

**PRACTICAL TRAINING
FOR PROFESSIONALS!**

COURSE TRAINER

Vinod Kothari

Internationally recognized Author
Trainer, Consultant and Expert on
Specialized Financial Subjects, viz.,
Accounting for Financial Instruments
Credit Derivatives, Securitisation

Accounting for Derivatives & Financial Instruments

14 - 15 November 2013

Balalaika Hotel, Sandton
South Africa

- Essential updates on the latest changes in accounting standards and how they affect current practices
- Emerge with a deep understanding of the challenges faced when applying financial instruments – including derivatives, accounting under IFRS 9
- Guide to the complex and fast changing world of mark to market accounting.

Group Booking Discount*

Group Bookings of 3 or more delegates
qualify for a 10% Discount

*Available for delegates from one organisation attending the same course



Accounting for Derivatives & Financial Instruments.

COURSE TRAINER

Vinod Kothari

Vinod Kothari is internationally recognized as author and expert consultant in the area of Accounting for Financial Instruments, Securitisation, Structured Finance, Asset-Based Finance and Credit Derivatives. As such, he facilitates training all over the world, having trained more than 10,000 executives on these subjects in New York, Washington, London, Milan, Singapore, Hong Kong, Sydney, Colombia (South America), South Africa, Malaysia, Jordan, Egypt, Dubai, Kuwait, Sri Lanka, Bangladesh, China etc. besides almost every important location in India.

And he has handled very diverse groups – from rating agency professionals in Malaysia, to group of investors in Sydney, to tax officers in South Africa, to group of lawyers in India, to executives of the World's largest securitisation agency in Washington, to a group of quants in New York.



Consulting assignments:

- South African Revenue Service consulted Vinod Kothari for framing guidelines on taxation of securitization.
- Vinod Kothari was engaged by Fannie Mae; one of the housing finance giants in the US to impart training on "Current Developments in Mortgage Securitisation".
- He has also advised several banking companies on regulatory reforms in the banking sector, especially Basel II & Basel III.
- In the private sector his clients include prominent corporates and entities world-over; mentioned are a few names: Deutsche Bank, Standard Chartered Bank, IBM India Pvt. Limited, GE Capital, PT Sarana Multigriya Finansial (Persero) (Indonesia), Reliance, Tata Capital, Siemens, Daimler, Magma, SREI, Tata Motors Finance, Orix Auto Financial Services limited, and many more.
- Has been retained by Govt. of Jordan for suggesting and working on funding for a high-profile low-cost housing project.
- Sri Lankan securities regulator has sought VK's advice on a draft of securitization legislation.
- He is an integral part in developing a toolkit for the IFC titled "India Toolkit for Low Income Housing Finance – A Practitioner's Guide" prepared in collaboration with Habitat for Humanity. ---He was sub-consultant to "Affordable Housing Finance Project" of IFC, awarded to IMACS.
- Currently retained by National Housing Bank for assisting them in promoting Covered Bonds in India.
- Was a part of Working Committee formulated by National Housing Bank for promoting capital market instruments such as RMBS and Covered Bonds for the housing sector in India.
- Vinod Kothari was engaged by SEBI to advice on the drafting of the SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008.

Author of Books:

- Securitisation, Asset Reconstruction and Enforcement of Security Interests, 2010 Third edition has been published by Butterworths Lexis Nexis Wadhwa.
- Credit Derivatives and Structured Credit Trading, 2009 edition.
- Securitisation: The Financial Instrument of the Future, Third edition 2006: Published by Wiley

Articles:

- Vinod Kothari's articles on asset-based finance, securitisation etc. have appeared in several national and international journals including Duke Journal of Comparative International Law (USA), US Banker (USA), Exportrader (Spain), Trade and Forfeiting Review (UK), Journal of International Banking Law and Regulation (UK), Equipment Finance Journal (USA), Monitor daily (USA), Analyst (India), etc.
- Vinod Kothari also contributes to Euromoney's yearbooks on leasing and securitisation

Accounting for Derivatives & Financial Instruments

Why this course

The workshop provides you essential updates on the latest changes in accounting standards and how they affect current practices.

You will come out with a deep understanding of the challenges faced when applying financial instruments – including derivatives, accounting under IFRS 9.

Accounting for financial instruments is as complicated as several of the present-day financial instruments themselves. Built on the basic theme of reporting at relevant, current values, the process of rewriting age-old historical cost accounting rules that started around 1998 is still continuing – hence, there has never been stability on the international landscape of accounting standards on financial instrument accounting.

The mark-to-market or fair value reporting rule has been at the epicenter of the present credit crisis. Regulators world-over are investigating into whether the crisis has been impacted, at least in part, by accounting rules that require notional losses to be reported as actual losses. In the prevailing scenario, the international scenario on accounting for financial instruments is ever interesting, ever enigmatic.

With the application of IFRS, the asset side of the Balance Sheet has to be segregated under non-current assets and current assets. Further there are several significant provisions about the liability side of the balance sheet for example, the distinction between equity and debt, treatment in case of compound financial treatment, treatment in case of perpetual debt instruments, convertible debentures, preference shares etc...

Fair value accounting standards, hedge accounting standards, those for classification of financial instruments for the purpose of their MTM accounting, accounting standards for derecognition of financial assets and liabilities, and derivative accounting standards – All of this adds up into a veritable web of complex rules. What makes the rules even more daunting is that the standards have been in a flux over the last few years.

This workshop has a practical approach and been designed to make you easily apprehend the complicated accounting treatment. As the coverage is very comprehensive, you will emerge with complete inputs on accounting for financial instruments and derivatives.

The workshop will be supported by plenty of examples, including Excel sheets, as to how fair values are to be computed in different situations. It will also give some easy-to-understand introduction on various derivative products and financial instruments.

Who should participate

- Accounting Professionals concerned with Financial Reporting
- Accounting & Regulatory Capital Professionals at Banks
- Corporate Finance Professionals and Controllers
- Standard Setters & Securities Regulators
- Banking Auditors at Accounting Firms

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Accounting for Derivatives & Financial Instruments

Course Outline

Day 1

Session 1: What are financial instruments and derivatives

- Meaning of financial instruments
- Meaning of derivatives
- What transactions are not financial instruments
- What transactions are/ are not derivatives
- Quick overview of accounting for financial instruments
- Brief introduction to accounting for derivatives
- Meaning of embedded derivatives – how to identify and separate embedded derivatives
- Forthcoming developments in accounting for financial instruments with rewrite of IAS 39

Session 2: Recognition and De-recognition of financial instruments

- Rules on recognition of financial instruments
- Rules on de-recognition – conditions for putting financial assets off the balance sheet
- Understanding of continuing involvement
- Application to securitisation/ sale of financial instruments
- Whether receivables acquired by the company will qualify to be put on the company's balance sheet?
- Will the receivables sold by the company qualify to be put off the company's balance sheet?
- If on-balance sheet/ off-balance sheet treatment is not available, consequences thereof on the Balance sheet/ P/L account

Session 3: Basics of mark to market accounting

- Why and what is mark to market
- Understanding fair value accounting as an exception to classic historical cost accounting rule
- Classification of financial instruments into
 - Loans and receivables
 - Hold to maturity
 - Held for sale
 - Trading assets
- New classification norms under IFRS 9

Session 4: Accounting for loans and receivables

- What is a loan/receivable?
- Illustrations of what is and what is not included
- Meaning of amortization of a loan
- Treatment of upfront costs/revenues
- Treatment on restructuring

Session 5: Accounting for hold to maturity investments

- Meaning
- Precautions as to hold to maturity classification
- Illustration of what can and cannot be treated as HTM
- When can an HTM asset be sold before maturity
- Examples of accounting for HTM assets

Day 2

Session 6: Accounting for available for sale

- Illustrations
- Re-classification of an AFS asset into trading/HTM category

Session 7: Accounting for investments in associates/ JVs/ subsidiaries

- Accounting in stand-alone financial statements
- Accounting in consolidated financial statements

Session 8: Accounting for the liability side of the balance sheet

- Distinction between equity and liability
- Nature of preference shares and whether they qualify as equity or liability
- Accounting for compound financial instruments, perpetual debt instruments, equity warrants, etc.

Session 9: Guide to computing fair value

- Guide to projected cashflows
- Use of present value techniques for valuation
- Choice of discounting rates
- Use of expected value approach

Session 10: IFRS 13 on fair valuation

- Guidance on fair value
- Use of discounted cashflows for fair valuation
- Use of expected value approach
- Examples on fair valuation

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REGISTRATION FORM

Accounting for Derivatives & Financial Instruments

14 - 15 NOVEMBER 2013 | Balalaika Hotel, Sandton, South Africa

To register for this event please complete the registration form below and fax it to +27 86 276 3685 or email it to info@bankingacademy.co.za. Alternatively please call us on +27 12 771 3700.

COMPANY DETAILS

Company Name:

Postal Address:

Post Code: Country:

Physical Address:

.....

Invoice For Attention Of:

Tel: Fax:

Email:

VAT Number:

MANAGER AUTHORISATION

Full Name:

Contact Tel Number:

Email:

Signature:

COURSE FEES

R 9 995 (excl. VAT) x delegates = R

Early Bird Price: Book & Pay by 6 September 2013

R 9 495 (excl. VAT) x delegates = R

Please note that payment is required no later than 10 days from invoice date. In the event of non-payment, Banking Academy reserves the right to cancel the booking and the full amount under disagreement will be due and payable.

BANKING DETAILS

Bank Name: Standard Bank Centurion

Account Name: Banking Academy

Account Number: 012 013 668

Account Type: Cheque

Branch Code: 051001

Swift Code: SBZAZAJJ

CONFIRMATION DETAILS

Upon receipt of your booking, each registered person will be emailed our delegate confirmation pack. This pack includes venue information with a map and specific event details. If you have not received confirmation within one week of booking, kindly contact us on +27 12 771 3700 for assistance. Delegate fees include all workshop materials, lunch and refreshments for each day. Please note that hotel accommodation and travel are not included in the price. We can offer travel and hotel booking assistance if required. Please feel free to contact us, we will gladly assist you.

CANCELLATION & TRANSFER POLICY

Delegates unable to attend the event may send a substitute delegate in their place. Please send written details of substitution. Written cancellations must be received more than 10 working days prior to the date of the event and will be liable for 50% of the event fee. Failure to cancel, or cancellations received 10 working days or less prior to the event date, will result in liability for the full event fee. Banking Academy reserves the right to alter the program and speaker details without notice.

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DELEGATE REGISTRATION

DELEGATE 1:

Full Name:

Designation:

Tel: Cell:

Email:

Dietary Preference: None Kosher Halaal Vegetarian

DELEGATE 2:

Full Name:

Designation:

Tel: Cell:

Email:

Dietary Preference: None Kosher Halaal Vegetarian

DELEGATE 3:

Full Name:

Designation:

Tel: Cell:

Email:

Dietary Preference: None Kosher Halaal Vegetarian

DELEGATE 4:

Full Name:

Designation:

Tel: Cell:

Email:

Dietary Preference: None Kosher Halaal Vegetarian

DELEGATE 5:

Full Name:

Designation:

Tel: Cell:

Email:

Dietary Preference: None Kosher Halaal Vegetarian

SALES EXECUTIVE: Kelvin Ogle