

Accounting for financial investments

Friday 18
November 2011

PwC's Academy
PwC
Mill Street
Qormi



Accounting correctly for financial investments poses a number of challenges. This is in part due to the various types of investments that may be held, however it is also a result of the complexities included within IAS 39. Sir David Tweedie, former Chairman of the IASB, famously joked, "With IAS 39, if you understand it, you haven't read it properly."

Accounting for financial investments does not however need to be feared!

PwC's Academy is organising a workshop which, through the use of practical examples and illustrations, will answer a number of your questions, including:

- What IAS 39 categories of financial assets may equity, and debt, securities be categorised as?
- What are the implications of categorising an investment as at fair value through profit or loss, or as available for sale?
- Can I have one policy for my equity investments, and a separate policy for debt investments?
- Do I need to make separate considerations for my investments in funds?
- I have incurred transaction costs on acquisition (or disposal) of an investment. How should I account for these?
- What accounting treatment should I apply to interest that I have paid for upon the acquisition of a debt security?
- Do floating rates of interest impact the way I account for an investment in a debt security?
- When I invested in a debt security, I was most interested in the yield to maturity. Is this reflected in my accounting records?
- My accountant (or auditor) refers to the 'effective interest method' and to 'amortised cost'. What do these mean, and why do I need to know?
- I have an equity investment which is denominated in a foreign currency. How are exchange rate movements reflected? Would it be different if the investment is in a debt security?
- Must all my investments be fair valued?
- What guidance is provided in respect of fair valuation of investments?
- Does the volatility in the financial markets mean that my results will necessarily be volatile?
- What is meant by 'impairment', and what impact does it have?
- Can 'impairment' charges be reversed?
- Are there any specific disclosures that I need to make in respect of investment income?
- How do I account for disposals or maturities of financial investments?

Although focused on the IAS 39 requirements, which are more onerous than GAPSE, this workshop will also consider the major differences between IFRSs as adopted by the EU and GAPSE in respect of the above investments

Timetable overview and agenda

Date: Friday 18 November 2011

08:45 - 09:00	Registration
09:00 - 09:10	Introduction
09:10 - 09:50	Recognition and classification of financial assets
09:50 - 10:50	Measurement at initial recognition
10:50 - 11:20	Break
11:20 - 12:50	Subsequent measurement
12:50 - 13:10	Subsequent measurement : impairment
13:10 - 13:20	Reclassifications
13:20 - 13:30	Major differences between IAS 39 and GAPSE



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The Speakers

Fabio Axisa BA (Hons) Acctey, MIA, CPA

Fabio has been a partner in the firm's assurance practice since 1 July 2006. He joined the firm in July 1995 after obtaining a degree in Accountancy from the University of Malta. He is one of the firm's lead technical experts particularly with respect to adoption of the requirements of the International Financial Reporting Standards. Fabio has been a member of the team in charge of Technical matters in the PwC Malta office for a considerable number of years and is heavily involved in IFRS consultation work. His client responsibilities consist of a wide and varied portfolio which includes major financial institutions. Fabio is also a member of the Accounting Committee of the Malta Institute of Accountants. He has lectured extensively on financial reporting, with financial instruments being his area of expertise.

David Leone Ganado FCCA, FIA, CPA

David, a senior manager in the Assurance Line of Service, joined the firm in 2000 as a student and qualified as a Chartered Certified Accountant in 2002. He has considerable experience in the firm's audit practice and has also been seconded in more than one instance to other PwC offices. David is currently actively involved in supporting the firm's staff and clients with respect to matters related to the IFRS and GAPSE accounting frameworks, and has delivered numerous training sessions both internally to the firm's staff, as well as to clients.

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