Re: Request for Information Post-implementation Review of IFRS 9, Financial Instruments: Classification and Measurement issued by the IASB for comments.

Agra ICAI <agra@icai.org>
Wed 13-10-2021 17:44
To: asb@icai.in <asb@icai.in>

Dear Sir,

Agra Branch of CIRC is pleased to respond to the International Accounting Standards Board (IASB) of IFRS Foundation on Request for Information: Post-implementation Review of IFRS 9—Classification and Measurement.

We appreciate the efforts of the IASB of IFRS Foundation and ICAI Accounting Standards Board (ASB) to provide the feedback about implementation of classification and measurement provisions of Ind AS 109 (corresponding to IFRS 9) and welcome the opportunity to provide comments on the same.

Below is our comment in respect of the consultative document:

Do the classification and measurement requirements in IFRS 9:

(a) 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? - An entity is required to classify financial assets as subsequently measured at either amortized cost or fair value on the basis of both the entity's business model for managing the financial assets and the contractual or fair value on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A reclassification is required when there is a change in the business model. Therefore, a substantial amount of judgement is required to determine the correct classification. There is also a need to track historical data to ascertain whether the business model test is met. Systems and processes associated with gathering historical information, relating to fair values etc. may need to be modified to support the capture of additional data elements that may not currently be supported by legacy systems.

(b) 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, certainly the classification and measurement requirements under Ind AS 109/IFRS 9 provide useful information to the users of financial statements about the amount, timing and uncertainty. The concepts such as Expected Credit Loss (ECL) presents a correct picture of the financial assets on the financials and provides clarity over the future cash flows of the entity. Overall the measurement of financial assets/liabilities as required under Ind AS 109 and IFRS 9 provide a true and fair view of the financial statements.

Kind Regards,
CA. Yash Jain
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On Wed, Oct 6, 2021 at 1:15 PM asb@icai.in <asb@icai.in> wrote:

> Dear Sir/Madam,