Financial University under the Government of the Russian Federation

Department of Accounting, Analysis and Audit

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**International financial accounting**

**SYLLABUS**

***Level of Study:*** *Bachelor’s Degree*

***Field of Study:*** *Economics*

***Study Program:*** *International Finance (in English)*

**Syllabus**

**1. Name of a subject *International financial accounting***

**2. Mapping of learning outcomes (list of competences), with the relevant indicators described and subject learning outcomes indicated**

The Table 1 contains the following information: graduates’ coded competencies are to be developed during the learning process; indicators that show their development (generalized descriptions of specific actions performed by the graduate that clarify and reveal the competence content) and learning outcomes (knowledge, skills) with indicators of competence development:

Table 1

|  |  |  |  |
| --- | --- | --- | --- |
| Competence code | Competence | Competence development indicators | Learning outcomes (skills, and knowledge) and indicators that show competence development |
| PCC-1 | Ability to build a financial and managerial accounting and managerial decision-making system based on accounting information; to use the mechanisms of planning and budgeting based on financial and non-monetary indicators | 1. Conducts financial and managerial accounting operations  2. Builds accounting and budgeting systems and managerial decision-making systems based on accounting information | **1. To know:**  - fundamental principles and concepts of financial accounting and reporting;  - recognition criteria for the main types of assets and liabilities in accordance with International Financial Reporting Standards;  - typical correspondences of accounts to reflect the facts of economic life on receipt, use in business processes and disposal of fixed assets, inventories, cash, financial instruments and other assets of the organization, on the occurrence and settlement of obligations of the organization, on the formation of the financial result of the organization’s activities and changes in the composition and structure of its capital.  **To own the skill:**  - to apply the requirements of International Financial Reporting Standards in the implementation of current accounting procedures.    **2. To know:**  - the basic requirements of International Financial Reporting Standards regarding financial accounting policy;  - the requirements of International Financial Reporting Standards for the composition and order of presentation of financial statements.  **To own the skills:**  - to make calculations on valuation of assets and liabilities of the organization;  - to apply professional judgment when choosing the type of valuation of assets and liabilities of the organization. |

**3. Place of the subject in the curriculum**

The course *International financial accounting* is the discipline of the profile module included in the curriculum of the educational program *38.04.01 Economics,* profile *International Finance (in English)*. The course deepens students' knowledge in the field of financial accounting, obtained by studying the discipline *Accounting and Reporting*, and also allows students to broaden their horizons in the application of international financial reporting standards.

The practical application of the course *International Financial Accounting* is designed to ensure the professional competence of a specialist in the field of economic activity of a commercial organization, in terms of creating and operating an accounting system, preparing information for financial statements, and using professional judgment in relation to complex issues of accounting practice. The course *International financial accounting* creates the basis for studying the disciplines of the profile *International financial reporting, Audit and risk assessment*.

**4. Workload in credits and academic hours, with class work (lectures and seminars) and self-study indicated**

Table 2

|  |  |  |
| --- | --- | --- |
| **Type of work** | **Total**  **(in credits and hours)** | **Semester 5**  **(in hours)** |
| **Overall workload** | **5/180** | **180** |
| ***Class work*** | **50** | **50** |
| *Lectures* | 16 | 16 |
| *Seminars, practicals* | 34 | 34 |
| ***Self study*** | **130** | **130** |
| Formative assessment | Control analytical work | Control analytical work |
| Summative assessment | Written exam | Written exam |

**5. Subject content (with the thematic components indicated)**

**Topic 1. Essence and significance of IFRS**

International financial reporting standards: history, background and its origins. The role of IFRS in providing users with reliable information about the financial position and financial performance of economic entities. IASB, its objectives and procedures. Trends in the development of IFRS. Contents of IFRS. IFRS and GAAP. Conceptual framework, IAS and IFRS, interpretations. Valuation of financial statements elements.

**Topic 2. Contents and presentation of financial statements**

IAS 1. Purpose of preparation and presentation of financial statements. Requirements for the presentation of financial statements. The structure of the financial statements. Notes and disclosures.

Statement of financial position, its structure and the basic rules of its formation. Statement of profit or loss and other comprehensive income, its structure and the basic rules of its formation. Statement of cash flows, its structure and the basic rules of its formation. Notes to the reporting forms, summary of significant accounting policies and other disclosures.

IAS 34. Interim financial reporting and requirements for its pro-forma and contents.

IAS 8. Accounting policies and changes in accounting estimates. The significance of consistent application of accounting policies. Retrospective application of accounting policies. Accounting estimates and the reflection of changes in them. Errors and methods of their correction in the financial statements.

**Topic 3. Accounting and reporting for capital**

Capital structure. Elements of capital. Accounting for formation and changes in capital. Types of shares. Methods of share issue. The costs of share issue. Realized and unrealized income.

Statement of changes in equity. Recognition of comprehensive income in the statement of changes in equity.

**Topic 4. Accounting and reporting for inventories**

IAS 2 Inventories. Definition, classification and valuation of inventories. Inventory valuation methods: FIFO, weighted average method, moving average method, cost of unit.

Valuation of inventories at net realizable value. Accounting policy in respect of inventory accounting. Additional disclosures.

**Topic 5. Accounting and reporting for income and expenses**

IFRS 15. Revenue from contracts with customers. Recognition and measurement of revenue. Contract costs. Disclosures.

IAS 12**.** Differences in taxable profit and accounting profit. Current and deferred taxation. Recognition, measurement and reporting of deferred tax assets and deferred tax liabilities. Disclosures.

**Topic 6. Accounting and reporting for non-current assets**

IAS 16. Property, plant and equipment. PPE: definition, recognition criteria, initial and subsequent measurement of property, plant and equipment, accounting treatment of repairs, improvements, depreciation. Additional disclosures.

IAS 38. Intangible assets: definition, research and development costs, recognition criteria, initial and subsequent measurement, cost and revaluation models, amortization based on useful lives of intangible assets, disposal. Additional disclosures.

IAS 36. Concept and indications of impairment of assets. Determination of recoverable amount, fair value less costs of disposal, value in use. Recognition of impairment losses and their reporting. Reversal of an impairment loss. Additional disclosures.

**Topic 7. Accounting and reporting for provisions, contingent liabilities and contingent assets and reflection of events after the reporting period**

IAS 37. Recognition and measurement of provisions and contingent liabilities. Disclosures of provisions, contingent assets and liabilities.

IAS 10. Events after the reporting period: definitions, recognition, adjusting and non-adjusting events.

**Topic 8. Accounting and reporting for cash and cash equivalents**

IAS 7.Cash and cash equivalents. Accounting for cash transactions. Statement of cash flows, its structure and the basic rules and methods of its formation.

**6. List of teaching and methodological materials needed for the students**

**self-study**

**6.1. List of questions for student self-study and types of out-of-class activities**

Table 3

|  |  |  |
| --- | --- | --- |
| **Itemized subject content** | **Questions the students should answer within the self-study process** | **Types of out-of-class activities** |
| Topic 1. Essence and significance of IFRS | History of IFRS. The structure of regulatory bodies and the procedure for approving IFRS. | Work with educational literature, normative acts, reference-informational bases and other Internet resources. |
| Topic 2. Contents and presentation of financial statements | IAS 1, IAS 8, IAS 34: Overview of the requirements of standards.  Preparation of interim financial reporting. Accounting policies, changes in accounting estimates and errors. | Work with educational literature, normative acts, reference-informational bases and other Internet resources. Self-study of cases, solving practical problems. Test preparation. |
| Topic 3. Accounting and reporting for capital | The concept of current and capital expenditures. Disclosures in the notes to the financial statements. | Work with educational literature, normative acts, reference-informational bases and other Internet resources. Self-study of cases, solving practical problems. Test preparation. |
| Topic 4. Accounting and reporting for inventories | Inventory disclosures in the notes to the financial statements. | Work with educational literature, normative acts, reference-informational bases and other Internet resources. Self-study of cases, solving practical problems. Test preparation. |
| Topic 5. Accounting and reporting for income and expenses | The concept of income and expenses and their classification according to the Conceptual framework. | Work with educational literature, normative acts, reference-informational bases and other Internet resources. Self-study of cases, solving practical problems. Test preparation. |
| Topic 6. Accounting and reporting for non-current assets | Definition and criteria for recognition of leases, types of assessments | Work with educational literature, normative acts, reference-informational bases and other Internet resources. Self-study of cases, solving practical problems. Test preparation. |
| Topic 7. Accounting and reporting for provisions, contingent liabilities and contingent assets and reflection of events after the reporting period | Disclosures in the notes about provisions, contingent liabilities and contingent assets and events after the reporting period | Work with educational literature, normative acts, reference-informational bases and other Internet resources. Self-study of cases, solving practical problems. Test preparation. |
| Topic 8. Accounting and reporting for cash and cash equivalents | The concept of cash and cash equivalents. | Work with educational literature, normative acts, reference-informational bases and other Internet resources. Self-study of cases, solving practical problems. Test preparation. |

**6.2. List of questions/assignments/topics for students’ preparation to formative assessment**

***Templates of questions the students need to answer when preparing for a control analytical work***

A. You are approached by a new client, Anton, who is coming to the end of his first year’s trading. He has not kept proper books and records but, after discussing matters with him, the following information comes to light concerning the year ended 30 September 2019:

1. He set up in business when he won $200,000 on the national lottery. He invested the money in the bank and set up in business as a retailer of lingerie.
2. He banks his takings periodically after payment of the following amounts:

Wages $75 per week

Cleaning $10 per week

Sundries $15 per week

Personal expenses $25 per week

Cash in hand at the end of the year was $250.

1. A summary of his bank statements reveals the following:

$ $

Capital introduced 200,000 Purchase of leasehold premises 150,000

Bankings 125,750 Purchase of vans 6,000

Telephone 896

Rent 1,682

Payments to suppliers 86,232

Wages 15,282

Repairs 3,637

Personal expenses 323

Balance c/d 61,698

\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_

325,750 325,750

# ———— ————

An unpresented cheque of $385 for repairs was still outstanding.

1. Other assets and liabilities at 30 September 2019 were as follows:

$

Inventory 6,400

Trade receivables 10,350

Trade payables 29,957

Accrued expense – telephone 125

Prepaid expense– rent 258

1. Depreciation is to be allowed on the van at 25% of its cost. The leasehold is for 50 years.
2. Anton estimates that his gross profit percentage is 25%, and also informs you that he does not keep a record of the goods he took for his own use.

**Prepare a statement of profit or loss** **for the year ended 30 September 2019 and a statement of financial position at that date.**

B. Briefly discuss whether you think that the company published financial statements, prepared in accordance with International Accounting Standards, achieve the objective “The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions.”

C. One of the requirements of the Framework is that financial statements should be free from material error. Suggest safeguards which may exist, inside or outside a company, to ensure that the financial statements are in fact free from material error.

***Templates of questions the students need to answer when preparing for a written exam***

*Theoretical questions*

1. Accounting and reporting for tangible non-current assets
2. Accounting and reporting for intangible assets
3. Amortization and impairment of intangible non-current assets
4. Assets, liabilities and equity as the main elements of financial reports
5. Accounting for cash and cash equivalents
6. Cash flow from investing activities: mail inflows and outflows.
7. Cash flow from operating activities: mail inflows and outflows.
8. Cash flow statementand its uses
9. Components of shareholders’ equity: accounting treatment and disclosure
10. Direct and indirect methods of setting out a cash flow statement
11. Enhancing qualitative characteristics of financial statements
12. Events after the reporting period and their disclosure
13. Faithful representation of accounting information
14. Income statement and statement of comprehensive income: components and usage
15. International financial reporting standards and their uses
16. Inventory valuation methods: FIFO, weighted average cost
17. Meaning and purpose of financial statements’ understandability
18. Nature and purpose of financial reporting standards
19. Non-current assets: depreciation methods
20. Perpetual and periodic systems of inventory accounting
21. Provisions, contingent liabilities, contingent assets: accounting and disclosure
22. Qualitative characteristics of financial reports
23. Reducing balance method of depreciating non-current assets and the straight-line method: advantages and disadvantages for different types of assets.
24. Revaluation of non-current assets.
25. Statement of Cash Flows: description of tree types of activities
26. Statement of financial position: its preparation and uses.
27. The main elements of financial statements
28. The main financial reports and their purpose

*Practice-oriented cases*

**Task 1.**

The following information relates to the first two months’ trading of Roman, who is in business as a greengrocer. All transactions are on a cash basis.

|  |  |
| --- | --- |
| 1 January | Roman paid $350 into the business |
| 15 January | Bought goods for $200 |
| 23 January | Paid motor expenses of $40 |
| 31 January | Sold goods for $300 |
| 5 February | Received $300 from D. as a loan |
| 7 February | Purchased goods for $200 |
| 8 February | Sold goods for $150 |
| 21 February | Paid rent of $50 |
| 28 February  **Required:**  For EACH month: | Sold goods for $300. |

1. Write up and close the relevant ledger accounts for the above transactions;
2. Extract a trial balance (list of account balances); Prepare a statement of profit or loss;
3. Draft a statement of financial position.

**Task 2.**

The draft statement of financial position shown below has been prepared for Shuswap as at 31 December 2019:

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Cost* | *Accumulated* | *Carrying* |
|  |  | *depreciation* | *amount* |
| **Assets**  Non-current assets | $000 | $000 | $000 |
| Land and buildings | 9,000 | 1,000 | 8,000 |
| Plant and equipment | 21,000 | 9,000 | 12,000 |
|  | –––––– | –––––– | –––––– |
|  | 30,000 | 10,000 | 20,000 |
| Current assets | ——— | ——— | ——— |
| Inventories |  |  | 3,000 |
| Receivables |  |  | 2,600 |
| Cash at bank |  |  | 1,900 |
|  |  |  | –––––– |
| Total assets |  |  | 27,500 |
| **Equity and iabilities**  Equity |  |  | ——— |
| Share capital (ordinary shares of 50c each) |  |  | 6,000 |
| Retained earnings |  |  | 12,400 |
| Non-current liabilities: Loan notes (redeemable 2028)  Current liabilities | |  | 2,000 |
| Trade payables | |  | 2,100 |
|  | |  | –––––– |
|  | |  | 22,500 |
| Suspense account | |  | 5,000 |
|  | |  | 27,500 |

The following further information is available:

1. It has been decided to revalue the land and buildings to $12,000,000 at 31 December 2019.
2. Trade receivables totalling $200,000 are to be written off.
3. During the year there was a contra settlement of $106,000 in which an amount due to a supplier was set off against the amount due from the same company for goods sold to it. No entry has yet been made to record the set-off.
4. Some inventory items included in the draft statement of financial position at cost $500,000 were sold after the reporting period for $400,000, with selling expenses of $40,000.
5. The suspense account is made up of two items:
   1. The proceeds of issue of 4,000,000 50c shares at $1·10 per share, credited to the suspense account from the cash book.
   2. The balance of the account is the proceeds of sale of some plant on 1 January 2019 with a carrying amount at the date of sale of $700,000 and which had originally cost $1,400,000. No other accounting entries have yet been made for the disposal apart from the cash book entry for the receipt of the proceeds. Depreciation on plant has been charged at 25% (straight line basis) in preparing the draft statement of financial position without allowing for the sale. The depreciation for the year relating to the plant sold should be adjusted for in full.

**Required:**

Prepare Shuswap’s statement of financial position as at 31 December 2019, complying as far as possible with IAS 1 “Presentation of Financial Statements”.

**Task 3.**

Choose ONE correct answer

**The reducing balance method of depreciating non-current assets is more appropriate than the straight-line method when:**

A there is no expected residual value for the asset

B the expected life of the asset is not capable of being estimated

C the asset is expected to be replaced in a short period of time

D the asset decreases in value less in later years than in the early years of use

**Task 4**

**Which of the following statements are true?**

(1) The trial balance provides a check that no errors exist in the accounting records of a business

(2) The trial balance is a first step in the preparation of the financial statements

A 1 only

B 2 only

C Both 1 and 2

D Neither 1 nor 2

**Task 5**

**How should the purchase of a right to manufacture a patented product for the next ten years be accounted for?**

A Tangible non-current asset

B Intangible non-current asset

C Current asset

D Expense

**Task 6**

**Which of the following statements are correct?**

(1) Materiality means that only items having a physical existence may be recognised as assets.

(2) The substance over form convention means that the legal form of a transaction must always be shown in financial statements even if this differs from the commercial effect.

(3) The money measurement concept is that only items capable of being measured in monetary terms can be recognised in financial statements.

A 2 only

B 1, 2 and 3

C 1 only

D 3 only

**7. Mandatory and optional reading list**

***Legal regulations***

1. Federal Law of December 6, 2011 N 402-ФЗ (as amended on December 31, 2017) “On Accounting”.

2. Federal Law of July 27, 2010 N 208-ФЗ (as amended on July 18, 2017) "On Consolidated Financial Statements".

3. Order of the Ministry of Finance of the Russian Federation of December 28, 2015 N 217н (as amended on July 11, 2016) “On the introduction of International Financial Reporting Standards and clarifications of International Financial Reporting Standards in the Russian Federation and on the recognition of 35 of certain orders as invalid (Separate provisions of orders) of the Ministry of Finance of the Russian Federation.”

4. The concept of development of accounting and reporting in the Russian Federation for the medium term. It is approved by the order of the Ministry of Finance of the Russian Federation of July 1, 2004 No. 180.

5. Decree of the Government of the Russian Federation of February 25, 2011 N 107 (as amended on August 26, 2013) “On the Approval of the Regulation on the Recognition of International Financial Reporting Standards and Clarifications of International Financial Reporting Standards for Application in the Russian Federation”.

***Mandatory reading list***

1. Accounting: a textbook for university students, training in Economics (Bachelor programs) / V.G. Getman [et al.]; Financial university; under the ed. of V.G. Hetman. - Moscow: Infra-M, 2014, 2017, 2019 .-- 601 p. - The same [Electronic resource]. - 2019. - Access mode: http://znanium.com/catalog/product/996140.

***Optional reading list***

1. [ACCA. Paper F3 (INT). Financial Accounting (FA): Exam Kit - 2008: Official Text for the Professional Qualification - Wokingham: Kaplan Publishing, 2007 - 156 p.](http://cat.library.fa.ru/SkoWeb/view.aspx?db=%u041a%u041d18&report=SKO_BOOK&Book=1,RU%5c%5cFA%5c%5cbookin2000&__SemesterType=1,1)
2. International financial reporting standards: textbook / ed. V.G. Hetman. - Moscow: Infra-M, 2012, 2013 .-- 559 p. International financial reporting standards [Electronic resource]: textbook / ed. V.G. Hetman. - 3rd ed., revised and add. - Moscow: INFRA-M, 2019. - 624 p. - (Higher education). - Access Mode: <http://znanium.com/catalog/product/996147>.
3. Ponomareva L.V. Accounting (financial) statements: Textbook / L.V. Ponomareva, N.D. Stelmashenko; Financial University - M.: University Textbook, 2014 - 224 p. <EBN ZNANIUM.COM>
4. Financial accounting and reporting: Textbook for students training in Economics (undergraduate level) / Financial university; under the editorship of A.M. Petrov - M.: High school textbook, 2015 - 464 pp. - The same [Electronic resource]. - 2017. - Access mode: http: //znanium.com/catalog.php?bookinfo = 766036.
5. Financial accounting: textbook / ed. V.G. Hetman. - Moscow: Infra-M, 2014, 2016, 2017 .- 622 p. - Undergraduate. - The same [Electronic resource]. - 2019. - Access mode: <http://znanium.com/catalog/product/996155>.

***E-resourses***

1. [www.academic.oup.com/journals](http://www.academic.oup.com/journals)
2. [www.accaglobal.com](http://www.accaglobal.com)
3. [www.biblioclub.ru/](http://www.biblioclub.ru/)
4. [www.book.ru](http://www.book.ru)
5. [www.elib.fa.ru/](http://www.elib.fa.ru/)
6. [www.elibrary.ru](http://www.elibrary.ru)
7. [www.emeraldgrouppublishing.com/products/collections](http://www.emeraldgrouppublishing.com/products/collections)
8. [www.ifrs.org](http://www.ifrs.org)
9. [www.sciencedirect.com](http://www.sciencedirect.com)
10. [www.znanium.com](http://www.znanium.com)

**8. List of IT resources, incl. the list of software, information and reference systems (as appropriate).**

**8. 1. Software:**

1. Windows, Microsoft Office software;

2. ESET Endpoint Security antivirus software; etc.

**8.2. Databases and information and reference systems**

1. Garant information and reference system;

2. Consultant Plus legal information system;

3. <http://ru.wikipedia.org/wiki/Wiki> e-encyclopedia;

4. <http://www.skrin.ru/> database; etc.

**8.3. Certified software/hardware used for information protection**

No such software/hardware is used.