

Financial instruments



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Training objectives

The training is intended to:

- Provide the trainees with all necessary knowledge of the financial instruments classification and reclassification, financial instruments recognition, measurement and impairment,
- Study out the accounting for hedging,
- Assist in application of IAS 32, IAS 39 and IFRS 7 requirements at preparation of financial statements under IFRS,
- Give trainees an individual opportunity to keep hand in solving of case studies with regard to financial instruments.

Training audience

Training has been developed for the specialists:

- Who have initial theoretical knowledge in the sphere of financial instruments (e.g. DipIFR training course) and would like to deepen their knowledge,
- Who deal with the necessity to prepare financial statements under IFRS but are lacking enough experience and expertise in classification of financial instruments and disclosure of required information in the proper way,
- Who want to get additional practice in application of IFRSs related to financial instruments.

Trainees acquired skills and abilities

- Trainees will get in the course of training all necessary theoretical knowledge as well as be able to apply them at solving of case studies,
- Acquired knowledge and skills will enable the trainees to be on the firm ground when solving practical activity tasks related to financial instruments.

However, whereas the real situations are usually more complicated than a set of problems which can be explained and studied out during one- or two-day training, those case studies would never substitute for the actual experience in dealing with the financial instruments.

Contents of Training

Day 1: 09:30 – 17:00

1. Introduction to IAS 32, IAS 39 and IFRS 7

- General information
- Objectives of the specified Standards
- Scope of application
- Basic definitions
- Original and derivative financial instruments
- Execution of contracts on a net basis

2. Financial Instruments: Disclosure

- Liability or equity?
- Transactions with own equity instruments
- Netting of financial assets and liabilities
- Composite financial instruments

3. Financial Instruments: Measurement

- Measurement at initial recognition
- Transaction costs
- Classification of financial assets and financial liabilities; 4 groups of financial assets and 2 groups of financial liabilities; examples of classifications
- Subsequent measurement
- Amortized cost
- Measurement by fair value
- Determination of fair value at initial recognition
- Determination of fair value at the reporting date

4. Financial Instruments: Recognition and Derecognition

- Specifics of financial instruments recognition
- Derecognition of financial instruments; problems of assets amortization

5. Financial Instruments: Reclassification

- Restrictions for reclassifications
- Examples of financial assets reclassifications

Day 2: 09:30 – 17:00

6. Impairment of financial assets

- Evidences of impairment
- Impairment of assets to be accounted for by their amortized cost
- Impairment of assets classified as available for trade

7. Hedging

- General provisions; economic and accounting hedging

- Hedged item: requirements of IAS 39
- Hedging instrument: requirements of IAS 39
- Special requirements to keep hedge accounting
- Hedge efficiency
- Three types of hedging
- Hedging of fair value: specifics of accounting
- Hedging of cash flows
- Termination of hedge accounting

8. *Financial Instruments: Any other business (AOB)*

- Contingent liabilities
- Collateralized property
- Embedded derivatives
- Other issues

9. *Financial Instruments: Disclosure (IFRS 7)*

- General disclosure requirements
- Liquidity risk
- Credit risk
- Market risk; risk sensitivity analysis
- Other disclosures according to IFRS 7

10. *Case Studies*

11. *Results of Training*