# Invitation to Comment

## Call for comments on the UKEB Draft Comment Letter - Request for Information–Post-implementation Review: IFRS 9 *Financial Instruments* –Impairment

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| Deadline for completion of this Invitation to Comment:Midday, Friday 8 September 2023Please submit to:UKEndorsementBoard@endorsement-board.uk |

### Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the UKEB’s Draft Comment Letter on the Request for Information (RfI) on the Post-implementation Review (PIR) of *IFRS 9–Impairment*, published by the International Accounting Standards Board (IASB) on 30 May 2023. The IASB’s comment period ends on 27 September 2023.

### UK endorsement and adoption process

The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and therefore is the UK’s National Standard Setter for IFRS. The UKEB also leads the UK’s engagement with the IFRS Foundation (Foundation) on the development of new standards, amendments and interpretations. This letter is intended to contribute to the IASB’s due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended International Accounting Standards undertaken by the UKEB.

### Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts prepared in accordance with international accounting standards.

### How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and return it together with the ‘Your Details’ form to UKEndorsementBoard@endorsement-board.uk by midday on Friday 8 September 2023.

**Brief responses providing views on individual questions are welcome, as well as comprehensive responses to all questions.**

### Privacy and other policies

The data collected through responses to this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and adopting IFRS for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)[[1]](#footnote-2).

The UKEB’s policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published, please provide the UKEB with an unsigned version of your submission. The UKEB prefers to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the “Your Details” document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other response document submitted; therefore, only information that you wish to be published should be submitted in such responses.

## Questions

### Overview

#### Question One

**1a** Do you consider that there are any fundamental questions (“fatal flaws”) about the IFRS 9 impairment requirements?

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| --- | --- |
| **Yes** |[ ]  **No** |[ ]

Please include any comments you may have in response to question 1a:

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| **Click or tap here to enter text.** |

**1b** Are you aware of any areas of IFRS 9 where the cost of applying IFRS 9 exceeds the benefit provided by the information produced?

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| --- | --- |
| **Yes** |[ ]  **No** |[ ]

Please include any comments you may have in response to question 1b:

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| **Click or tap here to enter text.** |

#### Question Two

**2.** Do you consider the impairment requirements in IFRS 9 result in:

* 1. more timely recognition of credit losses compared to IAS 39 and address the complexity caused by having multiple impairment models for financial instruments?

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| --- | --- |
| **Yes** |[ ]  **No** |[ ]

Please explain why or why not.

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| **Click or tap here to enter text.** |

* 1. an entity providing useful information to users of financial statements about the effect of credit risk on the amount, timing and uncertainty of future cash flows?

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| --- | --- |
| **Yes** |[ ]  **No** |[ ]

Please explain why or why not.

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### General approach

#### Question Three

1. At paragraph A3 we recommend the IASB further considers the approach to calculating credit losses on intra-group lending. Do you agree with this recommendation?

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| --- | --- |
| **Yes** |[ ]  **No** |[ ]

Please explain why or why not.

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| **Click or tap here to enter text.** |

### Significant increase in credit risk (SICR)

#### Question Four

1. **(a)** At paragraph A8 we propose an amendment to IFRS 9 to incorporate guidance on assessing SICR that was issued by IASB during the pandemic. Do you agree with this recommendation?

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| --- | --- |
| **Yes** |[ ]  **No** |[ ]

Please explain why or why not.

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| **Click or tap here to enter text.** |

1. At paragraph A10 we propose an amendment to IFRS 9 that, for financial assets that have become credit impaired, would require entities to apply the effective interest rate requirements to the asset no later than the beginning of the subsequent reporting period. Do you agree with this recommendation?

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| --- | --- |
| **Yes** |[ ]  **No** |[ ]

Please explain why or why not.

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1. Are there any other aspects of the assessment of significant increase in credit risk requirements that give rise to significant challenges that could be resolved through standard-setting?

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### Measurement

#### Question Five

1. **(a)** At paragraph A14 we recommend the IASB consolidates certain sections of non-authoritative guidance produced by the IFRS Transition Resource Group into the Standard. Do you agree with this recommendation?

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| --- | --- |
| **Yes** |[ ]  **No** |[ ]

Please explain why or why not.

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1. At paragraph A15 we recommend that the IASB provides a definition of a post-model adjustment in the Standard. Do you agree with this recommendation?

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| --- | --- |
| Yes |[ ]  **No** |[ ]

Please explain why or why not.

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1. At paragraphs A17-A18 we recommend that the IASB provides further guidance in the Standard for impairment requirements for loan commitments and financial guarantees. Do you agree with these recommendations?

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| --- | --- |
| Yes |[ ]  **No** |[ ]

Please explain why or why not.

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1. Are there any other aspects of the credit loss measurement requirements that give rise to significant challenges that could be resolved through standard-setting?

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### Simplified approach

#### Question Six

1. Are there any aspects of the simplified approach for trade receivables, contract assets and lease receivables that give rise to significant challenges that could be resolved through standard-setting?

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### Purchased or originated credit-impaired financial assets (POCI)

#### Question Seven

1. Are there any aspects of the requirements for purchased or originated credit-impaired assets that give rise to significant challenges that could be resolved through standard-setting?

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### Interaction with other requirements

#### Question Eight

1. **(a)** At paragraphs A21-A25 we recommend that the IASB provides further guidance in the Standard on the interaction between the derecognition, modification and expected credit loss requirements for financial assets. Do you agree with these recommendations?

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| --- | --- |
| **Yes** |[ ]  **No** |[ ]

Please explain why or why not.

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1. Are there any other aspects of the application of the impairment requirements alongside other IFRS accounting standard requirements that give rise to significant challenges that could be resolved through standard-setting?

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### Disclosure

#### Question Nine

1. **(a)** At paragraph A31 we recommend disclosure should be made of expected credit loss by sector. Do you agree with this recommendation?

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| --- | --- |
| Yes |[ ]  **No** |[ ]

Please explain why or why not.

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**(b)** At paragraph A33 we recommend the IASB provides further educational materials to assist preparers and auditors apply the proportionality guidance at IFRS 7 35D when using the simplified approach. Do you agree with this recommendation?

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| --- | --- |
| Yes |[ ]  **No** |[ ]

Please explain why or why not.

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1. Are there any other aspects of the credit risk disclosure requirements that give rise to significant challenges that could be resolved through standard-setting?

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### Overview

#### Question 10

1. **(a)** Are there any other comments you would like to make on the IFRS 9 impairment requirements?

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| **Click or tap here to enter text.** |

## Thank you for completing this Invitation to Comment

### Please submit this document

### by midday on Friday 8 September 2023 to:

### UKEndorsementBoard@endorsement-board.uk

1. These policies can be accessed from the footer in the UKEB website here: <https://www.endorsement-board.uk> [↑](#footnote-ref-2)