

IFRS Comparisons with US Accounting Standards

A Two-Day Programme (Can be extended to Three Days)



Course Overview

The convergence of the American accounting standards with the rest of the world is an important breakthrough towards developing a consistent and reliable set of rules across the world. The costs and confusion of preparing accounting results under one regime and then translating these results to another regime has created a lot of confusion and disharmony in the past and has almost certainly reduced the quality of information that the shareholder/investor needs. The potential for confusion was recently highlighted, during the credit crunch when, investors discovered to their horror that certain financial institutions were able to report financial profits at a time when they were asking various governments for financial support to cover the hidden losses that they had amassed.

Regulators and business leaders now recognise the problems. The London-based International Accounting Standards Board has worked closely with the Financial Accounting Standards Board to bring the US Financial Accounting Standards Board FASB and the International Financial Reporting Standards closer together. Nations are choosing IFRS and have been voting with their feet.

Already 100 countries have adopted and implemented IFRS.

Course Objectives

Currently there is a huge demand for accountants and consultants who can prove that they have the necessary skills to make the IFRS transition as smooth and trouble-free as possible. Early planning is essential; many company directors and shareholders are examining what the changeover will mean to them. At one level the shareholders need to be informed on the likely changes, then there are the resource requirements: companies and financial institutions need to examine what type of information they will need to collect and may need to devise new systems, particularly documentation when it comes to financial instruments. Our course will cover the focus and framework that the IFRS encourages and in particular highlight those areas where change is likely to be greatest. Topics covered include, liabilities v equity, operational v financial leases, share based payments and consolidation. Our course is very interactive. Delegates will be encouraged to use spreadsheets as well as real example case studies from published accounts. The controversy surrounding the reliability of the accounting standards is also examined.

Day One

Session 1 Consolidation

- Control model
- Identifying the risks and rewards of ownership
- Dual consolidation decision model
- Variable interest model
- Voting control model.

Session 2 Share based Payments

- Early recognition Share based payments
- Valuing options
- Tax expenses
- Liabilities v Equity

Session 3 Expense Recognition Employee benefits

- Election to account for actuarial gains/losses
- Valuation of assets under IFRS v FASB
- Expected Returns on pension schemes and plan assets
- Finance costs v Operating Income

Session 4 Assets non-financial

- Capitalisation of costs under IFRS v development costs FASB
- Last in First Out Inventory methodology
- Classification of Leases Operational v Financial
- Sale & Leaseback Accounting

Session 5 Financial Assets

- Securitisation - Full/partial balance sheet treatment
- Investment in unlisted securities - fair value methodology
- Changes in estimates associated with certain financial assets
- IAS 39 v FAS 133 on financial instruments

Day Two

Session 1

Tax Liabilities

- Reconciliation and measurement of uncertain tax positions
- Physical location of inventory and its impact on tax expenses
- Deferred tax on intragroup profits - buyers' tax rates v sellers tax rates
- Treatment of subsequent changes to previously established deferred taxes

Session 2

Liabilities

- Provisions
- Threshold for establishing provisions
- Early recognition of expenses under IFRS
- Restructuring plans

Session 3

Liabilities and Equity

- Warrants - net share settlement or dividends
- Instruments with contingent settlement provisions - liability
- Balance sheet classification on disbursements
- Interest v dividends
- Hybrid instruments

Session 4

Derivatives and Hedging

- Effectiveness testing - short-cut method
- Documentation under IFRS v FASB
- Net settlement requirements under FASB
- Derivatives recognised under IFRS but not FASB