IFRS 9. Overview

Initial measurement of financial instruments

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Subsequent measurement of financial assets

IFRS 9 divides all financial assets that are currently in the scope of(International Accounting Standards) IAS 39 into two classifications - those measured at amortized cost and those measured at fair value.

Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (fair value through profit or loss), FVTPL, or recognized in other comprehensive income (fair value through other comprehensive income, FVTOCI).

For debt instruments the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. Whilst for equity investments, the FVTOCI classification is an election. Furthermore, the requirements for reclassifying gains or losses recognized in other comprehensive income are different for debt instruments and equity investments.

The classification of a financial asset is made at the time it is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

Reference:
Deloitte, Standards. IFRS 9 Financial Instruments.
December 9, 2021.
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