



Advance Journal of Econometrics and Finance

Vol-4, Issue-2, 2026

Advance Journal of Econometrics and Finance

Online ISSN

2959-8990

Print ISSN

2959-8982

<https://ajeaf.com/index.php/Journal/About>

Name of Publisher: SCHOLAR CRAFT EDUCATION & RESEARCH HUB

Review Type: Double Blind Peer Review

Journal Frequency: Quarterly Research Journal



THE PRACTICAL APPLICATION OF HEDGE ACCOUNTING UNDER IFRS 9 AND ITS IMPACT ON FINANCIAL REPORTING

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<p>Muhammad Muaz Naeem Shaikh IFA MIPA CFM Financial Advisor muaxshaikh@gmail.com https://orcid.org/0009-0000-1563-8355</p> <p>Babar Saleem Research Scholar at Department of Commerce, University of Karachi babarsaleemk@yahoo.com https://orcid.org/0009-0008-7993-7221</p> <p>Muhammad Yousuf FCCA BSc. Applied Accounting MCom detuph@gmail.com https://orcid.org/0009-0007-8639-3018</p>	<p>Abstract</p> <p>Background: The study aims to review the practical applications of hedge accounting IFRS 9 to understand its impact financial reporting. Hedge accounting gives a clear idea that how the true economic risk management is possible based on the currency interest rates and commodity price rates. The role of the profit and loss is a prominent parameter in this context. It also demands for the risk management to reveal the handling based on currency market dealing for highly effectiveness on financial tools.</p> <p>Method: The study employs a mixed method where primary data is taken from the respondents' sample of 150 samples. 4 hypotheses are justified and proved in the end. Smart PLS is employed in this regard to help the data analysis. Secondary data is taken from the literature and supports the thematic analysis for research questions to be answered.</p> <p>Findings: The hedge accounting affects the income statements and equity where the balance sheets are also influenced because accurate representation of financial performance is based on the perspective of handling hedge accounting as an accountable and important system.</p> <p>Recommendations: Training the accounting professionals about IFRS 9 and using effectiveness testing is playing an essential role in handling the challenges of financial risks are recommended.</p>
<p>Keywords:</p>	<p>Practical Application, Hedge Accounting, Cash Value, Net Investment, Fair Value, IFRS 9, Impact, Financial Reporting</p>



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INTRODUCTION

Background

Hedge accounting IFRS is described as a risk management approach as reviewed by the authors that it has a good impact on financial reporting. The use of the hedging instruments is helpful in dealing with the challenges of financial reporting where effective assessment is possible. Bellandi (2021) refers the use of International Financial Reporting Standard (IFRS) 9 for risk management based on call option and put option that enhance the utilization of the hedge accounting. Hedge accounting gives a clear idea that how the true economic risk management is possible based on the currency interest rates and commodity price rates. The role of the profit and loss is a prominent parameter in this context. It also demands for the risk management to reveal the handling based on currency market dealing for highly effectiveness on financial tools.

Problem Statement

The hedge accounting involves three main areas including; fair value, cash flow and net investment (Gulbakhor, 2025). The study emphasis on the link of these three under IFRS 9 to support the financial reporting. Fair value is helpful in dealing with the firm commitment whereas cash flow involves high profit costs and net investment outlines foreign currency recognition. Financial reporting seeks for the use of the correct accounting methods that support the use of the better approaches to align the risk and manage them timely. The use of the IFRS 9 is helpful this is why study focus on understanding the link between hedge accounting and its impact on financial accounting reporting mechanisms (Pierce, 2020). Potential reporting plays an essential role has been added with the passage of time because the transparency is an essential foundation. The study is focused on understanding this idea and seeing the impact of nine in supporting the head accounting in financial reporting to see its improvement parameters.

Aim and Objectives

The study aims to review the practical applications of hedge accounting IFRS 9 to understand its impact financial reporting.

The main objectives are:

1. To review the hedge accounting specifically for IFRS 9
2. To analyse the hedge accounting IFRS 9 uses in financial reporting
3. To recommend better use of the hedge accounting IFRS 9 for financial reporting perfection

Research Questions

The main research questions are:

1. What is the hedge accounting specifically for IFRS 9?
2. How the hedge accounting IFRS 9 is useful for financial reporting?
3. What measures are possible for supporting hedge accounting IFRS 9 for financial reporting?

Significance

The paper contributes to great significance to provide a clear picture of financial understanding and reporting process under financial parameters. It also explores the role of the major uses under hedge accounting for IFRS 9 to support the financial reporting and meet the demands of current market. The hedge accounting research is found limited in the literature and there is need to investigate the topic further to review IFRS 9 and its good applications in the modern financial reporting (Bellandi, 2021; Pierce, 2020). The study has met the literature gap and outlines the major use of IFRS 9 in the current financial reporting under hedge accounting. S

Literature Review

Theoretical Review

Hedge accounting theoretical support involves the idea of using IFRS 9 parameter to manage the accounting process. Three main areas are outlined for this purpose comprised of fair value, cash flow and net investment in the timeline for financial movement. The theory supports the opinions that this model is in connection with the risk management where using the correct support is helpful while dealing with the challenges of the financial markets. The effectiveness criteria supports the use of the major timeline that allows the clear understanding of the terms linked in economic relations with no dominance. The theory proposes to take out a proper and reliable hedge ratio to ensure transparency in financial reporting systems.



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Hedge Accounting

Ranasinghe et al. (2022) refers that overall use of hedge accounting supports the income derivatives where the idea of increase and decrease work under the principles of forecast accuracies. The use of this method is successful as it helps in increasing the earning volatility whereas it also refers the utilisation of earning predictability as an essential point. Muller (2020) recommends the use of hedge accounting as a successful parameter where an essential need of using it as a correct method is agreed. The role of financial accounting standards needs to be addressed while offering a clear picture of hedge accounting requirements in meeting the financial reporting with the capital markets. The purposeful use of hedge accounting determines the idea that how fair value changes help to recognize the market needs and reveal the use of immediate earning (Pierce, 2020).

The compliance costs and capital market changes needs to be understood while handling the accounting plans whereas the essential needs of hedge accounting is readable if it addresses the firm's decisions in handling the financial changes (Alexander et al., 2020). The use of volatility with derivatives is a clear idea that depicts the plan for a clear understanding of arguments in this field. The use of inconsistency in financial reporting may lead to confusion this is why hedge accounting is helpful in dealing the issues. Here, the investors manage the decrease in investor assessment and learn about the firm risks with time by handling the results and outputs of hedge accounting.

IFRS 9

The introduction of IFRS 9 is an important milestone to manage the current market scenario. The use of IAS 139 emphasis on the use of the documentation with a positive impact on effectiveness in dealing with the challenges of the financial market (IFRS, 2010). The introduction of IFRS 9 is important to manage the hedge accounting and understand that how formal designation is guiding the use of hedging relationship in this phenomenon. The risks in hedging are further handled with the help of IAS 39 that allows a new standard for more effectiveness till 125% (Bellandi, 2021). This is a shift that allows better use of the effective IFRS 9 setup to manage actual risks and financial reporting alignment with time.

It identifies three kinds of relationships, fair value, cash flow and net investment. The three involve a support for understanding the derivatives, that allows a clear understanding of supporting the recognition for liability and firm has in addition to asset commitment. Using this with expertise is helpful in revealing the profit or loss and understanding the effectiveness for offsetting hedges (Bellandi, 2021). Cash flow hatch is an important concern in this regard where the exposure to variability can be helpful for future cash flows and an effective portion of loss or gain in hedging instrumental can be identified by comprehensive income clarity. The system allows a clear understanding of ineffective portion recognition where using the IFRS 9 is helpful in accounting treatment and handling the challenges of loss as well as profit.

IFRS 9 identifies the idea that how hedging relationship work better in handling the foreign operations and the use of Fair value hedge that practically involves the recognition of assets and liability commitments. It also depicts the ideas of post from IFRS 7 and IFRS 13 where the integration is lacking clarity (Allini et al., 2025; IFRS, 2010). The expected credit loss is judged based on the financial assets and their derivatives where a fair value is provided to reveal the handling and understand the idea that how typically measured systems are no more in function. Using IFRS 9 is a success story because credit value adjustment also reflects the credit risks in handling the valuation and derivatives. It quotes the idea that how incorporation of a credit valuation adjustment is helpful to meet the derivative reflection in managing market risks and managing the challenges and obligations.

Financial Reporting

Ellili (2022) is a planned process that helps to document and communicate with the companies based on the financial performance and clear understanding of economic policies. The main emphasis of financial reporting is oriented on understanding the income statements and balance sheets where cash flow statement support and application of a transparent data for the stakeholders is also an important foundation. The role of financial reporting is important because it enhances the compliance and meeting the standards like IFRS 9 where the requirements of stability and profitability are to be employed with the implication of regulations. Alexander et al. (2020) agrees with the opinion that it is a crucial plan that enhances efficiency of an organization and encourage them to understand the investors and regulators board to support the management for assessment of profitability and future outlook to handle the risk in financial perspective. IFRS (2010) utilize the idea for understanding revenue information of an ear and conducting the prediction for the next year where justification and support are added to understand that how they are tackled and a clear understanding can be referred to deal with the challenges of modern era financial reporting processes.

There is a wide range of financial reporting where annual reports support the report sync project that is initiating the idea for handling the stakeholders in multiple sectors. The use of the financial reporting is an important foundation where monthly and quarterly reports are generated to see the continuous performance process and enhance support in regular paradigm. Information has been utilized in a variety of paradigms where a clear understanding of reporting like sustainability reporting and other reports are generated based on meeting the understanding and clarity of the standards for IFRS 9, for instance. IFRS (2010) and IFRS (2025) refers the idea for providing a clear understanding of

predictive value of financial information where justification are added to understand that it is a confirmatory value that helps to review the previous feedback values and support the interrelation between information of financial perspective.

Literature Gap

IFRS (2010) and IFRS (2025) are you the importance of financial reporting and essentials required in handling IFRS 9 based on the however it is important to reveal the idea that how things can be further handled and tackled based on the requirements of modern reporting system in context of policies. Alexander et al. (2020) and Ellili (2020) review the idea of financial reporting and understanding its importance in the modern age whereas Allini et al. (2025) and Pierce (2020) review the importance of hedge accounting however it is essential to see the topic in the present paradigm and compare the contrasting parameters like variables to see the impact of a IFRS 9 reporting on the financial paradigm with the privilege of hedge accounting. This adds significance to the current study and makes it important as compared to the previous study reviewed.

Conceptual Framework

It identifies three kinds of relationships, fair value, cash flow and net investment. The three involve a support for understanding the derivatives, that allows a clear understanding of supporting the recognition for liability and firm has in addition to asset commitment they are valued as independent variables and their impact is reviewed for the financial reporting as a dependent variable.

Independent Variables

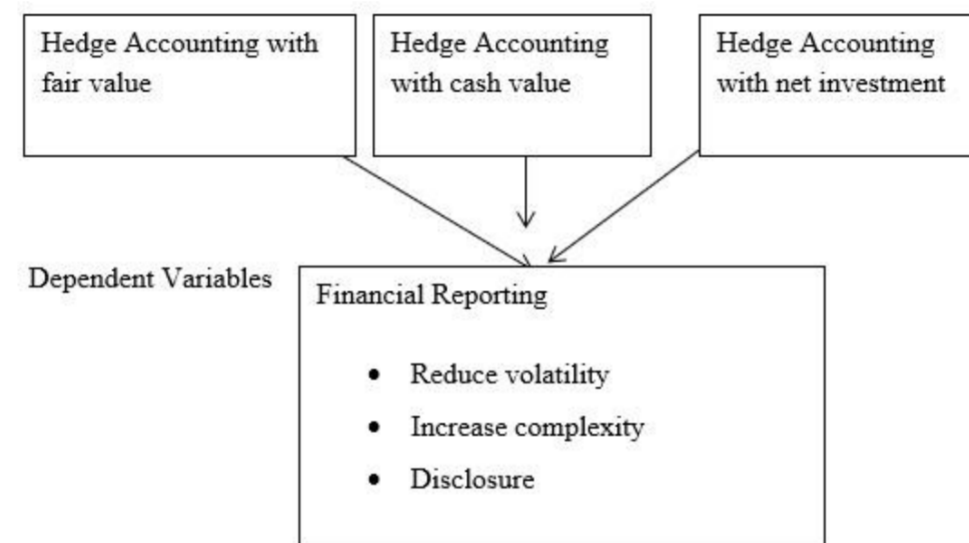


Figure 1 Conceptual Framework

Hypotheses

The study has following hypotheses:

The hedge accounting involves three main areas including; fair value, cash flow and net investment (Gulbakhor, 2025). The study emphasis on the link of these three under IFRS 9 to support the financial reporting. Fair value is helpful in dealing with the firm commitment whereas cash flow involves high profit costs and net investment outlines foreign currency recognition.

H1: Hedge Accounting with fair value under IFRS 9 has a significant impact on financial reporting

The study emphasis on the link of these three under IFRS 9 to support the financial reporting. Fair value is helpful in dealing with the firm commitment whereas cash flow involves high profit costs and net investment outlines foreign currency recognition.

H2: Hedge Accounting with cash value under IFRS 9 has a significant impact on financial reporting

The role of financial reporting is important because it enhances the compliance and meeting the standards like IFRS 9 where the requirements of stability and profitability are to be employed with the implication of regulations. Alexander et al. (2020) agrees with the opinion that it is a crucial plan that enhances efficiency of an organization and encourage them to understand the investors and regulators board.



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H3: Hedge Accounting with net investment under IFRS 9 has a significant impact on financial reporting

IFRS (2010) and IFRS (2025) refers the idea for providing a clear understanding of predictive value of financial information where justification are added to understand that it is a confirmatory value that helps to review the previous feedback values and support the interrelation between information of financial perspective.

H4: Hedge Accounting has an overall significant impact on financial reporting

Methodology

Research Approach and Type

The study adapts both deductive and inductive approaches because it is utilizing mix method of study. The data from the literature is revealed with the help of inductive approach whereas the data from secondary content is revealed with the support of a deductive approach using previous reports (Braun & Clarke, 2019). The two approaches are utilized side by side to extract the data where as a research is focused on managing the positivism as well as interpretation philosophy to handle the two criteria of study. The research utilization relevant plan of action to understand that how the things can be fluent and clear understanding can be provided by handling the challenges of a modern financial reporting vote from primary and secondary data.

Research Design

The study avails both qualitative and quantitative perspective for it secondary design data that is taken with the help of a clear understanding of reports in which is revealed based on the content available in the literature (Mardiana, 2020). The data is taken from a qualitative perspective from the literature whereas the quantitative perspective is supported with the financial reports available in a record. The two are reviewed for a clear understanding of data collection and providing the specific context.

Research Population and Sample

The research utilizes the up to date data where it has been made sure that no previous data is utilized less than last 10 years from the literature. The reports are also expected in the same perspective where the huge population has been limited in the sample and the random sampling has been found valuable in this context to choose the exact literature and exact reports for extraction of data.

Data Collection

The data collection process is based on the data from the literature where secondary context is utilized in qualitative as well as quantitative paradigm to support the data and make sure that it has been extracted in true sense (Melnikovas, 2018). The reports are aligned and they are converted into exact format to make sure that data is taken from the correct sources and no data less than last 10 years is being utilized in collection process. Collection process proceeded with the extraction of data for the qualitative paradigm first because it provided a baseline of the study where as a secondary perspective is utilized in the later stages.

Data Analysis

Data analysis is done both for the qualitative as well as quantitative data where statistical operations of Smart PLS software has been employed for this purpose to support the data based on the context of specific outline (Han & Zhu, 2020). The software help to reveal the reports about p, r and other values (Cronbach, HTMT) to make sure that the specific data has been extracted to some of the results whereas data analysis for the qualitative data was made possible with the help of thematic analysis that is throughout helpful to generate the themes and contrast the results of qualitative in support to the evidence taken from the quantitative paradigm.

Results

The results are outlined based on the data collected from the respondents with the help of Google survey form online. Smart PLS software is employed in this regard, to collect the data and make sure that content is according to the needs of study. The results elaborated demographic as well as statistical results based on the data collected from respondents. The results from the literature are also added as the study employs a mixed method.

Demographic Results

The democratic data is comprised of a gender, age, job level and experience. They are presented in tabular and graph form.

Table 1 Demographics of respondents

Demographic Variables	Details	Percentage
Gender	Male	55.5 %
	Female	44.5 %
Age	Below 20	0
	20-30	12.5%
	31-40	42.5 %
	41-50	32.5 %
	Above 50	12.5%
Job Level	Senior Manager	27.5%
	Manager	22.5%
	Employee	50%
Job Experience	Below 5 years	14.3%
	5-10 years	52.9%
	Above 10 year	32.9%

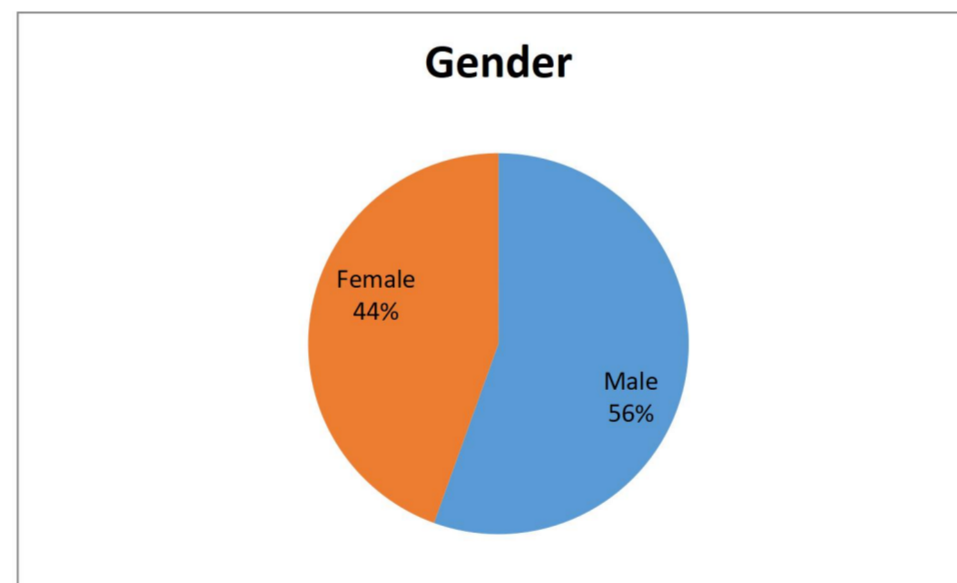


Figure 2 Gender of respondents

The data mention that about maximum percentage is comprised of male where as a minimum percentage is comprised of female from the respondents. They are making a ratio of 56% till 44%.

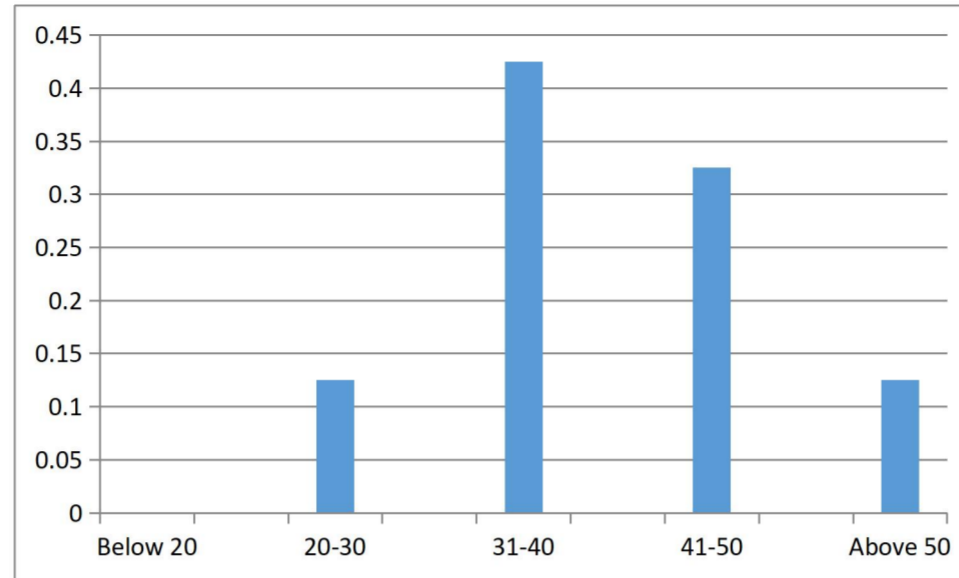


Figure 3: Age of respondents

The age group mentions that maximum audience is from 31 years Taylor 40 years of age whereas they are followed by 41 till 50 years of age. No person is recorded below 20 years where as about 50 and 20 till 30 years are almost at the same level.

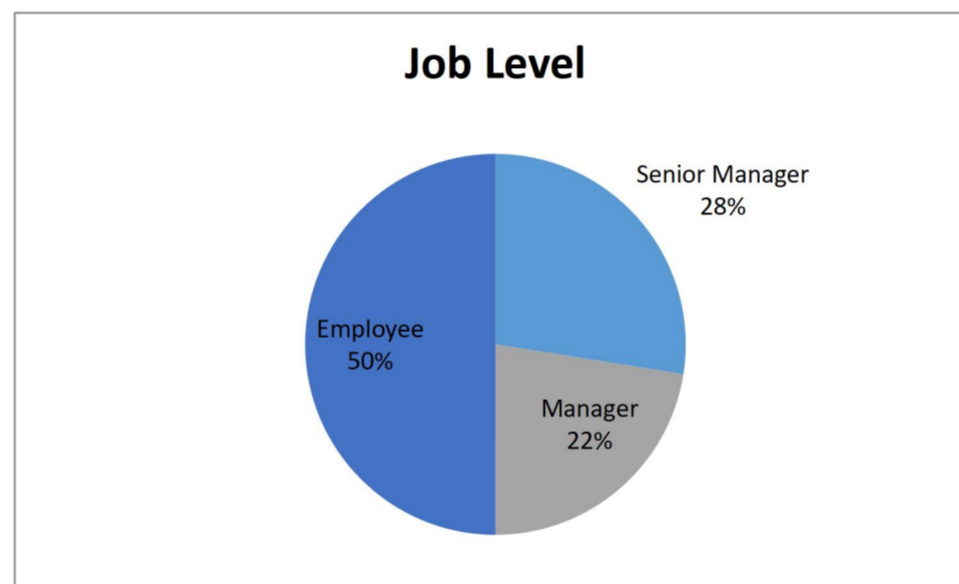


Figure 4: Job level of respondents

The job level categories show the employee level for half of the respondents whereas senior management mentions for 28% followed by the management level for 22% only.

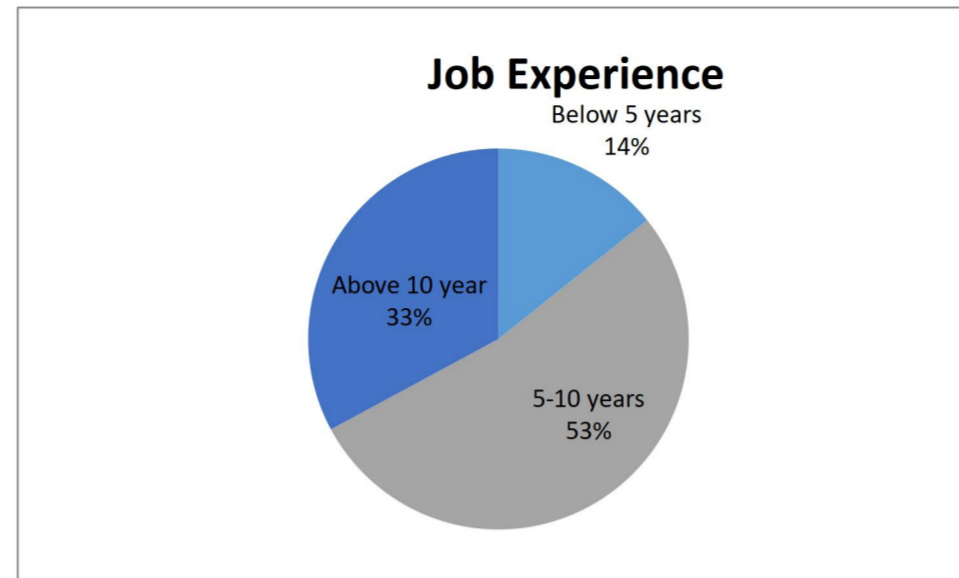


Figure 5: Experience of respondents

The experience elaborate that maximum experience is recorded for five to 10 years for 53% whereas about 10 year is recorded for 33% followed by minimum experience for below 5 years for about 14%.

Statistical Results

Statistical results are based on the smart PLS software that is helpful in comparative analysis of the variables and seeing the impact of variables to justify that how the hypothesis is approved and the statements are clarifying the results based on the content taken from the data of a study.

Table 2: Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
HACV -> FR	0.701	0.582	0.208	3.370	0.001
HAFV -> FR	-0.115	0.011	0.193	0.596	0.551
HANI -> FR	0.112	0.105	0.143	0.785	0.433

Notes: HACV: Hedge Accounting with cash value, HAFV: Hedge Accounting with fair value, HANI: Hedge Accounting with net investment, FR: Financial Reporting.

Maximum value is recorded for HACV which mentions the influence of cash value as a driving agent which is preceded by HAFV and HANI both.

Table 3: Outer Loading

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
FR 1 <- FR	0.007	-0.006	0.218	0.030	0.976
FR 2 <- FR	0.059	-0.003	0.280	0.212	0.832
FR 3 <- FR	0.143	0.134	0.308	0.464	0.643
FR 4 <- FR	0.959	0.863	0.192	5.006	0.000
HACV 1 <- HACV	0.418	0.422	0.275	1.520	0.129
HACV 2 <- HACV	0.546	0.485	0.221	2.468	0.014
HACV 3 <- HACV	0.889	0.842	0.174	5.108	0.000
HACV 5 <- HACV	0.768	0.695	0.216	3.548	0.000
HAFV 1 <- HAFV	0.436	0.274	0.378	1.153	0.249
HAFV 2 <- HAFV	0.142	0.113	0.288	0.493	0.622

HAFV 3 <- HAFV	0.719	0.418	0.531	1.353	0.176
HAFV 4 <- HAFV	0.607	0.348	0.490	1.240	0.215
HAFV 5 <- HAFV	-0.055	-0.015	0.196	0.280	0.779
HANI 1 <- HANI	0.791	0.712	0.278	2.840	0.005
HANI 2 <- HANI	0.845	0.799	0.238	3.545	0.000
HANI 5 <- HANI	0.570	0.481	0.310	1.838	0.066

Outer loading shows HANI dominance for above .7 where is FR mansions limited value above 0.7 for one parameter only. HACV mention some value above 0.7 where as HAFV also mention some limited values above 0.7.

Table 4: R square

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
FR	0.478	0.496	0.063	7.626	0.000

R square shows HR but the value is below 0.7 however it is significant because it is not in negative.

Table 5: R Square Adjusted

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
FR	0.467	0.486	0.064	7.304	0.000

R square adjustment repeat the same value as R square which shows a dominance of FR but still it is limited because it is below 0.7.

Table 6: Ave Variance

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
FR	0.236	0.255	0.017	13.510	0.000
HACV	0.463	0.452	0.047	9.885	0.000
HAFV	0.220	0.234	0.029	7.590	0.000
HANI	0.554	0.536	0.067	8.303	0.000

Average variance shows mentions better value for HANI and HACV where is a limited value is recorded for FR and HAFV

Table 7: RHO c

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
FR	0.308	0.254	0.121	2.555	0.011
HACV	0.762	0.726	0.098	7.766	0.000
HAFV	0.467	0.410	0.155	3.024	0.003
HANI	0.784	0.752	0.103	7.584	0.000

RHO c value mention good value for HACV and HANI however it has limited value for HAFV while the value of FR is a extremely low.

Table 8: RHO a

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
FR	-0.538	-0.101	0.345	1.558	0.119
HACV	0.683	0.679	0.082	8.292	0.000
HAFV	0.069	0.173	0.224	0.308	0.758
HANI	0.686	0.653	0.547	1.254	0.210

RHO a mentions good value for all the parameters of independent variables, however it shows negative value for the dependent variable FR.

Table 9: Cronbach Alpha

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
FR	-0.039	-0.052	0.129	0.297	0.766
HACV	0.579	0.576	0.042	13.648	0.000
HAFV	0.210	0.204	0.101	2.086	0.037
HANI	0.614	0.611	0.057	10.714	0.000

Cronbach alpha mention good value for all the independent variable whereas uh the value of dependent variable is negative which shows a high dominance of independent variables upon the dependent one.

Table 10: HTMT

	Original sample (O)	Sample mean (M)	2.5%	97.5%
HACV <-> FR	1.486	1.290	0.915	1.835
HAFV <-> FR	2.303	1.865	1.309	2.680
HAFV <-> HACV	1.531	1.391	1.169	1.669
HANI <-> FR	1.393	1.254	0.870	1.814
HANI <-> HACV	1.009	1.019	0.900	1.176
HANI <-> HAFV	1.516	1.399	1.168	1.707

HTMT mentions high value when comparison is done for HAFV with FR. The value is limited for all the other parameters in contrast.

Literature Review Results

The literature is reviewed as a study employs the mixed method where three themes are created based on the justifications added from the literature analysis. The themes are helpful in revealing the idea that how execution is supporting justifications based on the themes and a clear understanding that supports the literature.

Theme 01: Hedge accounting specifically impacts IFRS 9

Literature claims that justifications are highlighted in a variety of author reviews where hedge accounting has an influence on the IFRS 9 positively because it has essential applications in this context. It explores the idea that how generating the facilitation is essential in handling the challenges and revealing the perspective for meeting the loopholes of IFRS and clearly employing the support for handling it in a paradigm of clear understanding for meeting the challenges of modern era reporting system (IFRS, 2010). Essential utilizations of literature are clarifying that better user of IFRS 9 plays an essential role while dealing with the perspective offer positive influence and a better approach in dealing

the loopholes of a financial reporting (Alexender et al., 2020). Risk management is an essential foundation that is specifically under the impact of hedge accounting to control it whether dealing with the challenges when IFRS reporting is recorded.

Theme 02: Hedge accounting IFRS 9 has high uses in financial reporting

Various studies agree on the opinion that financial reporting can be better with the usefulness of health accounting where is the claims from Ellili (2022) add that it is a planned process that helps to document and communicate with the companies based on the financial performance and clear understanding of economic policies. The main emphasis of financial reporting is oriented on understanding the income statements and balance sheets where cash flow statement support and application of a transparent data for the stakeholders is also an important foundation. Keeping you the justifications from authors it is agreed that positive utilization of his accounting can be helpful under the principles and applications to meet the needs of financial reporting. The role of financial reporting is important because it enhances the compliance and meeting the standards like IFRS 9 where the requirements of stability and profitability are to be employed with the implication of regulations.

Theme 03: Hedge accounting IFRS 9 is recommended for financial reporting perfection

Information has been utilized in a variety of paradigms where a clear understanding of reporting like sustainability reporting and other reports are generated based on meeting the understanding and clarity of the standards for IFRS 9, for instance (Alexender et al., 2020). It is important to understand the utilization of a financial reporting for more transparency and making sure that a potential use of edge accounting are three areas including net investment cash value and fair value are utilized. IFRS (2010) and IFRS (2025) refers the idea for providing a clear understanding of predictive value of financial information where justification are added to understand that it is a confirmatory value that helps to review the previous feedback values and support the interrelation between information of financial perspective.

In the results, primary and secondary data both are elaborated that is the justification are added based on claims from the authors and the answers provided by the respondents. They are further discussed to find the answers of research questions and claim the justification of hypothesis in next section.

Discussion

The hypothesis diagram mentions the collaboration of variables based on the clear understanding that how they have been influenced under the perspective of independent upon variables for dependent context. The data has been elaborated in results with the form of tables that is further executed with the help of hypotheses diagrammatic view.

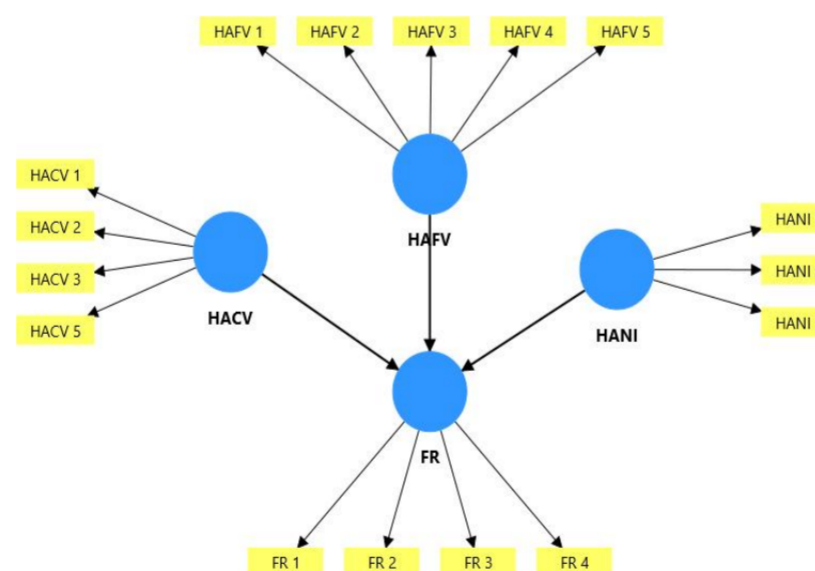


Figure 6: Hypotheses diagrammatic view in results

Hypothesis 01

H1: Hedge Accounting with fair value under IFRS 9 has a significant impact on financial reporting

The first hypothesis is reviewed with the justification for understanding the implications of IFRS 9, where the influence is reviewed under use of the hedge accounting with fair value. The data has been recorded based on the clear understanding that's how the elaboration supports the evidence that how it is helpful in revealing the applications for



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recognition of gains and losses in fair value hedge. The claims mentioned that a fair value hedge instrument and item both have an impact in the context of measurement because they allow a clear understanding of measurement based on fair values. However, Allini et al. (2025) and Pierce (2020) claims that it is essential to elaborate it based on the profits and losses for income statements to clarify the implications in IFRS 9 for dealing with the financial reporting mechanisms. It is agreed that reduced earnings volatility has an important instrumental in aligning the timing of gains and losses where is the reduction of artificial volatility can provide a chance for understanding the losses and profits.

RHO c value mention good value for HACV and HANI however it has limited value for HAFV while the value of FR is an extremely low. This mentions the idea that HAFV has unlimited impact while understanding the financial reported however the impact cannot be ignored because it supports the adjustments to carry amount processes and understand the fair value in connection to hedge risk. Dealing with this perspective it is essential to understand that how the adjustment is possible for the recognition of profits and losses in systems (Bellandi, 2021). The pragmatic value of a better risk management disclosure under IFRS 9 is possible in handling the risk management strategies and their emphasis while dealing with the hedge effectiveness and their implications in meeting the challenges of the financial statements (Ellili, 2022). The practical approaches in further interrogator the utilization of financial statements with an influence both on gains and losses. The data agrees on the influencer where it is elaborated that fair value allows to compare the gains and losses using hatching instruments which may account for the accuracy and transparency in financial reporting. Outer loading shows HAFV that mention some limited values above 0.7. This is also agreed by the results of the study where significant impact is observed for handling the implications and a clear understanding of fair value influence upon financial reporting under his hedge accounting.

Hypothesis 02

H2: Hedge Accounting with cash value under IFRS 9 has a significant impact on financial reporting

Cash value is recorded as an important instrument where influence is recorded in clear understanding of changes for gains and losses in both. The utilization of cash flow is a consideration where comprehensive instrumental for other values is recorded in understanding the effective portion of cash flow. The influence exists on financial reporting because IFRS 9 aims to clarify the importance of ineffective portion for the recognition of impact in income statements. This justifies the opinion as Allini et al. (2025) and Pierce (2020) claims that it has an impact on equity where hedge gains and hedge losses are accumulated to understand the cash flow has reserve and reveal its perfection in handling the forecasting for transaction in profits and losses. The parameters also help to understand the reduction of a profit volatility where a clear picture is provided to understand the fluctuations and reveal the profits and losses based on the immediate affecting earnings that is temporarily recorded in some cases. RHO c value mention good value for HACV that justifies the influence of a cash value upon financial reporting under the paradigm of IFRS 9.

Further influence has been recorded with a clear understanding that how the profits and losses can be classified as executed by the values of Outer loading shows HACV that mention some value above 0.7. Study of Bellandi (2021) claims that this is in agreement with the statement that forecasted transactions occur in the context of interest payments where previous records are elaborated for reclassification of profits and losses. This holds a good opinion because improvement of the financial transparency is possible under IFRS 9 that needs to understand that how the hedging objectives can work better and how risk management strategies are applicable for the effectiveness of hedge accounting under cash value. A clear understanding is provide with the justification when transparency and comparability are improved in financial reporting where it justifies a positive and significant impact of hedge accounting cash value upon financial reporting.

Hypothesis 03

H3: Hedge Accounting with net investment under IFRS 9 has a significant impact on financial reporting

Hedge accounting for net investment also plays a professional role their instruments of gains and losses are again in discussion to execute the elaboration of net investment and see its influence in understanding the foreign exchange risk. A clear understanding is provided when the impact has been checked on equity and it has been found that foreign currency translation reserve is essential while handling the directions for loss and profit in an organization. Hedge net investment plays an essential role because it gives a clear idea that how ineffective portion of any accounting system is immediately supported in dealing with the income statements to understand profit and loss in the setup (Pierce, 2020). A clear picture is provided when the disposal of foreign operations has been understood in revealing the accumulation and handling the idea that how the effectiveness is possible while dealing with the challenges of gains and losses to manage the IFRS 9 implications in the present analysis. Average variance shows mentions better value for HANI and HACV where is a limited value is recorded for FR and HAFV.

Cronbach alpha mention good value for all the independent variable whereas uh the value of dependent variable is negative which shows a high dominance of independent variables upon the dependent one. Justifications are added where an elaboration is provided based on the results of the study to understand that how the risk management can be tackled in good paradigm by dealing with the alignment of financial reporting and seeing its influence while understanding the improvement in transparency and managing the financial statements for this management strategy application (Bellandi, 2021). The idea narrates the opinion that how net investment in hash accounting can be helpful in IFRS 9

to understand the hedge gains and losses and deal with the profit and loss in foreign investment. Hence it is justified that the significant impact is recorded for understanding the net investment to be an influential impact on IFRS 9 for financial reports handling.

Hypothesis 04

H4: Hedge Accounting has an overall significant impact on financial reporting under IFRS 9

Hedge account has an impact on the financial reporting under the perspective of IFRS 9 where it has been found that it plays a professional role in handling the improvement of transparency and dealing with this multiple challenges on account of financial statements. Justifications are recorded when evaluation is done in the study and it has been found that IFRS 9 statements play an essential role in handling the challenges of risk management and understanding the ideas for comparison of gains and losses under hedging instruments in revealing the hedged items. Financial reporting is recorded as a dependent variable under the influence of his accounting where 3 parameters are cross checked for the influence in the previous three hypothesis to understand the context of implications and future prospect of hedge accounting in the context of financial reporting. The idea refers that it is essential to see the influence of a has accounting in financial reporting because alignment of risk is an important instrument that reflects the idea that how reduction of earning volatility has a support for unnecessary fluctuations in profits and losses.

R square adjustment repeat the same value as R square which shows a dominance of FR but still it is limited because it is below 0.7. Here, Alexander et al. (2020) agrees with the opinion that it is a crucial plan that enhances efficiency of an organization and encourage them to understand the investors and regulators board to support the management for assessment of profitability and future outlook to handle the risk in financial perspective. A summing up opinion is added in the Table 11 to provide the details for the approval of hypotheses.

Table 11 Hypotheses in review

Hypotheses	Approval
H1: Hedge Accounting with fair value under IFRS 9 has a significant impact on financial reporting	Significant impact recorded
H2: Hedge Accounting with cash value under IFRS 9 has a significant impact on financial reporting	Significant impact recorded
H3: Hedge Accounting with net investment under IFRS 9 has a significant impact on financial reporting	Significant impact recorded
H4:Hedge Accounting has an overall significant impact on financial reporting	Significant impact recorded

Conclusion and Recommendations

Conclusion

It is concluded that a study has revealed an important question about IFRS implications in the foundation of health accounting. The claims from the various authors are justifying the opinion that has accounting place and essential role in handling the IFRS 9 challenges their first research question is answered in clear understanding that how has your accountant has been helpful in paradigm of facilitation and dealing with the challenges of a modern age. The second research question inquires about the Hatch accounting implications in financial reporting where it has been agreed that it is an essential instrument and needs to be addressed with the perspective that how things can be dealt if applied correctly. The last research question outlines the recommendations which should be handled while applying the financial reporting and understanding the idea of IFRS 9. It has been elaborated that hedge accounting affects the income statements and equity where the balance sheets are also influenced because accurate representation of financial performance is based on the perspective of handling hedge accounting as an accountable and important system.

Recommendations

Some recommendations are added based on the current study, they are:

1. Hedge accounting improve the risk management policy so it is important to make sure that it should be applied in handling the challenges of a financial reporting objectives.

2. It is highly recommended that has effectiveness testing is playing an essential role in handling the challenges of financial risks so foreign exchange and commodity price risks could be applied for management processes under the privilege of this system.
3. Training the accounting professionals about IFRS 9 is an essential foundation because accurate implementation and reporting place an essential role in success of organizations.
4. Usefulness of advanced financial applications under the privilege offer hedge accounting is helpful because effective testing plays a professional role in meeting the financial risk and managing the interest rates at a better scenario.

Future Implications

The study has future implications for policymakers because it has outlined an important topic for understanding the role of IFRS 9 in handling the challenges of financial reporting and meeting the risk management phenomena. It also enhances the idea for clear understanding that how project managers deal with the financial challenges and generate better reporting systems well dealing with the challenges of financial reporting and understanding the applications of a hedge accounting. The study also meets the literature gap and discuss the topic clearly both with the help of primary and secondary methods to justify a mixed method application to enhance the authenticity parameter for the study.

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Advance Journal of Econometrics and Finance

Vol-4, Issue-2, 2026

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