



TENTATIVE AGENDA DECISION: CASH RECEIVED VIA ELECTRONIC TRANSFER AS SETTLEMENT FOR A FINANCIAL ASSET (IFRS 9)

Issued 25 November 2021

ICAEW welcomes the opportunity to comment on the Tentative Agenda Decision: Cash Received via Electronic Transfer as Settlement for a Financial Asset (IFRS 9) published September 2021, a copy of which is available from this [link](#).

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KEY POINTS

1. ICAEW welcomes the opportunity to comment on the IFRS Interpretation Committee's tentative agenda decision regarding cash received via electronic transfer as a settlement for a financial asset (IFRS 9).
2. We agree with the logic applied by the IFRS Interpretations Committee to the specific fact pattern described in the tentative agenda decision and that, based on the fact pattern, the conclusions reached reflect the requirements of IFRS 9, paragraphs 3.2.3 and 3.1.1.
3. While we do not disagree with the way in which IFRS 9 *Financial Instruments* has been interpreted we are nevertheless concerned with the possible wider impact of the resulting conclusions. The specific fact pattern described covers one example of derecognition of a financial asset and recognition of cash; however, the conclusion that has been reached has the potential to affect many other fact patterns and, therefore, we believe the issue is far broader than the matter set out in the consultation description. Other types of transactions that might be affected if the rationale behind the tentative agenda decision were extended could include but are not limited to:
 - Cheque payments made for trade payables/received for trade receivables.
 - Credit card receipts that can be cancelled before they are settled.
 - Payments made for a financial liability by electronic transfer.
 - Intragroup cash transfers at or across a reporting period end.
4. We would also like to raise a point regarding the practical implications that could arise as a result of this decision. An entity's contractual right to obtain cash from a bank may require the entity to obtain a legal opinion for each electronic settlement system in each individual jurisdiction. This could be highly impractical, from a time and resource point of view, for all entities affected to obtain such opinions. It could also result in inconsistent treatment internationally based on potentially very nuanced differences in the various legal environments.
5. This agenda decision has the potential to change practice substantively. While we acknowledge that entities do generally have 'sufficient time' to implement agenda decisions issued by the IFRS Interpretations Committee, the scale of effort that may be involved and the pervasiveness of the issue considered has the potential to far exceed that which would normally apply to an agenda decision.
6. We believe that a final agenda decision from the IFRS Interpretations Committee is not the most appropriate way in which to deal with the submission received, and that more careful consideration needs to be given to a wide spectrum of payment transactions that are affected by this decision if the logic were to be followed through. In our view, this fact pattern cannot be considered in isolation as it is only one facet of a potentially much larger issue and we ask that the matter is subject to a full and open debate.
7. One option could be that this matter is deferred for now and instead considered as part of the wider IFRS 9 post-implementation review (IFRS 9 PIR). Whilst the IASB have not included derecognition in the list of topics to be considered as part of the IFRS 9 PIR, it could be discussed under 'other issues'. This would allow more detailed and further consideration over an appropriate time-scale to be made in proportion with the scale of the issue at hand. We believe this would be appropriate as any decision is likely to have a significant impact, as almost all companies account for cash transactions of this kind.