

IFRS 9 – A whole new way to your hedging strategies



Financial instruments

The International Accounting Standards Board new standard on financial instruments better aligns hedge accounting with the risk management activities of an entity. It also removes, or amends, key bans and rules existing under IAS 39. The new standard is applicable as from January 2018.

Experts see these new guidelines as a real opportunity to improve or set up risk management strategy and further decrease their Profit & Loss volatility. What about the impact on your business?

Your challenges

You have FX, interest and/or commodity linked volatility in your statement of comprehensive income? Application of IFRS 9 may raise some challenging questions:

- What risk management policy to set up?
- How is it translated in your financial statements?
- What are the best practices?
- What kind of training should you give to employees involved in hedging activities within your company?
- You are already familiar with hedge accounting under IAS 39:
 - What is the impact of the new standard on your existing hedge accounting strategies?
 - What are the potential benefits of IFRS 9 early adoption?
 - What are the needs in hedge accounting documentation under IFRS 9?

Key changes between IFRS 9 and IAS 39

- Broader range of strategies allowed;
- Hedging of net position;
- Basis adjustments;
- Hedging component of a non-financial item;
- Accounting treatment of options, forward and cross currency swap;
- No more 80-125% rules.

Our solutions

If you are not familiar with hedge accounting, we can

- Assist you in setting up / revisiting your risk management strategies and translating them into your financial statements
- Share knowledge and experience and collaborate with you in order to decrease volatility with adequate solutions

If you are familiar with hedge accounting under IAS 39, we can

- Assist you in analysing the impact of the new criteria on the existing hedge accounting strategy
- Perform a high level impact assessment to identify the potential benefits on IFRS 9 early adoption
- Assist in the documentation of IFRS 9 hedge accounting

In both situations, we can

- Provide you with deeper explanation and feedback based on your technical questions
- Train your team
- Give you insights on the ongoing development of best practices and benchmark against peers
- Assist you for transition



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