

# Accounting for Financial Instruments and Derivatives

## A Three-Day Programme



## Aims and Objectives

The aim of this course is for participants to receive a thorough grounding in the principles of accounting for various different financial instruments and derivatives.

By the end of this course, participants will be able to:

- Describe the current environment as regards accounting standards
- Account for a variety of different derivative instruments
- Describe and implement a variety of different accounting standards such as IAS 32, IAS 39 and IFRS 7.

## Methodology

To the fullest extent possible within the overall time constraints of the programme, delivery will be interactive, with a strong emphasis on learning by doing, through exercises, group discussions and presentations.

## Case Studies

Case studies will be used selectively, to give a strong practical support to the theoretical learning objectives of the programme.

Wherever it is appropriate, examples will be drawn from the client's own business.

## Day One

### Session 1

#### Risk Management

- Outline of a Treasury Function
- Treasury and Liquidity Management
- Risk versus Return
- Types of risk
- Controlling Risk and Hedging
- Financial versus Business Risk
- The importance of Internal Control and Audit

### Session 2

#### Accounting Standards – The Current Environment

- Overview of International Accounting Standards
- Russian Accounting Standards
- IAS 32, IAS 39 and IFRS 7
- Disclosure Requirements both in IFRS and Russian GAAP
- Recognition of Profit and Loss
- Hedge Accounting

### Session 3

#### Derivatives – The Cash Flow Approach

- Forward Rate Agreements (FRAs)
- Futures Exchanges and Contracts
- Interest Rate and Currency Swaps
- Options
  - Exchange Traded
  - Over-The-Counter
  - Strategies
- Swaptions
- Pricing and Valuation
- Accounting

### Session 4

#### Forward Foreign Exchange

- Product Overview
- Types of Market
- Pricing and Valuation
- Trading Perspectives
- Hedging Perspectives
- Accounting

## Day Two

### Session 1

#### Forward Rate Agreements (FRAs) & Future Contracts

- Product Overview
- Types of Market
- Pricing and Valuation
- Trading Perspectives
- Hedging Perspectives
- Accounting

### Session 2

#### Interest Rate and Currency Swaps

- Product Overview
- Types of Market
- Pricing and Valuation
- Trading Perspectives
- Hedging Perspectives
- Accounting

### Session 3

#### Interest Rate and Currency Options

- Product Overview
- Types of Market
- Pricing and Valuation
- Trading Perspectives
- Hedging Perspectives
- Accounting

### Session 4

#### IAS 39 – Recognition and Measurement

- Background to the standards
- Scope of the standard and exclusions
- Definitions (including derivatives)
- Classification criteria (including derivatives)
- Measurement

## Day Three

### Session 1

#### IAS 39 – Hedge Accounting

- Hedge Criteria
- Fair Value Hedges
- Cash Flow Hedges
- Net Investment Hedges

### Session 2

#### IAS 39 – Recognition and De-recognition

- Recognition
- De-recognition
- Embedded Derivatives

### Session 3

#### IAS 32 Presentations and Disclosure

- Presentation as debt or equity
- Differences to current Indian accounting practice in this area
- Treatment of interest and dividends

### Session 4

#### IFRS 7 Disclosures

- A summary of the requirements of IFRS 7

### Course Summary and Evaluation