

HKAB’s Comments on IASB Exposure Draft – ED/2021/8 Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Proposed amendment to IFRS 17)

Seq	Relevant Extract	HKAB Comments
1.	<p><u>Paragraph C28A</u></p> <p>An entity that first applies IFRS 17 and IFRS 9 at the same time is permitted to apply the classification overlay in paragraphs C28B–C28E for the purpose of presenting comparative information about a financial asset, if the comparative information for that financial asset has not been restated for IFRS 9. [...]</p> <p><u>Paragraph BC11</u></p> <p>[...] Therefore, the Board proposes that the classification overlay would be available to both:</p> <p>(a) entities that restate comparative information applying IFRS 9. For such entities, the classification overlay would be available only for financial assets derecognised in the comparative period because IFRS 9 does not apply to those assets; and</p> <p>(b) entities that do not restate comparative information applying IFRS 9. For such entities, the classification overlay would be available for any financial asset other than financial assets held in respect of an activity that is unconnected with contracts within the scope of IFRS 17 (see paragraph BC19).</p>	<p>We support the IASB’s efforts to enable entities to improve the usefulness of the comparative information presented on initial application of IFRS 17 and IFRS 9.</p> <p>Apart from those entities adopting IFRS 9 for the first time, entities that have already applied IFRS 9 but planned to re-designate the classification and measurement of eligible financial assets are in a similar position that the comparative information prepared may not be useful to financial statement users without restatement. Therefore, we recommend the Board to consider extending the scope of application of the classification overlay to cover these entities.</p>