

IFRS 9:

Simplifying the Standards for Financial Instruments

Designed to cover financial instrument handling, IFRS 9 came into force in 2018. However, many firms still do not have the tools to streamline their processes and deliver compliance effectively.

What do firms need to know about **IFRS 9**?

Coming into force in January 2018, IFRS 9 is an International Financial Reporting Standard created by the International Accounting Standards Board (IASB) that covers accounting for financial instruments and replaces IAS 39.

IFRS 9 deals
with **three**
primary areas:

1

The classification
and measurement of
financial instruments

2

Impairment of
financial assets

3

Hedge
accounting

The standard is built around the concept of classifying and measuring financial assets at fair value - and recognising this in profit and loss should changes occur. It removes many of the complexities and inconsistencies firms faced with IAS 39, creating a single compliance model with few exceptions.



What are the challenges of **IFRS 9** compliance?

The transition period for shifting to IFRS 9 might be over, but that does not mean that firms have overcome every challenge they face in complying with the standard.

Many organisations still struggle with the additional data and modelling requirements. This is because IFRS 9 compliance demands the processing of far more data than under IAS 39, including historical and risk data.

Another challenge, caused in part by the increased data requirements, is the lack of system readiness. Firms that have not taken a long-term approach to IFRS 9 compliance will struggle to create sustainable processes around the new data they now have to collect, process and store.



How Millennium Consulting can help with **IFRS 9**

Working to achieve IFRS 9 compliance does not end after the implementation phase. The complex calculations and additional disclosures are now a fact of life under the new standard.

Businesses need to build their systems infrastructure around the ability to deliver compliance now and in the future. This means being able to handle huge volumes of data at high speed, bringing together information from disparate sources held in different forms. It is more of a shift in mindset than a quick technical fix - and the experienced Millennium Consulting practitioners can help you make that journey.

We also work in partnership with a wide variety of technology vendors to supply solutions that overcome the challenges associated with IFRS 9 and simplify financial instrument accounting.

Contact us to find out more about how we can help you deliver IFRS 9 compliance: assist@millenniumconsulting.com