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Course Information

Course Title: *Accounting for Derivatives and Hedges #3635*

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 3 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

Course Description

Accounting for Derivatives and Hedges describes a number of derivatives that can be used to mitigate certain types of risk, with an emphasis on how these derivatives are deployed. The course also notes the accounting, controls, and disclosures for derivatives and hedges, with specific emphasis on cash flow hedges and fair value hedges.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

Course Content

Publication/Revision date: 9/4/2015.

Author: Steven M. Bragg, CPA.

Final exam (online): Fifteen questions (multiple-choice).

Instructions for taking this course

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Identify the main aspects of foreign exchange and interest rate risk and the methods available to mitigate them.
- Note the accounting for derivative speculation, and the classifications for hedges and investments.
- Recognize the methods used to measure hedge effectiveness.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books and courses:

Accountants' Guidebook	Financial Analysis
Accounting Controls Guidebook	Fixed Asset Accounting
Accounting for Derivatives and Hedges	Foreign Currency Accounting
Accounting for Earnings per Share	GAAP Guidebook
Accounting for Inventory	Hospitality Accounting
Accounting for Investments	Human Resources Guidebook
Accounting for Managers	IFRS Guidebook
Accounting Procedures Guidebook	Interpretation of Financial Statements
Bookkeeping Guidebook	Inventory Management
Budgeting	Investor Relations Guidebook
Business Combinations and Consolidations	Lean Accounting Guidebook
Business Ratios	Mergers & Acquisitions
Capital Budgeting	New Controller Guidebook
CFO Guidebook	Nonprofit Accounting
Closing the Books	Payables Management
Constraint Management	Payroll Management
Corporate Cash Management	Project Accounting
Corporate Finance	Public Company Accounting
Cost Accounting Fundamentals	Purchasing Guidebook
Cost Management Guidebook	Real Estate Accounting
Credit & Collection Guidebook	Revenue Recognition
Fair Value Accounting	The Year-End Close

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Preface

The accounting for derivatives and hedges has a reputation for being among the most arcane in accounting. In *Accounting for Derivatives and Hedges*, we attempt to reduce this concern by focusing first on the nature of derivative instruments and how they function. Only after the reader has a clear understanding of derivatives do we proceed to the essentials of how to account for them. Topics covered include the nature of risk, hedging, risk management, and the accounting for derivatives and the major types of hedges.

You can find the answers to many questions about derivatives and hedges in the following chapters, including:

- What causes interest rate risk?
- How can I mitigate foreign exchange risk without using derivative instruments?
- What are the main features of futures, options, and swaps?
- When are gains and losses stored in other comprehensive income?
- What documentation is used to match a hedging item with a hedged item?
- How can I tell if a hedge is effective?
- What controls and policies can be imposed on hedging activities?

This course is updated regularly to reflect changes in the accounting standards.

Centennial, Colorado
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