IFRS 9 Financial Instruments at a glance

IFRS 9 with IFRS 7 and IAS 32 · one-page reference

Core Knowledge

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A financial asset is classified by the business model for managing it and by its contractual cash flows (4.1.1). That class drives measurement, expected credit losses and what users must be told under IFRS 7. Bare paragraph numbers are IFRS 9; IFRS 7 and IAS 32 paragraphs are named.

Topic	The question	The test	Reference	Where it shows
1 **Liability or equity**	**Is the issued instrument a liability or equity?**	Equity only with no contractual obligation to deliver cash or another financial asset; settlement in own shares must be a fixed amount for a fixed number. Substance, not the legal label.	**IAS 32.15, 32.16**	Liabilities or equity
2 **Classification**	**Amortised cost, FVOCI or FVPL?**	Hold to collect and cash flows of principal and interest only: amortised cost. Collect and sell with the same cash flows: FVOCI. Everything else: FVPL.	**4.1.2, 4.1.2A, 4.1.4**	Financial position, profit or loss
3 **Measurement**	**At what amount, first and later?**	Fair value plus transaction costs (not for FVPL); then amortised cost with the effective interest rate over the expected life.	**5.1.1, App A**	Interest revenue, carrying amounts
4 **Expected credit losses**	**12-month or lifetime losses?**	12-month losses unless credit risk has increased significantly since initial recognition, then lifetime. Trade receivables without a significant financing component: always lifetime.	**5.5.3, 5.5.5, 5.5.15**	Loss allowance, impairment line
5 **Derecognition**	**When does it leave the books?**	An asset when its contractual rights expire or a transfer qualifies; a liability only when it is extinguished.	**3.2.3, 3.3.1**	Gain or loss on derecognition
6 **Hedge accounting**	**Can the hedge get special accounting?**	It is optional and only for qualifying relationships: fair value, cash flow or net investment hedges.	**6.1.2, 6.5.2**	OCI reserve, hedge notes
7 **Disclosures**	**What must users be told?**	Carrying amounts by category, the loss allowance reconciliation and a maturity analysis of financial liabilities, among others.	**IFRS 7.8, 7.35H, 7.39**	Notes

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