

Foreign exchange hedging in IFRS

WHO SHOULD ATTEND?

Financial, Consolidation and Accounting Managers –
Internal Auditors – Chartered Accountants, External
Auditors – Bankers, Account Managers

Prerequisites: *this training does not require any particular prerequisite.*

OBJECTIVES

- › Know the main forex hedging instruments (forward, swaps, options, ...)
- › Understand the main strategies for hedging firm risks (signed contracts) or contingent risks (budget, submitted bids, ...)
- › Be able to apply hedge accounting according to IFRS

WHY SHOULD YOU ATTEND?

- › Forex Hedging is often difficult. First of all, forex derivatives are relatively complex instruments. Besides forex hedging often requires a close coordination of operating teams (flows follow-up) and treasury. In addition forex hedging may apply to intercompany transactions likely to be eliminated...

This training gives you the keys to understand, account for or audit financial instruments and forex hedging strategies.

DETAILED CONTENT

- › **The different types of forex risks: transaction risk (firm or probable), conversion risk (risks associated with converting foreign subsidiaries' profits and net assets)**
- › **Forward contracts (forward sale or purchase of foreign currencies)**
 - Swap points or forward points
 - Using a forward contract as a hedge
 - Valuation
 - Updating the hedge (rollover or swap)
- › **Forex options**
 - Understanding how an option works and how it is used as a hedging instrument
 - Valuation principles, splitting intrinsic value and time value
- › **Forex contingent hedging instrumente**
 - How does it work? Constraints and limits
- › **Hedge accounting under IFRS 9**
 - The three hedge accounting mechanisms: fair value hedge (FVH), cash flow hedge (CFH), and net investment hedge (NIH)
 - The different scenarios for hedging foreign currency firm commitments
 - The treatment of forward points and of options' time value
- › **Conditions and constraints of hedge accounting under IFRS 9**
 - Effectiveness test and the treatment of ineffectiveness
 - Termination of a hedge relationship (disqualification) and rebalancing
 - When hedge accounting cannot apply

INSTRUCTIONAL APPROACH AND LEARNING ASSESSMENT

- **Prior to the session:** self-assessment quiz
- **During the session:** technical developments presented with real-world illustrations. Numerous practical cases (a lot of them are made on Excel during the training) and interactive quizzes ensure knowledge acquisition.
- **After the session:** video.
The trainer is available to answer any follow-up questions participants may have.

DURATION: 2 DAYS

DATES*: 22-23/01/24
21-22/03/24
11-12/06/24
07-08/10/24

PRICE EXCL. VAT: 2 200 €

(*) Delivery method: face-to-face, subject to change according to your requests and/or health conditions.

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