

# REPLACEMENT OF INTERNATIONAL STANDARD FINANCIAL INSTRUMENTS WITH IFRS 9 AS A RESPONSE TO FINANCIAL CRISIS: IMPACT ON PENSION COMPANY THROUGH PROCESSES OF KNOWLEDGE MANAGEMENT, FINANCIAL STATEMENTS AND STAKEHOLDERS' VALUE

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## Abstract:

In recent decade the financial reporting is gaining in importance, particularly after the implementation of the unified International Financial Reporting Standards in the European Union, which includes also Slovenia. Unified compilation of financial statements and reporting is mainly intended for current and future investors who want to have reliable information on companies' values and the management is providing this information, based on accounting principles - standards (Demaria & Rigot, 2014, p. 2). Weaknesses in accounting that we have detected during the economic crisis after 2008, eliminates with the replacement standards. One of the areas of replacement is the standard Financial instruments (IFRS 9) which has to be replaced no later than January 2018 by all organizations. We anticipate that the replacement in the first phase led to changes in processes and operations of knowledge management in management accounting, then changes in the organization and in the last phase the changes will be in the financial statements. This will have an impact on both external and internal stakeholders' of pension company.

The case study of the pension company, which performs a relative simple operations (only one service which is supplementary pension insurance), and has a major part of the financial statements of assets and liabilities in the form of financial instruments, we will try to determine the effect of replacement of standard on processes and activities in management accounting such as collecting data, analyzing the items, their classification, structure of financial statements and creating ontology of accounting by Chou et al., (2008, p. 42). Furthermore, we will measure the impact of the replacement of the standard on the value of accounting data and financial statements of pension company so that we will re-measure the financial instruments in accordance with the new valuation according to IFRS 9 and in the end we will compare the values presented in the financial statements with the new one. In the last part we will apply the acquired knowledge to the whole insurance industry and measure the impact of hypothetical replacement of standard financial instruments in the processes and financial statement of the insurance industry in Slovenia.

*Keywords: International Financial Reporting Standards, IAS 39, IFRS 9, management accounting*