

Basic IFRS Accounting
A Two-Day Programme
(Can be extended to Three or Four Days)



Aims and Objectives

The aim of this course is for participants to receive a thorough grounding in the principles and practice of international accounting standards (IFRS).

By the end of this course, participants will be able to:

- Account under IFRS for a range of commonly encountered transactions
- Perform basic analyses of the financial performance and condition of entities reporting under IFRS

Methodology

To the fullest extent possible within the overall time constraints of the programme, delivery will be interactive, with a strong emphasis on learning-by-doing through exercises, group discussions and presentations.

Case Studies

Case studies will be used selectively, to give a strong practical support to the theoretical learning objectives of the programme.

Wherever it is appropriate, examples will be drawn from the client's own business.

Day One

Session 1

Background to IFRS

- Origins, history and development of IFRS
- The 1989 Framework: a principles-based system
- Objectives of accounting
- Fundamental characteristics of accounts
- Fundamental accounting principles
- The importance of accounting policies
- The Five Elements: assets, liabilities, revenue, expense and equity

Exercise: Deciding whether identified items meet the criteria for recognition as assets

Session 2

Accounting for Activity: the Income Statement

- Accounting for revenue and expense under the accruals principle
- Accounting for expense by nature or by function
- Dealing with transactions affecting more than one accounting period

Exercise: Preparation of simple income statement

Session 3

Accounting for Financial Condition: the Balance Sheet

- Distinction between current and non-current items
- Accounting for tangible and intangible fixed assets
- Provisions and contingent liabilities
- Accounting for changes in equity

Exercise: Acquisition, disposal and depreciation of fixed assets

Session 4

Accounting for Changes in Financial Condition: Cash Flow

- Direct vs. indirect method
- Separating cash flows into operating, investing and financing
- Deriving operating cash flow from operating profit
- Reconciling with net change in cash

Exercise: Calculating operating cash flow from income statement and balance sheet

Day Two

Session 1

Accounting for Financial Instruments and Derivatives

- Introduction to IAS 32 and 39
- Distinguishing liabilities from equity
- Understanding the key alternatives under IAS 39
- Definitions and basic accounting for derivatives

Case study: HSBC

Session 2

Accounting for Groups of Companies

- Basic principles of consolidation
- Accounting for acquisitions
- Goodwill on acquisition (basic treatment only)
- Minority interests

Exercise: Simple first-time consolidation of newly acquired subsidiary

Session 3

Accounting for Foreign Currency Transactions

- Introduction to IAS 21
- Functional and presentational currencies
- Introduction to translation gains and losses

Case study: EADS (Airbus)

Session 4

Introduction to Financial Analysis under IFRS

- Introduction to ratio analysis: its uses and limitations
- Using ratios to understand profitability
- Assessing liquidity and solvency from accounting ratios
- Importance of cost of capital

Exercise: High-level ratio analysis of two pharmaceutical companies

Course Summary and Evaluation