting, merging the knowledge base and skill sets of two distinct functions into a single useful reference. Practical implementation guidance covers both derivative and non-derivative instruments, and real-world illustrations provide deeper insight into the everyday accounting entries and analyses that IFRS 9 entails. Readers will gain both the background knowledge and the application skills to help ease the adoption of IFRS 9 with minimal disruption to daily operations. With the exception of optional adoption of the hedge accounting requirements, the International Accounting Standards Board mandated complete IFRS 9 adoption no later than January, 2018. The new standard replaces IAS 39, and consists of classification and measurement, impairment, and hedge accounting. Successful implementation requires an in-depth understanding of cash flows and the mechanics of financial instruments. IFRS 9 – Understanding Financial Instruments and their Accounting simplifies IFRS 9 principles and explains the implementation process, helping readers to: Understand the handling of derivative and non-derivative financial instruments Clarify IFRS disclosure requirements and suggested accounting entries Examine the correlation and divergence between IFRS 9 and IAS 39 frameworks Understand the impact of transitioning from IAS 39 to IFRS 9 Develop an effective IFRS implementation strategy with understanding of the requirements and procedures Existing coverage of IFRS 9 tends to be restrictive, with little attention paid to product guidance, leaving a gap in the knowledge required for successful worldwide adoption. This book fills that gap, providing a complete resource with full explanation and illustrative examples.

International GAAP® 2019 is a comprehensive guide to interpreting and implementing International Financial Reporting Standards (IFRS), setting IFRS in a relevant business context and providing insights into how complex practical issues should be resolved in the real world of global financial reporting. This book is an essential tool for anyone applying, auditing, interpreting, regulating, studying or teaching IFRS. Written by EYs financial reporting professionals from around the world, this three-volume guide to reporting under IFRS provides a global perspective on the application of IFRS. Complex technical accounting issues are explained clearly and IFRS is set in a practical context with numerous worked examples and hundreds of illustrations from the published financial reports of major listed companies from around the world. The 2019 edition of International GAAP® has been fully revised and updated in order to: • Continue to investigate the many implementation issues arising as entities adopt IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers). • Explore the complex implementation issues arising as entities adopt, in 2019, IFRS 16 (Leases). • Include an updated chapter on the new insurance contracts standard IFRS 17 (Insurance Contracts), which reflects the recent discussions of the IASB’s Transition Resource Group on implementation issues raised, proposed narrow-scope amendments to IFRS 17 intended by the IASB, and also explores other matters arising as users prepare for the adoption of this standard. • Include an amended chapter on the revised Conceptual Framework, which was published in March 2018. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. • Address amended standards and new interpretations issued since the preparation of the 2018 edition. • Explain the many other initiatives that are currently being discussed by the IASB and by the IFRS Interpretations Committee and the potential consequential changes to accounting requirements. • Provide insight on the many issues relating to the practical application of IFRS, based on the extensive experience of the book’s authors in dealing with current issues.

IFRS 9 is the new accounting standard for the classification and measurement of financial instruments, issued in response to the mandate received from the G20 in the light of the performance of accounting standards during the global financial crisis. The European Union endorsed IFRS 9 in November 2016 for mandatory application from 1 January 2018 onwards. This ESRB report has been prepared following a request by the European Parliament to consider the financial stability implications of IFRS 9. It analyses two main aspects of IFRS 9 from a macroprudential angle and with a focus on banks: the new approach to the classification and measurement of financial assets and the new expected credit loss (ECL) approach for measuring impairment allowances. IFRS 9 replaces the rules-based classification system under IAS 39 with a clearer principles-based approach. Measurement at fair value generally applies, except for instruments qualifying for amortised cost measurement according to two criteria. First, instruments must have cash flow rights consisting solely of payments of principal and interest (SPPI). Second, they must belong to a hold-to-collect business model. The report reflects a long debate on the use of fair value or historical cost for the measurement of financial assets and the suitability of these methods for different bank assets. It concludes that the classification of financial assets under IFRS 9 will, in principle, be clearer and sounder than under its predecessor and should not generally lead to a significant increase in the use of fair value by EU banks, at least at the aggregate level. The report identifies three areas in which there are significant changes relative to IAS 39 and which, for specific banks or periods of time, could entail relevant differences. First, debt instruments including embedded derivatives will no longer qualify to have their pure debt component separated and thus measured at amortised cost. Second, except for dividend income, none of the gains or losses from equity instruments measured at fair value through other comprehensive income will be reported in profit or loss. Third, highly liquid assets eligible for inclusion in the regulatory liquidity buffer but which, on the basis of their management during normal times, belong to a hold-to-collect business model may be measured at amortised cost, raising concerns about the emergence of unrealised fair value gains or losses if they need to be sold in times of acute stress. According to the assessment in the report, the aggregate quantitative importance of the assets affected by the first two changes is very small, while the importance of the third will depend on business model choices that are hard to anticipate on an ex ante basis.

Die wissenschaftliche Arbeit thematisiert den Umbruch der Finanzinstrumente nach IFRS. Bisher waren die Regelungen nach IAS 39 hinsichtlich des Ansatzes und der Bewertung von finanziellen Vermögenswerte und Schulden anzuwenden. Seit Ende 2009 arbeitet das IASB aufgrund des beschleunigten Reformbedarfs hinsichtlich der Finanzmarktkrise von 2008/2009 an einer Neuerung des Standards. Mit IFRS 9 soll der bestehende IAS 39 vollständig ersetzt werden. Der verpflichtende Anwendungsbereich von IFRS 9 erstreckt sich auf die Geschäftsjahre ab 01.01.2013. Eine vorzeitige Anwendung ist möglich. Bisher wurde noch keine Übernahme durch die EU vorgenommen.Daraus folgen die Forschungsfragen: Was war der Anlass für die Überarbeitung der Finanzinstrumente gemäß IAS 39 und die Implementierung von IFRS 9? Welche Änderungen umfasst der Standard IFRS 9 im Vergleich zu seinem Vorgänger IAS 39?Die Implementierung nach IFRS 9 erfolgt in drei Teilphasen:

Bewertung und Klassifizierung finanzieller Vermögenswerte und Schulden, Wertminderungen und Sicherungsbilanzierung. Bislang wurde nur das erste Teilprojekt vom IASB veröffentlicht. Das IASB hat die anderen beiden Projektphasen zwar schon als Entwürfe zur Kommentierung freigegeben. Allerdings gibt es Überarbeitungsbedarf, der die EU dazu veranlasst den neuen Standard IFRS 9 erst als Gesamtprojekt in seiner Vollständigkeit zu würdigen.Die bestehenden Rechnungslegungsvorschriften zu Finanzinstrumenten - IAS 39 weisen einige Mängel auf. Politik, Wirtschaft und Fachexperten forderten aufgrund der unzureichenden, komplexen und ungewissen Bewertungsbestimmungen dringend eine Überarbeitung von IAS 39. Die Urgenz des Reformbedarfs wurde aufgrund der Fair Value Bewertung auf inaktiven Märkten und deren Auswirkungen während der Finanzmarktkrise verdeutlicht.Die Unterschiede zum Vorgänger sind insbesondere hinsichtlich der Klassifizierung beachtlich, da es nur noch zwei statt vier Bewertungskategorien gibt. IFRS 9 enthält nur mehr die Klassifizierungen beizulegender Zeitwert (Fair Value) und zu fortgeführten Anschaffungskosten (amortised cost). Hinsichtlich der Bilanzierung finanzieller Vermögenswerte wurden ebenfalls gravierende Änderungen vollzogen: Die Reduktion von vier auf zwei Bewertungskategorien hinterlässt auch hier Spuren, da diese Position am meisten von den Veränderungen betroffen ist. Zusätzlich fließt eine Betrachtung des Geschäftsmodells sowie vertraglich vereinbarter Zahlungsströme in die Bewertungsentscheidung mit ein. Die Fair Value-Option bleibt sowohl bei Bilanzierung finanzieller Vermögenswerten als auch bei finanziellen Verbindlichkeiten mit wenigen Änderungen erhalten. Die Vorschriften zu finanziellen Verbindlichkeiten sind weitgehend aus IAS 39 übernommen worden. Ausnahmen bestehen bei der Beurteilung der Fair Value-Option und in einer umfangreicheren Neuregelung für die Darstellung und Bilanzierung von Ergebniseffekten, welche aus einem veränderten Kreditrisiko resultieren. Neben Lehrbuchbeispielen verdeutlicht die Bilanzanalyse zweier Konzernjahresabschlüsse nach IFRS 9 die eben erläuterten Unterschiede.*****This thesis highlights changes in IFRS regarding financial instruments. So far, IAS 39 has been applicable concerning the recognition and measurement of financial assets and liabilities. Since late 2009, when an urgent need for reform became apparent as a result of the credit crunch in 2008/2009, the IASB has been reconsidering the regulations of IAS 39. IFRS 9 is said to replace the existing IAS 39 completely. It is applicable to annual reporting periods commencing on or after 1 January 2013 but is available for early adoption. So far, the new standard has not been transformed into European law. This thesis examines the reasons for the reconsideration of IAS 39 and the implementation of IFRS 9. In addition, the differences between IFRS 9 and its predecessor are analysed.The implementation of IFRS 9 is divided into three phases: measurement and classification of financial assets and liabilities, impairment and hedge accounting. So far only the first project step has been finished and issued by the IASB. The other two projects have been released as exposure drafts for comment. The EU has decided to consider IFRS 9 in its entireness once it has been completed.The existing financial reporting standards on financial instruments have several shortcomings. Therefore, politicians, business representatives and experts called for urgent revision of IAS 39 due to inadequate, complex and uncertain measurement. Especially during the financial crisis, the impacts of fair value measurement in inactive markets became apparent.There are significant differences in comparison to IFRS 9s predecessor, particularly with regard to classification, as there are only two instead of four classification categories. In the future, financial instruments are to be measured either at amortised cost or at fair value.The reporting of financial assets has undergone two major changes: With regard to the reduction from four to two classification categories, this it the position that is most affected by the changes. Furthermore, the entitys business model for managing the financial assets and contractual cash flow characteristics are considered. In contrast to that, the Fair Value-Option remains largely the same for both financial assets and financial liabilities. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the Fair Value-Option for financial liabilities to account for the effects of a change in credit risk. In addition to textbook examples, the thesis illustrates IFRS 9s requirements on the basis of two consolidated financial statements.

The derivative practitioner's expert guide to IFRS 9 application Accounting for Derivatives explains the likely accounting implications of a proposed transaction on derivatives strategy, in alignment with the IFRS 9 standards. Written by a Big Four advisor, this book shares the author's insights from working with companies to minimise the earnings volatility impact of hedging with derivatives. This second edition includes new chapters on hedging inflation risk and stock options, with new cases on special hedging situations including hedging components of commodity risk. This new edition also covers the accounting treatment of special derivatives situations, such as raising financing through commodity-linked loans, derivatives on own shares and convertible bonds. Cases are used extensively throughout the book, simulating a specific hedging strategy from its inception to maturity following a common pattern. Coverage includes instruments such as forwards, swaps, cross-currency swaps, and combinations of standard options, plus more complex derivatives like knock-in forwards, KIKO forwards, range accruals, and swaps in arrears. Under IFRS, derivatives that do not qualify for hedge accounting may significantly increase earnings volatility. Compliant application of hedge accounting requires expertise across both the standards and markets, with an appropriate balance between derivatives expertise and accounting knowledge. This book helps bridge the divide, providing comprehensive IFRS coverage from a practical perspective. Become familiar with the most common hedging instruments from an IFRS 9 perspective Examine FX risk and hedging of dividends, earnings, and net assets of foreign subsidies Learn new standards surrounding the hedge of commodities, equity, inflation, and foreign and domestic liabilities Challenge the qualification for hedge accounting as the ultimate objective IFRS 9 is set to replace IAS 39, and many practitioners will need to adjust their accounting policies and hedging strategies to conform to the new standard. Accounting for Derivatives is the only book to cover IFRS 9 specifically for the derivatives practitioner, with expert guidance and practical advice.

An authoritative guide to the most complex and controversial area of International Financial Reporting Standards: Financial Instruments.

Master's Thesis from the year 2019 in the subject Economics - Finance, grade: 1, University of Applied Sciences Wiener Neustadt (Austria), language: English, abstract: This paper examines the adaption of the International Financial Reporting Standards 9, effective as of 1 January 2018. The introduction outlines the reasons for the amendments and the objectives of IFRS 9 which are divided into three phases. The focus of this paper is the effect of IFRS 9 on financial liabilities. While the International Accounting Standards 39 for financial liabilities are still accurate, IFRS 9 lead to a change in the fair value option. As a result, changes in the fair value which are caused by the own credit risk are booked into the other comprehensive income. This paper aims to give an overview on the relevant changes regarding IFRS 9. However, the main focus is set at the liabilities side, the classification and the measurement of financial liabilities. Although the IASB intended to create a model in order to classify financial instruments of both the asset and the liabilities side, it had to prioritise the asset side owing to the financial crisis and the demand for new regulations in 2009. Therefore, the research context considers the adjustment of the fair value option (FVO) treatment. Due to the new regulation, changes in the own credit spread or rather the creditworthiness need to be captured under the position “other comprehensive income” (OCI), which affects the net income. Unless the financial liability is designated as FVO, the subsequent measurement of the liability follows amortised cost. However, choosing the FVO implies that once the change in the credit spread has been recorded under the OCI, the amount is not reclassified into the profit-and-loss account (P & L). In contrast to that, a reclassification is permitted within equity e.g. a financial liability designated at FVO that is derecognised. The reason for the new regulation is based on IAS 39 and the measurement of liabilities in regard to the credit spread. Although, the creditworthiness deteriorated during the financial crisis, financial institutions had to realise the increasing credit spread in the P & L as an earning and a decreasing fair value (FV) of the liability. This mixed-model approach is a reason for the volatility in P & L's and has been revised in the course of the IFRS 9.

Mit der Veröffentlichung des IFRS 9 Finanzinstrumente im Juli 2014 vollendete das IASB das IAS 39 Replacement Project. Verpflichtend anzuwenden ist IFRS 9 für Geschäftsjahre beginnend mit dem 01.Januar 2018. Die Impairment Vorschriften nach IFRS 9 sind einheitlich für alle im Anwendungsbereich definierten Finanzinstrumente anzuwenden und basieren auf dem Expected-Credit-Losses-Modell (ECL-Modell). Grundlage des ECL-Modells ist eine frühzeitige Erfassung einer Risikovorsorge auf Basis der erwarteten Kreditverluste. Bei der Umsetzung der Impairment Vorschriften nach IFRS 9 werden Unternehmen vor neue Herausforderungen gestellt.*****The IASB published the final version of IFRS 9 Financial Instruments in July 2014 and thereby completed the IAS 39 Replacement Project. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Under IFRS 9 the same impairment model must be applied to all financial instruments that are subject to impairment accounting. The impairment model is based on an expected-credit-losses-model (ECL-Model). The ECL-Model is based on a timely recognition of a loan loss provision amounting to expected credit losses. The implementation of IFRS 9 Impairment requirements will challenge enterprises.

Written by PricewaterhouseCoopers (PwC), this 2015 supplement should be read in conjunction with the Manual of Accounting IFRS 2015 PACK [ISBN ISBN 978 1 78043 811 5], which is the definitive guide to International Financial Reporting Standards (IFRS) for those reporting outside of the UK. [*** NOTE: In North America, this guide will be of relevance to Canada, which has adopted IFRS accounting standards, but not to the US, which uses US Generally Accepted Accounting Principles (GAAP).] The supplement provides complementary guidance on how to prepare financial statements in accordance with the IFRS and amendments to the IFRS issued by the International Accounting Standards Board (IASB) as of September 30, 2015. Key updates included in the supplement are: IFRS 9 classification and measurement * IFRS 9 impairment * IFRS 9 hedge accounting * IFRS 15 revenue * an appendix to the illustrative accounts for IFRS 9 'financial instruments' * an appendix to the illustrative accounts for IFRS 15 'revenue from contracts with customers' * a summary of minor changes to the existing chapters in the manual. [Subject: Accounting, Finance, Tax Law]

Over the last couple of years, companies around the world switched from national accounting standards to International Financial Reporting Standards (IFRS). India too would adopt IFRS directly or align the national standards with IFRS from 2011. While this has been welcomed by investors and other stakeholders, practitioners continue to grapple with interpretations and practices that are emerging in areas where the standards are not explicit.Financial Instruments Standards guides the reader through rules and supplements the application guidance with interpretation and analyses. It deals with all aspects of hedge accounting, as well as embedded derivatives and de-recognition of financial instruments. It also includes numerous worked out examples pertaining to complex calculations and disclosures.

Gain a deeper understanding of financial reporting under IFRS through clear explanations and extensive practical examples. IFRS can be a complex topic, and books on the subject often tackle its intricacies through dense explanation across thousands of pages. Others seek to provide an overview of IFRS and these, while useful for the general reader, lack the depth required by practitioners and students. IFRS Essentials strikes a balance between the two extremes, offering concise interpretation of the crucial facts supported by a wealth of examples. Problems and their solutions are demonstrated in a manner which is short, straightforward and simple to understand, avoiding complex language; jargon and redundant detail. This book is suitable for students and lecturers at universities and other educational institutions, auditing and accounting trainees, and employees in the area of accounting and auditing who seek to develop their practical skills and deepen their knowledge of IFRS.

Accounting for financial instruments is one of the most complex and taxing areas in accounting today that needs to be understood by all practicing accountants. The International Financial Reporting Standards that govern this area of accounting are often difficult to understand and interpret. PwC's Manual of Accounting - Financial Instruments 2012 is a thoroughly comprehensive, clearly explained and informative guide to these standards. It contains practical worked examples and extracts from company financial statements that help to illustrate the explanations. Key changes from previous edition include updated guidance on: IFRS 9 - including aspects on liabilities issued in November 2010; Consequential amendments of IFRS 9; IASB amendment to IFRS 7, 'Financial instruments: Presentation', on derecognition; Annual improvements 2010; IFRIC agenda decisions; New extracts and examples. This book draws on the combined expertise and experience of financial instrument specialists in PWC's Global Accounting Consulting Services team. It will be of particular interest to preparers and users of IFRS financial statements and others who require a detailed knowledge of financial instruments accounting. Analysts, academics and students will also find it a valuable reference tool.

Introduction "Financial Reporting Standards 9 Financial Instruments: Step By Step Implementation Guide". This book has actionable information that will help you to understand how to implement IFRS 9. When IASB (International Accounting Standards Board) issued the final version of IFRS 9 (financial instruments) in 2014 to replace IAS 39, some confusion still remained as to how exactly to go about implementing the standard. This is so particularly because of the technical and somewhat confusing nature of financial instruments and their financial reporting guidelines. The good news is that you will find this book helpful in breaking down the otherwise complex topic to help you to understand what the standard is about, how to start implementing IFRS 9 for the first time, and how to transition from IAS 39 to IFRS 9 efficiently. Whether you are a financial accountant, trainee or student, this book will walk you throughout the process in simple English to ensure you understand the otherwise complex topic of implementing IFRS 9 to account for financial instruments (equity, debt and derivatives), hedge fund accounting and much, much more. Table of Contents - Introduction- IFRS 9: A Comprehensive Overview- IFRS 9 Essentials for Successful Implementation- The Key Considerations of IFRS 9 Implementation- A Recommended Approach (With A Checklist) For IFRS 9 Program Implementation- Preparing For a Big Impact in the Real World- Getting Prepared: IFRS 9 & Keeping Your Clientele Happy- ConclusionTake action today and download this book for a limited time discount of only $0.99!

Wiley IFRS® Standards 2020 is a revised and comprehensive resource that includes the information needed to interpret and apply the most recent International Financial Reporting Standards (IFRS®) as outlined by the International Accounting Standards Board (IASB). This accessible resource contains a wide range of practical examples as well as invaluable guidance on the expanding framework for unified financial reporting. The authors provide IFRIC interpretations and directions designed to ensure a clear understanding of the most recent standards. The IFRS® standards are ever evolving, therefore it is essential that professionals and students have the information needed to apply the standards correctly in real-world cases. Wiley IFRS® Standards 2020 offers a complete, up-to-date reference that aids in the application of the latest international standards in a manner that is transparent, accountable and efficient. This edition includes IFRS 9 Financial Instruments; IFRS 15 Revenue from Contracts with Customers; IFRS 16 Leases and amendments issued and effective for annual periods beginning on or after 01 January 2019 as issued by the IASB by 30 June 2019. This edition also includes some introductory guidance for IFRS 17 Insurance Contracts and incorporates the revised Conceptual Framework for Financial Reporting 2018. This guide is written by the people passionate about IFRS® at PKF International. PKF International member firms specialise in providing high quality audit, accounting, tax, and business advisory solutions to international and domestic organisations around the globe. PKF International is a member of the Forum of Firms – an organisation dedicated to consistent and high-quality standards of financial reporting and auditing practices worldwide. www.pkf.com. PKF International Limited administers a family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms. All rights reserved.

Wiley International Financial Reporting Trends provides copious examples of footnote disclosures and financial statement formats, carefully culled from the world's leading international companies ("Global 500") that are already compliant with IFRS and report under IFRS standards promulgated by the International Accounting Standards Board, the IASB. Arranged topically, this book is a quick source of reference to find answers to issues of interest to financial statement preparers. It provides hundreds of illustrations taken from financial statements prepared under IFRS by global conglomerates thereby helping preparers and users of financial statements to expeditiously obtain examples of footnote disclosures and financial statements presented under these Standards which are popularly referred to as "principles-based" standards (as opposed to "rules-based" standards). Additionally, Wiley International Financial Reporting Trends contains comparisons of IFRS to US GAAP, Indian GAAP, and Chinese GAAP, making it a truly global reference resource.