

# Full day Workshop on IFRS Reporting for Financial Instruments

18<sup>th</sup> August, 2017 | Kolkata

VINOD KOTHARI CONSULTANTS  
Kolkata | Delhi | Mumbai

Relied only on in-house trainings?  
Are you sure you learnt everything?  
Be an expert in IFRS – 9 from day one

## About the course

With the introduction of IFRS 9 - *Financial Instruments* by International Accounting Standards Board (IASB), most of the guidance in IAS 39 gets replaced. Majorly IFRS 9 has the following to offer:

- Introduction of concept of fair valuation in the classification and measurement of financial assets and debt instruments
- Introduction of new impairment model which will result in earlier recognition of losses viz. expected loss model
- Substantially-reformed approach to hedge accounting

This full day workshop provides insights and practical tools to enable participant's to assess the business and financial implications of IFRS 9. The course will help the participants to understand fundamental concepts and principles underlying IFRS 9 and will develop their skills in its efficient implementation. The course has numerous examples and illustration, out of our experience advising companies on changes required in order to meet the IFRS 9 requirements, to explain the provisions of new standard. Additionally, participants will gain insights into real world examples, common issues and pitfalls

By the end of the course, participants should have an in-depth understanding of the IFRS 9 requirements and the impact of the changes entailed by the standard.

## Who should attend

This course has been designed for corporates, financial institutions, CFO's, IFRS Reporting specialists, accounting risk management and IT professionals of entities affected by IFRS 9 and consultants. This course aims to provide comprehensive guidance on IFRS 9 - *Financial instruments* and how to practically apply this new standard.

## COURSE OUTLINE

### IFRS 9 – Financial instruments

1. Overview of the workshop on IFRS 9
  - Classification and measurement of financial assets and liabilities
  - Impairment of assets carried at amortised cost
  - Hedge accounting
  - Disclosure requirements
  - Transition rules

- IFRS 9 Implementation Challenges
- 2. Classification and measurement
- Classification and measurement of financial assets
  - Initial measurement of financial instruments
    - Amortised cost
    - Fair value through other comprehensive income (FVTOCI)
    - Fair value through profit and loss (FVTPL)
    - the business model test
    - contractual cash flow characteristics tests
  - Subsequent measurement of financial instruments
- Financial Assets under FV through OCI category – Debt & Equity Instruments
- Derivatives and Embedded Derivatives
- Amortised cost accounting
- Fair value requirement and option
- Classes of financial liabilities
- Amortised cost and fair value options
- Impact of own credit risk on fair value measurement
- Reclassification of financial asset and liabilities - When these are possible and how the accounting Works
- Case Studies
- 3. Derecognition
  - a. Understanding the rules
  - b. Application of the rules to transactions of securitization and direct assignments
- 4. Impairment of assets carried at amortised cost
- Summary of current incurred loss Model;
- How the expected loss approach will work
  - Recognition and measurement of expected credit losses
  - Calculating expected credit losses
  - 12 month expected credit losses
  - Life time expected credit losses
- Applicability of expected loss impairment model to

- Financial assets measured at amortised cost
- Financial assets mandatorily measured at FVTOCI
- Loan commitments
- Financial guarantee contracts
- Lease receivables
- Contract assets
- Significant increase in credit risk – meaning and implications
- Transfers between asset categories
- Application of the requirements to
  - purchased loans
  - banking book of an institution
  - trade receivables and similar
- Basel II vs Expected Credit Loss Model
- Implementation challenges and steps required
- Case Studies

## 5. Hedge Accounting

- How hedge accounting will work – alignment of accounting treatment with risk management activities
- Eligibility and qualifying criteria for hedge accounting
- Summary of how hedge accounting will operate
  - fair value hedges
  - cash flow hedges
  - net Investment Hedges
- Hedged items
  - Risk component hedging
  - Aggregated exposure
- Hedging instruments
- Accounting for qualifying hedging relationships
- Changes which will impact the hedging practices
- Measuring and testing hedge effectiveness requirements
- Rebalancing and discontinuation

- Credit exposures designated at FVTPL
- Summary of likely take up and application by
  - financial institutions
  - other commercial concerns

## FACULTY

MR. VINOD KOTHARI, Director, Vinod Kothari Consultants P. Ltd. & Indian Securitisation Foundation



About Mr. Vinod Kothari

Mr. Vinod Kothari, both a Chartered Accountant and a Chartered Secretary, is an internationally recognised author, trainer and consultant on specialised financial subjects, viz., securitisation, credit derivatives, asset-backed financing, accounting for financial instruments, Basel III, etc. Mr. Kothari has been a member of the consulting team of the Asian Development Bank to advise the Govt of India on security interest laws in India. He has his share of notable contributions to the literature of securitization and other financial and non-financial resources which are very much accepted and followed by readers.

He has extensive consulting experience in securitisation – offering comprehensive securitization related consulting services to a variety of clients including originators, investors, IT companies, etc. apart from one-off services to several companies in different countries. The locations where he has lectured on these subjects include New York, Washington, London, Milan, Frankfurt, Singapore, Hong Kong, Sydney, Faculty Colombia (South America), South Africa, Malaysia, Jordan, Dubai, Kuwait, Egypt, Sri Lanka, Bangladesh, etc.

He is renowned for offering services to a number of listed companies which not only include advisory or consultancy related services or conduct of due diligences, but also litigation related services. He, along with his team has conducted various successful summits on securitisation and various advance financial topics which has garnered appreciable response from the industry.

Mr. Kothari also is sought as faculty in various reputed colleges and institutions. He also has a vast experience in working with the various regulators like SEBI, NHB and Government of India and multilateral organisations like IFC and ADB.

Besides, Mr. Kothari has had the opportunity to serve as the Chairman of the Institute of Company Secretaries of India Eastern India Regional Council, Calcutta. In 1987, a voluntary organisation of Calcutta chose him as the Outstanding Young Person of Calcutta in the field of Finance and Taxation.

#### Consulting Assignments:

- He is a part of a sub-committee created by SEBI for providing recommendations to the regulators on covered bonds in India.
- Director of Indian Securitisation Foundation, a representative body of the securitisation industry in India promoting capital market instruments in India.
- He carried out a study on covered bonds in India for the Asian Development Bank.
- He was 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. He was retained by the National Housing Bank for assisting them in promoting Covered Bonds in India.
- He 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.
- He was been retained by Govt. of Jordan for suggesting and working on funding for a high-profile low-cost housing project.
- He was been retained by the Asian Development Bank, Manila for two important projects: to advise the Govt. of India on reforming secured lending law in India; and to develop securitisation-related legal framework in the Asian region.
- Claims extensive consulting experience in securitisation – offering comprehensive securitisation-related consulting services to a variety of clients including originators, investors, IT companies, etc, apart from one-off services to several companies in different countries.

#### Author of Books:

- Securitisation Asset Reconstruction and Enforcement of Security Interests
- Banking Law and Practice in India, 26th Edition
- Law Relating to Insolvency & Bankruptcy Code, 2016
- Guide to Structured Finance – Incorporating Securitisation, Credit-Derivatives, Leasing and REITs, 2014 Edition

- Introduction to Securitization (co-authored with Frank J. Fabozzi)
- Securitisation: The Financial Instrument of the Future, Fifth edition 2006
- Taxation of Lease Transactions in India, co-authored by Sikha Bansal, 2013
- Lease Financing and Hire Purchase, Fourth Edition, 1996
- Credit Derivatives and Structured Credit Trading, 2009 Edition
- Guide to Structured Finance, 2014 Edition
- Author of 3 Chapters in Handbook of Finance, (editor Frank Fabozzi), published by Wiley, USA.
- Corporate Boards, Committees and Policies under the Companies Act
- Understanding Companies Act 2013, 2014 Edition
- Guide to Independent Directors, 2014 Edition
- Led a team of 17 specialist editors for the latest edition of Guide to the Companies Act, A. Ramaiya, 18th Edition
- Prepared the key highlights and reference tables for “Corporate Laws” second edition and “The Companies Act, 2013” published by Lexis Nexis Guide to Housing Finance – A comprehensive guide to mortgage lending, 2013 Edition

#### Lecturing:

- He is a visiting faculty at Indian Institute of Management, Joka, Calcutta for several years, teaching a full-fledged course for the final year students on Structured Finance and Taxation. Over 125 students sign up of the course every year.
- He is a guest faculty at the National University of Juridical Sciences- the subject taught here are insolvency and credit interest enforcement laws in India and other countries. The course included a comparative study of the insolvency and creditors' rights in USA, UK and Australia.

#### 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), Export trader (Spain), Trade and Forfaiting Review (UK), Journal of International Banking Law and Regulation (UK), Equipment Finance Journal (USA), Monitor daily (USA), Analyst (India), etc.
- Vinod Kothari also contributed to Euro money's yearbooks on leasing and securitisation

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