COURSE DESCRIPTION
Course is designed for bachelor students who have no experience with International Financial Reporting standards, who studied local accounting standards before or has no accounting background at all. This course starts with the overview of the overall understanding of the accounting cycle, including the understanding of how economic events and transactions in the enterprise influence different elements of financial statements. It discusses application of accrual method resulting in the adjusting entries, and covers also closing procedures and reverse entries. It covers the IFRS Concepts Framework and major formats of financial statements according to IFRS. Then the course is focused on the recognition and measurement for short-terms assets, in particular, receivables and inventory, and long-term assets as Property, Plant and Equipment, Intangible assets and Assets Held for Sale. In separate topic is impairment of long-term assets. The course contains concepts of accounting and reporting for lease operations (financial and operating lease). One class is devoted to the Cash Flow Statement preparation techniques. The last part of the course deals with the consolidated financial statements. It covers the main concepts of control, subsidiary, single and consolidated statements. After the course the students will be able to eliminate intra-companies transaction, unrealized gains, to prepare the basic consolidated financial statements. Special part is accounting at the date of acquisition: goodwill, measuring the consideration transferred, measuring the net assets acquired. The course does not require extensive knowledge of mathematics and statistics.

The course has prerequisite is “Financial Accounting” or “Accounting according to the local standards”.

COURSE OBJECTIVES
After the course student will know:
– main steps of the accounting and financial reporting cycle;
– Recognition and measurement principles for Receivables, Inventory, PPE, Intangibles and Assets Held for Sale, lease transactions, impairment calculation and reporting;
– Cash Flow preparation techniques;
– Consolidated financial statement preparation technic.

After the course student will be able to:
- prepare the regular accounting entries and adjustments entries;
- do appropriate classification to the elements of financial statements;
- understand the purpose and overall structure of financial statements and disclosures, qualitative characteristics of information there; structure and meaning of different types of audit reports.
- understand the presentation of Receivables, Inventory, PPE, Intangible assets, and Assets Held for Sale in the financial statements and in the disclosures;
- to calculate the impairment of long-term assets;
- understand the lease accounting;
- prepare simple Statement of Cash Flow;
- prepare basic consolidated statement of financial position, statement of operation;
- to understand the notes to financial statements and mail financial coefficients.

TEACHING METHOD
Lectures
Seminar sessions
Self-study
Individual work

GRADING
Your grade will be based on the test (40%) and final exam (60%).

ASSESSMENT
Class participation
Test
Final exam

COURSE OUTLINE

Framework: general purpose, elements of financial statements – recognition and measurement; qualitative characteristics. Overview of the financial reports.

**Topic 2. The Accounting Cycle.**

**Topic 3. Accrual Accounting.**

**Topic 4. Inventory.**

**Topic 5. Short-term assets. Long-term receivables.**

**Topic 6. Property, Plant and Equipment.**
Life cycle of PPE. Acquisitions, initial measurement - capitalization of costs. Reserves for future costs. Purchase, exchange, government grants, financing by loan and borrowing costs, exchange of assets. Depreciation of PPE – types. Subsequent measurement – historical cost model and fair value model. Revaluation under fair value model.

**Topic 7. Impairment of property, plant and equipment**
Impairment of PPE – indicators, estimating the amounts, using the Cash Generating Units. Moving the assets into the Assets Held for Sale category.

**Topic 8. Leases**
Obtaining non-current assets, types of leases (classification of lease, identifying financial lease), accounting for finance leases (present value of the minimum lease payments, defenitions and working examples, lease terms, setting up accounts in the statement of financial position, depreciating the asset, making the payments, finance charge). Disclosure in the financial statements. Other issues. Operating leases.

**Topic 9. Intangible assets**
What are intangible assets? IAS 38: objective and scope. The definition of intangible assets, initial recognition and measurement, internally generated assets, measurement of intangible assets after recognition, disposals, disclosure, goodwill.


**Topic 11 Provisions, contingencies and events after the reporting period**
Provisions and contingencies; provision: definition and recognition; measurement treatment; specific applications; disclosures relating to provisions; contingent liabilities; contingent assets; IAS 10 “Events after balance sheet period”.

**Topic 12. Group accounts: basic principals.**
What is a group, what is a subsidiary, accounting principles; the single entity concept; control and ownership (definition of control, ownership, reflecting control and ownership in group accounts).

Explain and demonstrate the concept and principals surrounding the consolidation of financial statements including: the single entity concept; substance over form; the distinction between control and ownership. Calculation goodwill, intra-group balances; unrealized intra-group profit, standardised workings; fair value adjustments; mid-year acquisitions; dividends; other adjustments.

**Topic 14. Group accounts: associates**
Investments in an associate, equity method: consolidated statement of financial position & consolidated income statement; associate’s losses; transactions between a group and its associate.

**Topic 15. Business combinations, consolidated financial statements**

Source of requirements; IFRS3 (revised) “Business combinations”; identifying the acquirer; determining the acquisition date; measuring the consideration transferred; recognition and measuring the net assets acquired; goodwill; practical issues; disclosures.

**INDICATIVE READING LIST.**


5. [http://www.pwc.com/gx/en/ifrs-reporting/index.jhtml](http://www.pwc.com/gx/en/ifrs-reporting/index.jhtml) the site of PWC for IFRS preparers


7. [http://www.ifrs.org/Pages/default.aspx](http://www.ifrs.org/Pages/default.aspx) the site of IASB - original text of pronouncements


**DISTRIBUTION OF WORKLOAD**

<table>
<thead>
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<th>Topics</th>
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<th>In-room classes</th>
<th>Self-study</th>
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<td>Topic 1. The IFRS Conceptual Framework and the Financial Statements</td>
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<td>Topic 2. The Accounting Cycle.</td>
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<td>Topic 3. Accrual Accounting.</td>
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<td>Topic 4. Inventory.</td>
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<td>Property, Plant and Equipment.</td>
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<td>Leases</td>
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<td>Intangible assets</td>
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<td>Statement of Cash Flows. Techniques for preparation.</td>
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<td>Provisions, contingencies and events after the reporting period</td>
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<td>Group accounts: basic principals.</td>
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<td>13</td>
<td>Consolidated accounts: consolidated statement of financial position, consolidated statement of financial performance</td>
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