Financial Reporting

Lecturer: Maria Kravtsova  
Class teacher: Maria Kravtsova

Course description

The course is designed to introduce a number of theoretical approaches to financial accounting and develop background for preparing financial statements of the company under alternative accounting conventions (mainly under International Financial Reporting Standards (IFRSs)). The course describes a number of regulatory issues relating to financial accounting and explores the detailed issues and problems of financial reporting. It provides basic skills in recording and interpretation of financial data and covers basic techniques of financial analysis. The course requires the knowledge of basics of accounting and microeconomics. This is a two-semester course designed to prepare students for UoL examination.

Teaching objectives

The course is focused on developing skills in preparing and analyzing companies’ Individual and consolidated financials. By the end of the second module students are expected to understand the role of financial reporting, main approaches to preparing financial statements and to be able to calculate the main items of statement of financial position, income statement and statement of comprehensive income. By the end of the course students are expected to prepare statement of cash flows, consolidated statements and interpret financials.

Teaching methods

The course is studied by means of the following methods:
- lectures
- classes with practical trainings
- additional consultations
- written home assignments
Assessment

Current control includes: written home assignments, participation in classwork by solving exercises and case presentations. Intermediate control is based on mid-term exam in each module and exam in UoL format or MOCK exam in March/April. Final exam is set by the University of London.

Grade determination

The first half-year grade is based on the following weights:
• 10% – for written home assignments;
• 10% – for class participation;
• 30% – for the autumn MOCK exam;
• 50% – for the winter internal exam.

The final grade is based on the spring internal exam (60%) and the remaining 40% is given for performance evaluation during the course including:
• 30% – for the first half-year grade;
• 10% – for home assignments and class participation in the second half-year.

Essential reading

Alexander, D., A. Britton and A. Jorissen

*International Financial Reporting and Analysis*

*Sixth edition, 2015* (IFRA)

Additional reading


Ernst and Young, *International GAAP 2015: Generally Accepted Accounting Practices Under International Reporting Standards*. (Chichester: John Wiley and Sons, 2015)


**Course outline**

1. **Introduction to the course. Rationale for financial reporting and its regulation**


2. **Conceptual framework**


3. **Income measurement and capital maintenance**

A view of income and capital often characterised as the accountant’s view. A view of income and capital often characterised as the economist’s view. Hicks’s version
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of the economist’s concept of income. Hicks’s income number 1. Income ex ante and income ex post. What if interest rates are expected to change? Hicks’s income number 2. Hicks’s income number 3. Implications of Hicks’s measures of income. Implications for accountants. (IFRA Ch. 4)

4. **Historical cost accounting (HCA) and accounting for changing prices/values**


5. **Fair value concept**

IFRS 13. Measurement process. Disclosure. (IFRA Ch. 8)

6. **Accounting for tangible non-current assets**


7. **Accounting for intangible assets**


8. **Accounting for inventories and construction contracts**

9. **Accounting for financial instruments**

10. **Accounting for equity and liabilities**
Share capital and reserves. Ordinary shares. Preference shares. Accounting issues: equity or liability? Off-balance sheet financing. (IFRA Ch. 18)

11. **Accounting for groups**

12. **Accounting for foreign currencies**
Foreign currency conversion: business transactions. Foreign currency translation: business transactions. Which exchange rate should be used to record foreign currency translations? Accounting for the closing rate method and the temporal method. (IFRA Ch. 30)

13. **Accounting for taxation**

14. **Analysis and interpretation of financial reports**

15. **Revenue**
Revenue concept. IAS 18. Revenue recognition. Revenue measurement. (IFRA Ch. 19)
### Distribution of hours

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<tr>
<th>№</th>
<th>Topic</th>
<th>Lecture hours</th>
<th>Class hours</th>
<th>Self-study</th>
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