

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) is calling for comments on the proposed amendments to IFRS 9 Financial Instruments by the International Accounting Standards Board (IASB).

IASB has issued an exposure draft (ED) proposing limited modifications to IFRS 9 (2010) 'Financial instruments'. These proposals are to address three specific areas including application issues that have arisen in practice since the original IFRS 9 was issued with regards to the use of amortized cost; to consider the interaction between the classification and measurement of financial assets and the accounting for insurance contract liabilities and to reduce differences between IFRS 9 and the FASB's classification and measurement proposals (which is now largely aligned for debt instruments).

The exposure draft contains the following proposals:

- An amendment to the 'contractual cash flow characteristics' assessment to allow instruments with an insignificant modified economic relationship between principal and interest to be classified at amortized cost
- The introduction of a FVOCI category for particular financial assets that pass the contractual cash flow characteristics assessment.
- Clarifications to the Application Guidance on business model assessment
- An amendment to allow an entity to apply the requirements for the presentation of fair value gains or losses attributable to changes in the issuer's own credit risk in other comprehensive income, without the need to early adopt IFRS 9 in its entirety
- A requirement that six months after IFRS 9 is issued, previous versions of IFRS 9 will no longer be available for early adoption. Instead, early adopters will have to apply IFRS 9 in its entirety.

CA Sri Lanka, in its capacity as the sole authority to promulgate accounting standards in the country invites accounting professionals and members of the public for their comments on the proposed amendment. Feedback should be emailed to the Institute's technical division on technical@casrilanka.com before 15 March 2013. Subsequently, the Institute will compile all comments and forward it to IASB for their consideration.