

EXECUTIVE SUMMARY



Hamilton IFRS 9 Comply

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IFRS 9 project implemented in 2018 with a purpose to cover the limitations of past standard, IAS 39, such as inconsistency, complexity, and derogations. The objective of IFRS 9 is a classification and measurement of financial instrument to provide a relevant and usable information for assessing the amounts, timing, and uncertainty of the entity's future cash flows. This new standard also has offered a more simplified approach covering the measurement and classification of financial instruments, asset impairment and hedge accounting. The new standard introduces the principle of expected credit loss accounting, which requires banks to estimate the future loss of all assets at the time of purchase and set aside provisions for them. Three stages of impairment have been introduced by IFRS 9. Stage 1 assets must contain provisions for 12 months of estimated losses and have no credit degradation. Stage 2 assets must have lifetime provisions if "significant degradation" has occurred. Stage 3 assets must contain lifetime provisions as well as a reduction in estimated interest payments.

Hamilton Engine in achieving core principles:

Classification: Using the integrated random forest classifier, Hamilton engine are able to classify the financial instruments based on solely payments of principal and interest (SPPI) and business model.

Measurement: Hamilton Engine has included development of provisions stages in their algorithm and

*" The rationale for IFRS 9 was to enhance the accounting and reporting on financial assets and liabilities to provide investors with better information. This post-implementation review is a reflective exercise for us to understand whether the objectives of the Standard have been met. I would like to call on our stakeholders around the world to participate in this evaluation." - **Andreas Barckow, Chair of the IASB***

Hamilton engine provides a comprehensive, integrated, and complete solution for IFRS 9 use cases and its mandatory quantitative disclosures.

The following are key benefits supporting Hamilton engine:

- Non-disruptive approach, minimum to zero changes to the existing business process. Minimizing impacts of IFRS 9 and adopting IFRS 9 compliance with ease.
- Being SAP Premium Certified, our unique accounting and compliance add-on solution integrates with your existing SAP software ecosystem without any additional software, hardware, system upgrades, or investments.
- Easy to implement: all objects are configurable which can be completed between 3 to 9 months, including all IFRS 9 quantitative disclosure requirements. Ability to go-live as soon as business data is ready.
- Hamilton is convenient, easy to use, and navigate; natively integrated with SAP ECC or SAP S/4 HANA, which makes integrating with your existing G/L and A/P accounts a breeze.
- It is a one stop solution for IFRS 9, IFRS 15, IFRS 16 and IFRS 17, as well as adaptable to any future requirements, including any accounting automation requirement in the future.
- Total cost of ownership (TCO) is arguably the lowest in the market for IFRS 9 solution.
- It is a complete IFRS 9 solution, supporting classification based on solely payments of principal and interest (SPPI) and business model. Also supporting loss provision measurement using forward looking expected loss model with considerations of three stages impairment.

Consequences of Non-Compliance

- Non-compliance could cause problems with company audits.
- Ability to source credit lines and find investors will be slim to none.
- Delaying could mean you have to apply the retrospective approach, which is complex and costly.

- Implementation is a time-consuming exercise.
- Outdated key performance indicators.