

Accounting for Financial Instruments: 1 Day

Delegate Profile: This course is targeted at delegates working in front, middle or back office roles at financial institutions or within finance departments at major corporates, who wish to gain a greater understanding of how financial instruments are recognized, measured and presented in accordance with International Accounting Standards.

Key Learning Outcomes

- Delegates will learn the definitions and classifications of financial assets, liabilities and equity, and identify items falling within or outside the scope of the accounting standards IAS 32, 39 and IFRS 9
- They will learn how instruments are presented and measured (fair value vs. amortized cost), tested for impairment and when they may be de-recognized
- Finally, they will understand the accounting treatment for derivatives and embedded derivatives and how hedge accounting may be applied to mitigate income statement volatility

Pre-requisite Knowledge: Delegates should already be familiar with financial statement analysis and be able to read and interpret financial accounts (profit & loss, balance sheet and cash flow).

Our Approach: In this course we facilitate the learning process through a combination of:

- Presentation of core knowledge and concepts using power point slides
- Press articles and real life case studies, demonstrating how the accounting concepts are applied in practice
- Short exercises, to put concepts into practice
- Regular summaries, to remind delegates of the key points of each session
- End of Day quiz, to confirm the achievement of the learning outcomes
- One page course summary, as a take away and reminder of the key learning points

Training Fees: £2,500 plus VAT. This covers all research, design and delivery of the training by James Gilpin, for up to 20 delegates.

Expenses: All incremental travel and accommodation expenses will be charged separately, however, we will work hard to ensure all costs are kept to a minimum. With regard to materials, JGFT can provide 2 options:

- JGFT can arrange for all materials to be professionally printed and couriered to the training centre for which we would recharge the cost (for 20 delegates approximately £200 - £300)
- All materials will be sent electronically to the client with instructions to print internally (at no additional cost)

Day One

Session 1

Definitions and Scope of Financial Instruments

- Financial Assets, Financial Liabilities and Equity
- Exemptions and instruments scoped out and treated in other standards
- Treatment of hybrid capital instruments

Session 2

Classification and Measurement of Financial Instruments

- Classification of Financial Assets
- Classification of Financial Liabilities
- Fair Value vs. Amortised Cost
- The Fair Value Option
- Reclassification of Financial Assets
- Transitioning from IAS 39 to IFRS 9

Session 3

Derivatives and Embedded Derivatives

- Definitions
- Examples
- Offsetting positions

Session 4

Impairment and De-recognition

- Impairment testing
- Accounting for impairments and recoveries
- Recognition and De-recognition principles
- Examples

Session 5

Hedge Accounting

- Definitions of Cash Flow, Fair Value and Net Investment Hedges
- Examples of Hedged Items and Hedging Instruments
- Complying with hedge accounting rules: documentation & effectiveness testing
- Designation and De-designation
- Accounting Treatment for hedge relationships