IFRS 9 – POST IMPLEMENTATION REVIEW

Comments by: Mr. Vinod Balachandran

Sl No	Question	Remarks
1 a	Do the classification and measurement requirements in IFRS 9: enable an entity to align the measurement of financial assets with the cash flow characteristics of the assets and how the entity expects to manage them? Why or why not?	Yes Except for financial instruments with ESG features and new toxic instruments which are not prevalent in India In India the banks are yet to move into INDAS and its impact on various financial instruments needs to be reviewed. Impact of IFRS 17 Insurance contracts to be reviewed for application in India
1b	……result in an entity providing useful information to the users of the financial statements about the amount, timing and uncertainty of future cash flows? Why or why not?	Yes
2a	Is the business model assessment working as the Board intended? Why or why not?	In India the banks are yet to move into INDAS. There will be corrections to be done from existing norms to INDAS.
2b	Can the business model assessment be applied consistently? Why or why not?	ESG linked features – unable to comment in the absence of data and usage in India
2c	Are there any unexpected effects arising from the business model assessment? How significant are these effects?	Reclassifications analysis would ned to be done based on sample data to understand whether it's application usage and effectiveness.
3a	Is the cash flow characteristics assessment working as the Board intended? Why or why not?	Yes. In India the banks are yet to move into INDAS and hence the impact on the change is yet to be factored. IFRS 17 -Insurance contracts impact is yet to be reviewed in India and will have a impact on this question especially for pooled assets with linked returns.
3b	Can the cash flow characteristics assessment be applied consistently? Why or why not?	Yes
3c	Are there any unexpected effects arising from the cash flow characteristics assessment? How significant are these effects?	Unable to comment in the absence of data
4a	Is the option to present fair value changes on investments in equity instruments in OCI working as the Board intended? Why or why not?	Yes. To consider whether equity type instruments can also be included ?

4b	For what equity instruments do entities elect to present fair value changes in OCI?	Long term with good financial and business outlook
4c	Are there any unexpected effects arising from the option to present fair value changes on investments in equity instruments in OCI? How significant are these effects?	Don't think so
5a	Are the requirements for presenting the effects of own credit in OCI working as the Board intended? Why or why not?	In India own risk assessments major impact will be known once banks move into INDAS
5b	Are there any other matters relating to financial liabilities that you think the Board should consider as part of this post-implementation review (apart from modifications, which are discussed in Section 6)?	No comments
6a	Are the requirements for modifications to contractual cash flows working as the Board intended? Why or why not?	More training is needed in India to understand the definition of modifications and the use of the original EIR to calculate the 10% rule. There is also insufficient clarity on accounting for costs on modification. More clarity with illustrative examples on qualitative changes leading to modification is needed
6b	Can the requirements for modifications to contractual cash flows be applied consistently? Why or why not?	Yes. For companies in insolvency and issuing haircuts more clarity on the same can be considered. There is also a need to align the income tax ICDS rules to modification in line with IND AS.
7a	Is the effective interest method working as the Board intended? Why or why not?	Yes
7b	Can the effective interest method be applied consistently? Why or why not?	Yes
8a	Did the transition requirements work as the Board intended? Why or why not?	Yes – In India the banks are yet to move into INDAS
8b	Were there any unexpected effects of, or challenges with, applying the transition requirements? Why or why not?	Unable to comment in the absence of data
9a	Are there any further matters that you think the Board should examine as part of the post-implementation review of the classification and measurement requirements in IFRS 9? If yes, what are those matters and why should they be examined?	No comments

9b	Considering the Board's approach to developing IFRS 9 in general, do you have any views on lessons learned that could provide helpful input to the Board's future standard-setting projects?	More training with illustrative examples