

## RECOGNITION AND MEASUREMENT OF FORWARD AND FUTURES CONTRACTS UNDER IFRS 9 AND THEIR EFFECTS ON RISK MANAGEMENT AND FINANCIAL STATEMENTS

Muhammad Muaz Naeem Shaikh<sup>1</sup>, Babar Saleem<sup>2</sup>, Muhammad Yousuf<sup>3</sup>

<sup>1</sup>IFA, MIPA, CFM Financial Advisor

<sup>2</sup>Research Scholar at Department of Commerce, University of Karachi

<sup>3</sup>FCCA, BSc. Applied Accounting, MCom

<sup>1</sup>muaxshaikh@gmail.com, <sup>2</sup>babarsaleemk@yahoo.com, <sup>3</sup>detuph@gmail.com

<sup>1</sup><https://orcid.org/0009-0000-1563-8355>, <sup>2</sup><https://orcid.org/0009-0008-7993-7221>,

<sup>3</sup><https://orcid.org/0009-0007-8639-3018>

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Corresponding Author: \*  
Muhammad Muaz Naeem  
Shaikh

### Abstract

**Purpose:** The study aims to review the forward and future contracts under IFRS 9 and their impact on risk management and financial statements. The emphasis of the research is to understand the importance of measurement and recognition of IFRS 9 for the risk handling and financial dealings in the context of financial statements. IFRS 9 has an important role in understanding the utilization of better approaches to support the credit losses mishandling control and credit risk monitoring. The idea is also helpful in understanding the financial stability and improvement to avoid pro cyclical in downturns

**Method:** The study used a mixed method when primary data is taken from 150 samples from questionnaire and secondary from literature. Smart PLS is run to extract the results for primary data and make sure that it is up to mark when hypotheses are reviewed. Thematic analysis is done to review the literature results.

**Results:** The main findings elaborate the idea of how forward and future contracts under IFRS 9 work better and their operation is supportive not only in management of risk but also dealing with the financial statements. Data shows that two hypotheses are proved as positive while two are partially approved.

**Recommendations:** More awareness of IFRS 9 tools can be helpful in dealing with the challenges of credit handling. The role of management and training is also essential in this regard where practical foundations offer IFRS 9 can be helpful.

### INTRODUCTION

#### Background

Gornjak (2020) refers to the idea that International Finance Reporting Standards (IFRS 9) is helpful in handling the European Union (EU) perspective, it deals with the financial perspective and handle the ideas for offering a

true and fair financial position and performance parameters for any organization. IFRS 9 is successful in handling the quality of information and understanding the usefulness of financial statements for multiple users. IFRS 9 is playing an important role in changing the perspective of accounting where it emphasizes on principle

based foundations to understand the incorporation of multiple approaches to handle financial crisis (Pinto & Morais, 2022; Abbas et al., 2019). It has a good support for risk management in financial dealings where financial instruments and organizations are allowed to emphasize on the application of internal accounting policies to handle the challenges of accounting features. It is helpful in understanding the credit losses and revealing the idea of how macroeconomic scenarios can work total while handling the results of extra capital buffers (Bellandi, 2021). It proposes the idea of how new standards can be helpful in offering clear picture of a forward-looking information and incorporation of a planned scenario to understand the role of organized system of IFRS (Kyaal et al., 2024; PwC Manual Accounting, 2024). In contrast, Eyalsalman et al. (2024) refers that impact of IFRS 9 implementation and a negligible effect of liquidity risk exist where it has three stages model which is helpful in handling the risk management and understanding the credit losses issues. IFRS 7 (2023) refers that significance of financial instruments exist for the entity's financial position that has been upgraded as per performance using IAS 32 with further support. It explores the idea of how the extra capital buffers can be utilized with potential support to increase the macroeconomic indicators deterioration.

### ***Problem Statement***

IFRS 9 has an important role in understanding the utilization of better approaches to support the credit losses mishandling control and credit risk monitoring. The idea is also helpful in understanding the financial stability and improvement to avoid pro cyclicity in downturns (Rossi et al., 2024). The study emphasizes on understanding the role of IFRS 9 while dealing with the challenges of better utilization to understand the credit risk control and loss allowance support. Forward and future contracts under IFRS 9 seems better this is why study reviews this concept to understand the importance of a purposeful utilization of IFRS 9 in handling the challenges of transparent

activities (Pinto & Morais, 2022; Abbas & Massod, 2020). The role of transparency with additional notes is also a helping hand there a review of capital buffers is added to privilege the idea of how calculations can be exacted and IFRS 9 can be helpful in forward and future financial statements handling with low or no risk in future perspective.

### ***Aim and Objectives***

The study aims to review the forward and future contracts under IFRS 9 and their impact on risk management and financial statements. The emphasis of the research is to understand the importance of measurement and recognition of IFRS 9 for the risk handling and financial dealings in the context of financial statements.

The main objectives of the study are:

1. To review the forward and future contracts under IFRS 9
2. To analyse the impact of IFRS 9 on risk management
3. To analyse the impact of IFRS 9 on financial statements
4. To recommend better context for handling the IFRS 9 to support risk handling and financial statements in forward and future contracts

### ***Research Questions***

The study has following research queries:

1. What is use of IFRS 9 in the forward and future contracts?
2. What is the impact of IFRS 9 on risk management?
3. What is the impact of IFRS 9 on financial statements?
4. How IFRS 9 can better support risk management and financial statements in forward and future contracts?

### ***Significance***

The study has significant because it is reviewing an important topic for IFRS 9 where analysis supports the contracts for forward and future understanding and implications in risk management and financial statements support. The role of financial management is essential

where it needs to understand the purposeful orientation and handling the challenges of modern instruments in dealing with the context of specific plan and understanding risk meaning. The role of current study is important because some studies have been reviewed for IFRS 9 instrument and its implication in financial perspective; however, limited data is available for risk management in records (Gornjak, 2020; Rossi et al., 2024; Kyaal et al., 2024). Present study met this literature gap by analyzing the topic critically and revealing the important aspects to understand the purposeful utilization of IFRS 9 as an important foundation in handling the challenges and meeting the financial needs of companies.

## LITERATURE REVIEW

### *IFRS 9*

IFRS 9 was introduced in July 2014 as an important foundation to understand the international standards and manage the expert level use of the financial prospects (PwC Manual Accounting, 2024). The role of official gazette of EU is essential in this regard as it emphasizes on an improvement standard plan based on the clear understanding and recognition of good tools. It proposes the idea of how new standards can be helpful in offering clear picture of a forward-looking information and incorporation of a planned scenario to understand the role of organized system of IFRS (Kyaal et al., 2024). Rossi et al. (2024) mentions that it has a three-stage model which is helpful in handling the risk management and understanding the credit losses issues. The first level is performance which is involved with the credit losses for a year approximate as the second level is underperforming that claims for the lifestyle expectation of credit losses. The last level is a non-performing that expect the understanding of lifetime credit losses. IFRS 7 (2023) supports the idea that financial assets and financial liabilities are used under IAS 32 Financial Instruments. This is helpful as it quotes use of IFRS 9 Financial Instruments as an upgrade of IFRS 7. IFRS 9 is an evolution plan that helps to understand the utilization of the sophisticated

learning models where predicted losses and a better integration is just based on the alternative data services. It has an important and modern tool to understand the contractual cash flows and reveal the idea of how interest rates and benchmark reforms work better. The role of risk management and handling the reduction of differences among actual credit and estimate is important based on IFRS 9 (Rossi et al., 2024). It helps the institution to understand the importance of expected credit losses and forward-looking for credit provision. A clear understanding of logical instruments using accounting provision and assumption for relevant models is helpful in risk management as well.

### *Risk Management*

Risk is an important factor that exist in every perspective because it is important to understand that risk is there to reveal the idea of losses that may happen in future. Kiyu & Tawiah (2025) reviews the idea of risk management in IFRS 9 where cost of hedging plays an important role in understanding the value of options and revealing the final points under currency paradigm. This supports the principle of using currency basis spreads to understand the comprehensive currency and reducing the chances of volatility with risk management existed. Further it also elaborates the idea that risk components in hedge are playing an essential role in non-financial items to understand the measurability and identification of oil components for jet fuel for instance. Ahmed et al. (2022) added that the idea enrolls the opinion for economic relationship where the IAS 39 elaborate the utilization of strict rules for the limit of 125% range to handle the risk management on priority. To handle the risk management on priority Porretta et al. (2020) refers the idea of utilizing risk component hedging as a top need of funds to understand the utilisation and available approaches. Hedge accounting is helpful because it depicts the idea of how income derivatives can be emphasized and a clear understanding of increase and decrease on the principles of forecast accuracies can be provided (Pinto & Morais, 2022). Using the principles of volatility and

providing a clear understanding of correction methods is helpful in purposeful utilization of hedge accounting whereas fair value changes guide the learning processes and help the teams to understand the importance of financial statements in the paradigm of capital markets (Gornjak, 2020). Accuracy is an essential instrument whereas accounting is found to deal with the challenges of recognition and revealing the immediate earning utilization with a clear picture of successful parameters. The expert role is applicable in this regard where financial reporting and financial statements works side by side and reliable focus is available on dealing with the challenges of accounting principles.

#### ***Financial statements***

Financial statements are important for handling the financial transaction activities in any financial sector where a study from Hamza et al. (2025) reveals the idea that economic management and risk handling is important for maintenance of economic relationship between hedge items and hedging instruments. The forward components are comprised of revision paradigm where accounting treatment can be helpful under value of time options and clear understanding of reducing profit or loss volatility. The role of financial statements is important in greater volatility where future prospects support the increase in earnings based on volatility handling. Al-Hanandeh et al. (2020) further recommends the idea that incurred loss and expected loss both have to be reviewed in understanding the loss recognition whereas impairment allowances and equity and profit should be measured in statements. Disclosures of the company are important when handling the assumptions and

revealing the idea of how inputs and models work side by side to deal with the future economic perspectives under the context of a financial statements.

IFRS 9 measures specifications to classify the important role of financial assets and liabilities where the parameters are emphasized on understanding some other non-financial terms in collaboration. The collective use of the parameters is helpful not only in dealing the challenges but also revealing the idea of how the parameters can be helpful while handling the IFRS 9 applications under hedge accounting system (Gornjak, 2020). This provides a clear understanding that how the financial statements need to be addressed while handling the challenges of criteria parameters and reveal the idea for understanding the financial assets of an organization in collaboration to the principal applications of non-financial essentials. The role of a financial statements is not avoidable in any organization because it emphasizes on clear utilization of assets where dealing with the challenges and adding the expertise can be helpful in the emphasis of IFRS 9.

#### ***Conceptual Framework***

Conceptual framework is comprised of the variables where independent as well as dependent variables are identified. The independent variables are comprised of IFRS 9 hedge accounting, measurement capabilities and impairment tendencies whereas their impact is checked on the specification for understanding the dependent variables important in the study. It reviews the impact on the dependent variables including risk management and financial statements.

Independent Variables

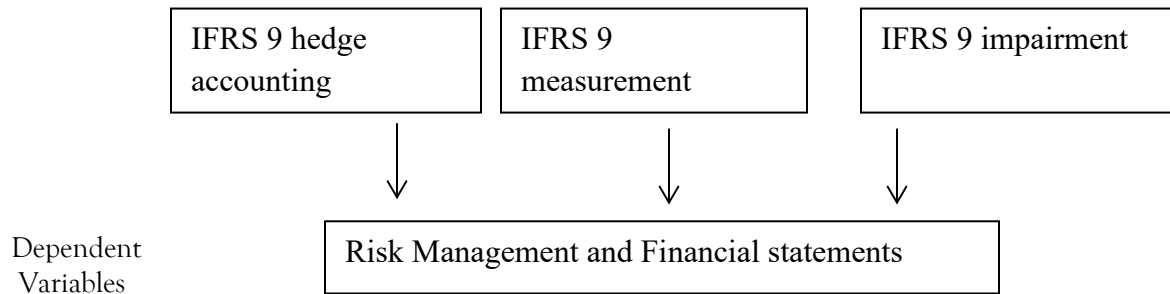


Figure 1 Conceptual Framework

**Hypotheses**

There are four hypotheses of the study. Hedge accounting is helpful because it depicts the idea of how income derivatives can be emphasized and a clear understanding of increase and decrease on the principles of forecast accuracies can be provided.

**H1:** IFRS 9 hedge accounting has a significant impact on risk management and financial statements

Rossi et al. (2024) mentions that it has a three-stage model which is helpful in handling the risk management and understanding the credit losses issues. The first level is performance which is involved with the credit losses for a year approximate as the second level is underperforming that claims for the lifestyle expectation of credit losses. The last level is a non-performing that expect the understanding of lifetime credit losses.

**H2:** IFRS 9 measurements has a significant impact on risk management and financial statements

IFRS 9 is an evolution plan that helps to understand the utilization of the sophisticated learning models where predicted losses and a better integration is just based on the alternative data services. It has an important and modern tool to understand the contractual cash flows and reveal the idea of how interest rates and benchmark reforms work better. The role of risk management and handling the reduction of differences among actual credit and estimate is important based on IFRS 9 (Rossi et al., 2024).

**H3:** IFRS 9 impairments has a significant impact on risk management and financial statements

Risks are important factors that exist in every perspective because it is true to understand that risk is there to reveal the idea of losses that may happen in future. Kuiu & Tawiah (2025) reviews the idea of risk management in IFRS 9 where cost of hedging plays an important role in understanding the value of options and revealing the final points under currency paradigm.

**H4:** IFRS 9 forward and future contracts have a significant impact on risk management and financial statements

**METHODOLOGY**

**Research Approach and Type**

The study utilizes mixed method based on the context of understanding that how IFRS 9 is helpful in handling the challenges of financial statements. Literature review is conducted with the help of an inductive approaches that clarify the in depth analysis of qualitative data whereas a report review is conducted to understand the quantitative application in handling the deductive approaches for the current study (Melnikovas, 2018). This method is helpful not only in revealing the exact data but also increasing the authenticity of the present study to find the answers of research questions. The study adapts both primary and secondary perspective in this method to support the idea that high justifications are added to support the results.

**Research Design**

The study utilizes a mixed research design where qualitative as well as quantitative paradigm is utilized (Melnikovas, 2018). The data taken from the library is a support the idea that qualitative perspective is added while on the other hand the quantitative paradigm is utilized while reports are extracted and statistical operations are applied to find the answers of the search questions. This is justified with the help of a reliable parameters and a clear understanding that how the research is able to emphasize on the application of relevant results.

**Research Population and Sampling**

Research explores the research population based on the data required from the libraries in the qualitative perspective where up to date data especially above 2020 year is utilized. It has been made sure that a random sampling has been helpful in extracting the data according to the keywords of the study in secondary qualitative paradigm (Mardiana, 2020). While on the other hand the population for the quantitative analysis is comprised of extensive reports in the relevant field. They are also chosen based on the random sampling where some specific reports are chosen to take the results and apply statistical analysis. Both the perspectives are utilizing helpful support based on the sampling tools.

**Data Collection**

Data collection methods involve both primary and secondary perspective their qualitative and quantitative data is respectively taken from the library and reports (Melnikovas, 2018). Data

collection is helpful in outlining the exact data and making sure that relevant information about IFRS 9 applications to understand the risk management and financial statements has been taken. The data collected is aligned in the form of a specific outline to make sure that it is getting the exact information and raw form of data is helpful in reviewing the specific content.

**Data Analysis**

Qualitative data from the secondary perspective is analysed with the help of thematic analysis which is a suitable method to outline the exact themes and make sure that data taken is helpful in revealing the exact content based on the library perspective. Smart PLS is employed to outline the database on the statistical operations to make sure that exact data is evaluated and statistical operations like p, f and r values to extract the results of the reports quantitative foundations (Han & Zhu, 2020).

**RESULTS**

The results are outlined with the help of statistical and non-statistical data, it shares the elaboration that how data taken from the various sources both primary and secondary are executed with the help of a statistical analysis and thematic analysis.

**Demographic Results**

The demographic results are comprised of the elaboration and demographic data about the respondents. This includes gender, age, job level and experience data. Table 1 mentions the demographic data of respondents in detail.

**Table 1 Demographic of Respondents**

Demographic Variables	Details	Percentage
Gender	Male	60 %
	Female	40 %
Age	Below 20	0
	20-30	30%
	31-40	40 %
	41-50	15 %
	Above 50	15%
Job Level	Senior Manager	23%

	Manager	25%
	Employee	52%
Job Experience	Below 5 years	10%
	5-10 years	60%
	Above 10 year	30%

Further elaboration of the data is done with the help of graphs and figures to justify the distribution of respondents demographics.

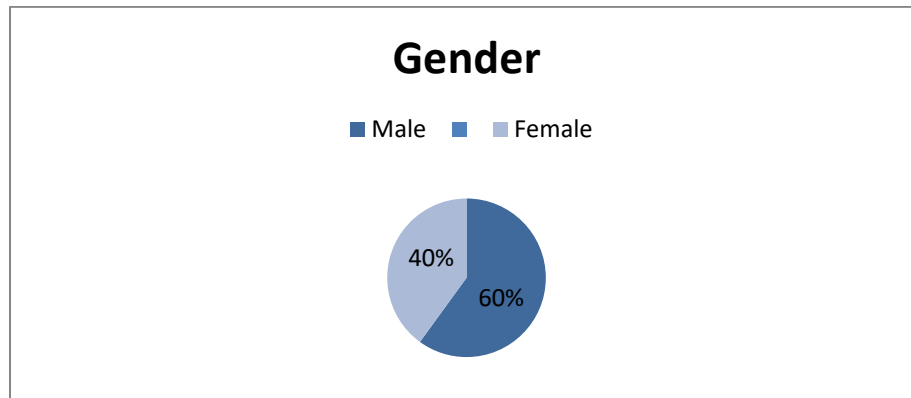


Figure 2 Gender of respondents

Gender of the respondents mentioned that where is less percentage is comprised of female maximum percentage was comprised of males comprising 60% and 40%, respectively.

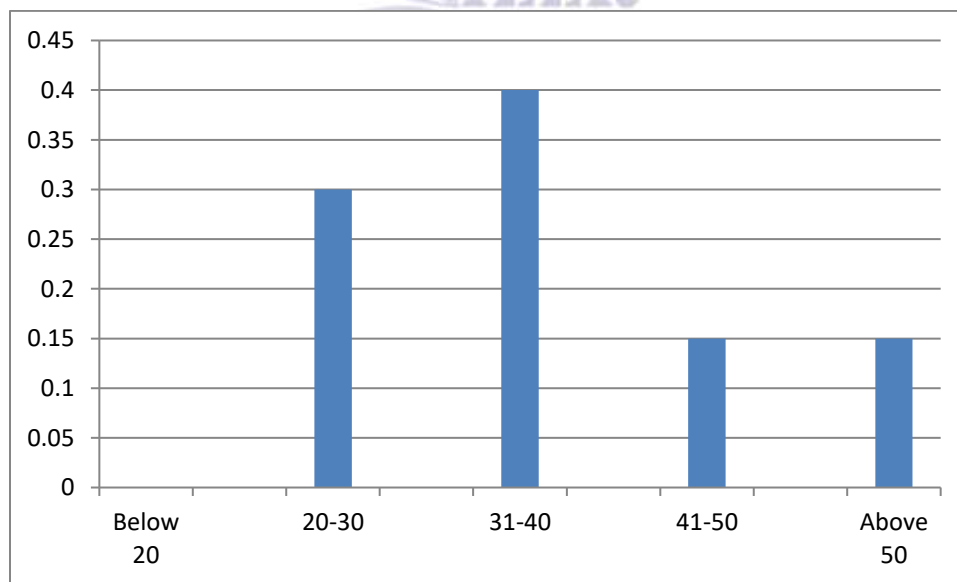


Figure 3: Age of respondents

The age group of the respondent elaborator that a wide range of respondents have been taken where maximum respondents belong to 31 till 40 years of age followed by 20 till 30 years of age.

Almost equal number of respondents have been taken from 41 till 50 and above 50 years of age. Whereas no respondents have been from the age below 20 years.

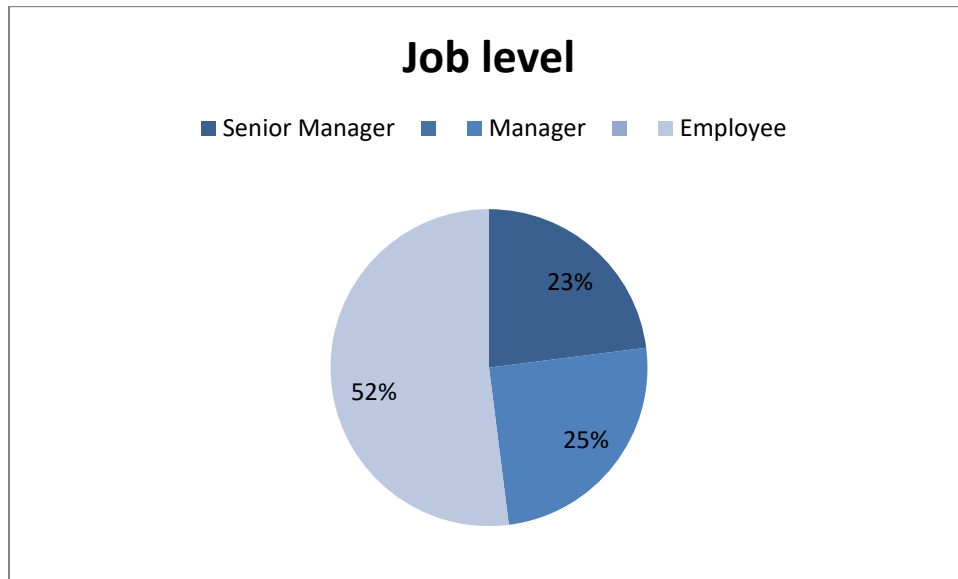


Figure 4: Job level of respondents

The job level of the respondents mention senior management, management and employee level.

Here maximum number is followed for employee level preceded by manager and senior manager.

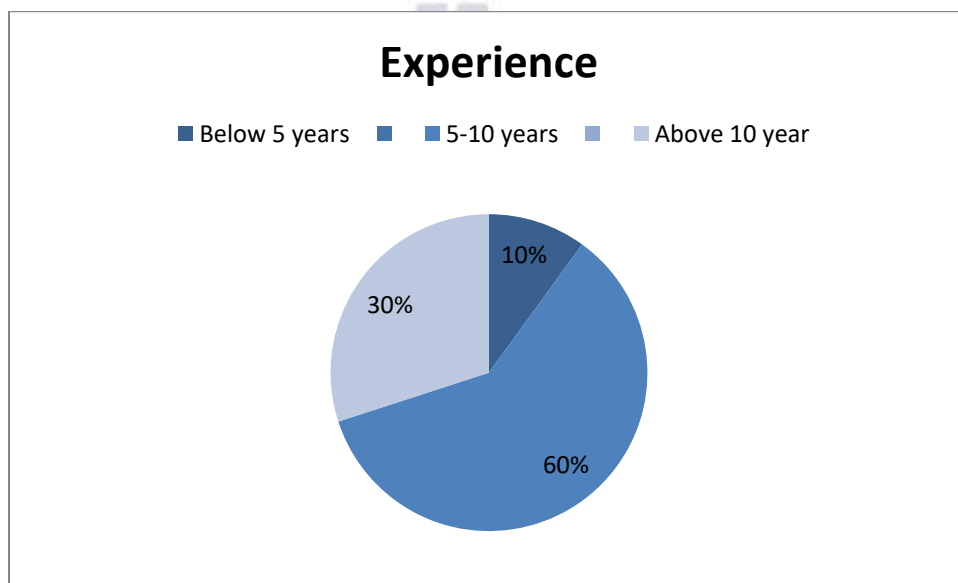


Figure 5: Experience of respondents

Data of experience mentions that maximum numbers of respondents belong to the group of 5 to 10 years of experience followed by above 10 years and minimum number is comprised of above below 5 years.

**Statistical Results**

Statistical data mentions the various operations that support the evidence of data. It elaborates that how data is taken from the respondent set of 150 samples and it is executed with the help of a smart PLS software varied operations.

**Table 2: Path Coefficient**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
FHA -> RMFS	0.322	0.319	0.090	3.578	0.000
FI -> RMFS	0.252	0.259	0.079	3.176	0.002
FM -> RMFS	0.155	0.153	0.110	1.415	0.157

Notes: FHA: IFRS 9 hedge accounting, RMFS: Risk Management and Financial statements, FI: IFRS 9 Impairment, FM: IFRS 9 Measurement

The data mentions that minimum value is recorded for FM towards RMFS where maximum for FHA with RMFS but all are not significant.

**Table 3: Outer Loading**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
FHA 1 <- FHA	0.694	0.692	0.042	16.667	0.000
FHA 2 <- FHA	0.549	0.547	0.052	10.482	0.000
FHA 3 <- FHA	0.849	0.849	0.017	49.482	0.000
FHA 4 <- FHA	0.844	0.843	0.019	44.491	0.000
FHA 5 <- FHA	0.775	0.773	0.031	24.755	0.000
FI 1 <- FI	0.740	0.739	0.037	20.252	0.000
FI 2 <- FI	0.722	0.721	0.035	20.389	0.000
FI 3 <- FI	0.818	0.817	0.025	32.548	0.000
FI 4 <- FI	0.726	0.725	0.038	19.157	0.000
FI 5 <- FI	0.367	0.367	0.066	5.592	0.000
FM 1 <- FM	0.768	0.767	0.030	25.957	0.000
FM 2 <- FM	0.785	0.784	0.033	23.692	0.000
FM 3 <- FM	0.804	0.804	0.029	28.009	0.000
FM 4 <- FM	0.853	0.852	0.024	35.509	0.000
FM 5 <- FM	0.832	0.832	0.022	37.406	0.000
RMFS 1 <- RMFS	0.018	0.018	0.089	0.201	0.841
RMFS 2 <- RMFS	-0.092	-0.092	0.075	1.214	0.225

RMFS 3 < RMFS	0.812	0.810	0.026	30.688	0.000
RMFS 4 < RMFS	0.902	0.901	0.012	72.424	0.000
RMFS 5 < RMFS	0.859	0.857	0.021	40.693	0.000

Outer loading mention a high value of RMFS whereas a value of 0.9 and above whereas minimum value as negative is also recorded for RMFS.

**Table 4: R square**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
RMF S	0.476	0.483	0.045	10.461	0.000

R square shows RMFS with a little significant value of 0.476.

**Table 5: R Square Adjusted**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
RMF S	0.472	0.479	0.046	10.296	0.000

R square adjustment shows 0.472 for RMFS.

**Table 6: Ave Variance**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
FHA	0.563	0.563	0.021	26.771	0.000
FI	0.480	0.480	0.017	27.592	0.000
FM	0.654	0.654	0.020	33.316	0.000
RMF S	0.444	0.445	0.014	31.672	0.000

Average variance shows a maximum value for FM and minimum for FI.

**Table 7: RHO c**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
FHA	0.863	0.862	0.011	80.731	0.000
FI	0.814	0.813	0.012	70.046	0.000
FM	0.904	0.904	0.008	119.422	0.000
RMF S	0.692	0.690	0.031	22.611	0.000

RHO c shows the high value for FI above 0.8 and FM above 0.9 but low value of FHA with significance and RMFS with less significance.

Table 8: RHO a

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
FHA	0.861	0.863	0.017	51.312	0.000
FI	0.762	0.765	0.020	37.683	0.000
FM	0.872	0.874	0.012	74.459	0.000
RMF S	0.800	0.799	0.029	27.415	0.000

RHO a mention high value for all three dependent ones and high also for the independent ones, all are significant.

Table 9: Cronbach Alpha

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
FHA	0.804	0.803	0.017	47.349	0.000
FI	0.715	0.714	0.021	33.969	0.000
FM	0.868	0.867	0.011	75.507	0.000
RMF S	0.570	0.567	0.038	14.943	0.000

Cronbach alpha shows less value for RMFS below 0.7 and less for dependent but high for the others including independent ones.

Table 10: HTMT

	Original sample (O)	Sample mean (M)	2.5%	97.5%
FI <-> FHA	1.001	1.006	0.959	1.055
FM <-> FHA	1.041	1.041	1.011	1.069
FM <-> FI	1.031	1.032	0.991	1.073
RMFS <-> FHA	0.838	0.837	0.733	0.936
RMFS <-> FI	0.924	0.924	0.813	1.027
RMFS <-> FM	0.856	0.847	0.739	0.945

HTMT shows good value for FI <-> FHA, FM <-> FHA and FM <-> FI.

**Literature Review Results**

Literature is revised and it has been found that four things can be generated based on the literature analysis and justification understand the need of present study. The idea reviews that how IFRS 9 impacts the risk management and handling in the context of financial statements.

**Theme 01: The forward and future contracts works better under IFRS 9**

IFRS9 has found to have an influential role in recognition of derivative instrument and understanding of a fair value measurement. The practical foundations of IFRS 9 cannot be ignored when the privilege is added for the profit and loss with a help to reveal the idea of how has accounting support the managerial skills and emphasis on the currency risk implementation

(Rossi et al., 2024; Abdelaziz et al., 2022). Utilizing it as a parameter for better risk management is helpful where these contracts work side by side and a clear monitoring statement is helpful in reporting transparency and understanding the utilization of derivative instrument identification. The practical role of IFRS 9 cannot be neglected when the market value of contracts is a reflection of original financial statements under the paradigm of hedge accounting relationship influence (Pinto & Morais, 2022).

***Theme 02: The impact of IFRS 9 is positive on risk management***

IFRS 9 plays an important role in handling the risk identification where it has been found that utilization of good techniques is helpful in handling the identity and measurement of financial risk in the earlier stages especially for credit and market risk handling. The professional use of techniques is found to be helpful because it allows the organisations to detect the potential problems at the early stages and understand that how the expected credit loss can be applied as a model to deal with the challenges of loan losses and understanding the importance of risk reduction (Pinto & Morais, 2022; Ahmed et al., 2022). Risk may emerge at any stage and it is essential to understand that how improvement under hedge accounting is a driving agent to understand the actual risk and reveal the idea of how financial risk can be managed. The practical use of greater transparency is found as an essential instrument in financial reporting and disclosure where clear and transparent information can be helpful for dealing the financial risks and managing accounting standards (PwC Manual Accounting, 2024).

***Theme 03: The impact of IFRS 9 is positive on financial statements***

There is a direct connection between IFRS 9 and it's a perfection for the financial statements where it has been found that the influence is high if the financial statements are playing an essential role in improving the accuracy and recognizing the credit losses specifically. The role

of IFRS 9 is profound in dealing the realistic financial position for the financial statements and clearly identifying the losses by drawing expected credit loss model. The ideal approaches are also helpful when IFRS 9 focus on improvement for the application of measurement and financial statements handling with the justifications to accuracy and application of reliable parameters (Rossi et al., 2024; Ahmed et al., 2022). There is no doubt in improvement of decision making where multiple stakeholders understand good about the financial decision making with the help of transparency of financial statements.

***Theme 04: IFRS 9 support risk handling and financial statements in forward and future contracts***

IFRS promotes the culture of risk handling in the long run we are stronger decision making place a professional role and release the idea that clear reporting is helpful in managing the strategies and revealing the financial decision making. Utilization of good techniques is helpful This is why it is agreed that IFRS positively influence the risk management plan not only by the early recognition of risk but also offering the mitigation measures timely. Gornjak (2020) refers that the profound role of transparency and alignment for the accounting and risk management practices is also helpful where a clear understanding of improved hedge accounting provides perfection in dealing with the reflection to manage the financial risks. A clear understanding of alignment with the risk management is agreed under hedge accounting where support is identical in handling the challenges of financial activities and representing actual risk management implementation (Hamza et al., 2025; Abdelaziz et al., 2022). Implementation is possible only when measurements are adopted with high transparency and a clear understanding of communication and negotiation among regulators and investors in addition to stakeholders.

**DISCUSSION**

The generalized hypotheses shown in Figure 6 claim that the impacts are different on the dependent variable. The maximum value is recorded for FHA, indicating a highly significant

impact on RMFS for 0.322. FI shows medium impact for 0.252 on RMFS whereas FM shows minimum impact on RMFS with 0.155.

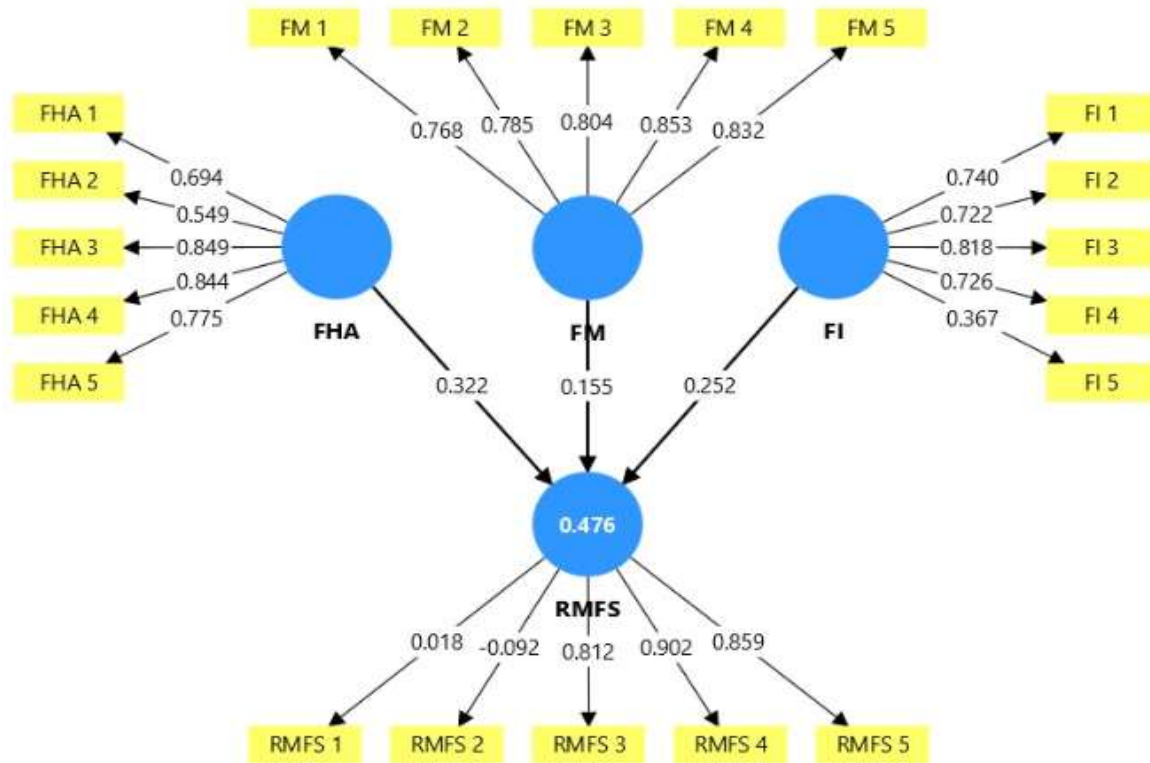


Figure 6: Hypotheses diagram

**Hypothesis 01**

*H1: IFRS 9 hedge accounting has a significant impact on risk management and financial statements*

The first hypothesis is tested where it has been agreed that has accounting has a significant impact on risk management and financial statements. The practical foundations of hedge accounting ensure quality measures for adaptation of risk management and handling it not only in understanding the clear idea of dealing with the challenges of finances but also understanding that how the accounting practices can be helpful in revealing the reduction of uncertainty and volatility in financial statements (Rossi et al., 2024). The practical foundations of IFRS 9 are utilized in dealing with the accounting practices and understanding that how actual risk management strategies are required where

commodity price risk and interest rate risk has been cross checked with the help of financial statements justifications. A clear understanding is present not only in dealing with the challenges of perspective and managing the transparency, but also providing a clear picture of better financial planning to understand the role of IFRS 9 in his accounting implementation. RHO values indicate high values for dependent variables and lower values for independent variables. This justifies the utilization of positive parameters and understanding that how the significant impact can be measured while dealing with the challenges of hedge accounting. The collective use of the parameters is helpful not only in dealing the challenges but also revealing the idea of how the parameters can be helpful while handling the IFRS 9 applications under hedge

accounting system (Gornjak, 2020). Maximum value is recorded for FHA with high significant impact on RMFS for 0.322. This indicates statistical significance; therefore, the hypothesis is accepted.

### *Hypothesis 02*

**H2:** IFRS 9 measurements has a significant impact on risk management and financial statements

The other hypothesis elaborates of how the IFRS 9 measurements have a significant impact on risk management and financial statements. It is elaborated with clarity that the utilization of IFRS 9 measurements play a practical role in handling the risks and monitoring it with the privilege of better approaches like profit and loss statement and fair value comprehensive income statement (Pinto & Morais, 2022). Average variance shows a maximum value for FM and minimum for FI that mention a limited impact as the utilization of these financial statements and emphasis on the parameters with the realistic values is helpful in handling the accuracy and offering transparency while dealing with the financial reporting challenges. The practical approach is also emphasis on the idea of how better financial decision making is helpful in dealing with the assets and liabilities and the parameters of investment decisions and better financial practices is helpful and Kyiu & Tawiah (2025) claims that the data mentions that maximum value is recorded for FM towards RMFS where minimum and negative values are recorded for the other instruments. This adds a clear picture of the support for the handling of IFRS 9. This provides a clear understanding that how the financial statements need to be addressed while handling the challenges of criteria parameters and reveal the idea for understanding the financial assets of an organization in collaboration to the principal applications of non-financial essentials. FI shows medium impact for 0.252 on RMFS whereas FM shows minimum impact on RMFS with 0.155. This indicates that the impact is limited for FM as minimum influence is recorded so hypotheses is partially approved. The role of a financial statements is

not avoidable in any organization because it emphasizes on clear utilization of assets where dealing with the challenges.

### *Hypothesis 03*

**H3:** IFRS 9 impairments has a significant impact on risk management and financial statements

IFRS 9 also plays an essential role in handling the ideas of significant influence for financial statements. The practical utilization of impact is reviewed when the expected credit loss is revised under its proper model and it has been found that credit losses exist in the earlier stages where the justifications are providing an idea that how this can be encouraged under the privilege of this monitoring and credit handling. The practical utilization of IFRS 9 is agreed in dealing with the challenges of modern implementations in financial statements (Hamza et al., 2025). Average variance shows a maximum value for FM and minimum for FI that helps to understand that how the accuracy and reliability parameters can report financial performance and support the idea for potential loan and investment losses. A good IFRS 9 requires a clear understanding of disclosures where the credit risk and impairment is about to understand for investors and regulators. Hypothesis justifies the opinion that impairment plays an essential role when the risk handling is applied in the paradigm of clear understanding. Outer loading mention a high value of FM and FI whereas a value of 0.959 is recorded for RMFS. Kyiu & Tawiah (2025) mention that a good value is justifying that IF is an important statement that is dealing the idea for handling the challenges of risk management and maintenance support for understanding the facilitation under the privilege of better utilization of IFRS 9. FI shows medium impact for 0.252 on RMFS whereas FM shows minimum impact on RMFS with 0.155. this mention that the impact is limited for FI as medium influence is recorded so hypotheses is partially approved. The Financial statements are important for handling the financial transaction activities in any financial sector where a study from Hamza et al. (2025) reveals the idea that economic management and risk handling is important for

maintenance of economic relationship between hedge items and hedging instruments. The forward components are comprised of revision paradigm where accounting treatment can be helpful under value of time options and clear understanding of reducing profit or loss volatility.

**Hypotheses 04**

**H4:** IFRS 9 forward and future contracts have a significant impact on risk management and financial statements

A clear understanding of forward and future contracts is provided where improvement of transparency supports the clear facilitation and maintenance is provided for the impairment risk credit handling. Kyiu & Tawiah (2025) refer that to know more about the IFRS 9 in the implementation of forward and future contracts, it is good to understand that improve transparency can be applied in reporting financial performance and understanding that how the financial statements can be helpful in recognition of realistic approaches for better information setup and potential loan and investment losses. This utilizes the idea that a financial performance reporting plays an essential role in managing the

risk This supports the role of the expected credit loss model in an essential role in maintenance and estimation of a future credit losses and clear understanding of measurement rules under IFRS 9. If these parameters are working correctly, then surely IFRS 9 forward and future contracts can do better and they have a practical and influential impact on risk management as well as financial statements. Cronbach alpha shows less value for RMFS and less for dependent but high for the others including independent ones. This supports the idea that the utilization of dependent variable is essential not only in handling the challenges but also revealing the perspective that how solutions can be sorted if privilege is applied in dealing with challenges. The role of IFRS 9 is profound in dealing the realistic financial position for the financial statements and clearly identifying the losses by drawing expected credit loss model. The ideal approaches are also helpful when IFRS 9 focus on improvement for the application of measurement and financial statements handling with the justifications to accuracy and Android application of reliable parameters (Rossi et al., 2024).

**Summary of Hypotheses**

**Table 11: Summary of Hypotheses**

S. No.	Hypotheses	Approval
1	H1: IFRS 9 hedge accounting has a significant impact on risk management and financial statements	Significant and approved
2	H2: IFRS 9 measurements has a significant impact on risk management and financial statements	Partially approved
3	H3: IFRS 9 impairments has a significant impact on risk management and financial statements	Partially approved
4	H4: IFRS 9 forward and future contracts have a significant impact on risk management and financial statements	Significant and approved

The hypothesis diagram is also added to elaborate the idea where influence of the hypothesis has been checked and justified in a table 11. The figure 6 proves that two hypotheses are proved as positive while two are partially approved and there is a positive impact of IRS9 in the paradigm

of both risk management and financial statements handling.

**CONCLUSION**

**Findings**

The main findings elaborate the idea of how forward and future contracts under IFRS 9 work

better and their operation is supportive not only in management of risk but also dealing with the financial statements. Greater ability to handle risks can act as a driving factor for the successful financial statements with the help of future and current scenario and forward and future contracts handling. To address these issues, the role of present foundation is important not only in dealing the challenges of credit losses but also dealing with the handling of risk management. The study has adopted a mixed method for this purpose to provide a clear understanding of risk handling and financial statements management under the paradigm of forward and future contracts to understand the measurement and impairment in addition to Hedge accounting adaptations in the paradigm of dealing with the financial statements challenges. The practical utilization of impact is reviewed when the expected credit loss is revised under its proper model and it has been found that credit losses exist in the earlier stages where the justifications are providing an idea that how this can be encouraged under the privilege of this monitoring and credit handling. The practical utilization of IFRS 9 is agreed in dealing with the challenges of modern implementations in financial statements. The utilization of these financial statements and emphasis on the parameters with the realistic values is helpful in handling the accuracy and offering transparency while dealing with the financial reporting challenges. The practical approach is also emphasis on the idea of how better financial decision making is helpful in dealing with the assets and liabilities and the parameters of investment decisions and better financial practices is helpful.

#### ***Recommendations***

The following recommendations are added based on the present study:

1. Risk management plays an essential role that needs to be addressed under the paradigm of IFRS9 to handle the challenges of a financial statements perspective.
2. To understand the idea of risk management, it is important to essentially use the

impairment and measurements parameter under the context of IFRS 9.

3. The role of management and training is also essential in this regard where practical foundations offer IFRS 9 can be helpful not only in handling the challenges but also understanding that practical approaches can be supported in managing good efforts.

4. More awareness of IFRS 9 tools can be helpful in dealing with the challenges of credit handling and monitoring their financial statements can be allowed under the context of hedge accounting adaptation.

#### ***Future Implications***

The study has future implications because it has a reviewed and important topic which is essential from the plans of a financial handlings in the country. It has reviewed the topic for primary and secondary data which is justifying the opinion that utilizing good efforts can be helpful not only in understanding the needs of modern era but also supporting the policy makers and project managers. The study has met the literature gap that is truly helpful in understanding that important practices of dealing with the expert role of IFRS 9 can be helpful in handling the specifications in financial statements challenges and risk issues.

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