

TABLE OF CONTENTS

About Wolters Kluwer.....	iii
About the Authors	v
Preface	vii
CHAPTER 1 Accounting for Derivatives	1
1.1 Introduction	3
1.2 Options	5
1.3 Forwards.....	13
1.4 Futures Contracts.....	24
1.5 Swap Contracts.....	28
1.6 Accounting for Derivatives.....	33
1.7 Summary.....	43
1.8 Problems for self-study.....	43
CHAPTER 2 Hedge Accounting Under IAS 39.....	51
2.1 Introduction	53
2.2 Hedging and Hedge Accounting	53
2.3 The Requirements of IAS 39	57
2.4 Fair Value Hedge	65
2.5 Cash Flow Hedge.....	93
2.6 Hedge of a Net Investment	120
2.7 Major Differences between IAS 39 and IFRS 9	122
2.8 Summary.....	123
2.9 Problems for self-study.....	124
CHAPTER 3 Hedge Accounting Under IFRS 9	147
3.1 Introduction	149
3.2 Background to IFRS 9.....	149
3.3 Why the need for new Hedge Accounting Rules under IFRS 9?.....	150
3.4 Hedging and Hedge Accounting	150

3.5	The Requirements of IFRS 9.....	154
3.6	Fair Value Hedge	165
3.7	Cash Flow Hedge.....	198
3.8	Hedge of a Net Investment	222
3.9	Modifying and Discontinuing a Hedging Relationship.....	223
3.10	Other Pertinent Matters	226
3.11	Summary.....	231
3.12	Problems for self-study.....	232

CHAPTER 1

ACCOUNTING FOR DERIVATIVES

Learning Objectives

After reading this chapter, you should be able to:

1. understand the nature of derivatives
2. understand the various uses of derivatives; and
3. understand the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 9 *Financial Instruments* with respect to accounting for derivatives.