

Syllabus

AUD3031E+ACC2041E International Financial Reporting Standards IFRS

Prof. Dr. Marcus Scholz
Summer Semester 2021

| | | |
|------------------------------|---|--|
| Level | Bachelor | |
| Credits | 3 | |
| Student Contact Hours | 2 | |
| Prerequisites | Familiarity with bookkeeping (knowing debits and credits) | |
| Time | Friday, 1:45 p.m. – 3:15 p.m. | |
| Room | Online-room | |
| Start Date | March 19th, 2021 | |
| Lecturer | Name | Prof. Dr. Marcus Scholz |
| | Office | W2.4.12 |
| | Virtual Office | Internet-Office Scholz |
| | Colloquium | Monday, 3:30 p.m. – 5:00 p.m. |
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Goal of the Course

By the end of the course students

- have an understanding in applying and interpreting existing IFRS to real world accounting problems.
- have a thorough understanding about several standards, e.g. dealing with:
 - Presentation of financial statements
 - Principles of disclosure
 - Inventories
 - Property, plant and equipment
 - Leases
 - Income taxes
 - Provisions, contingent liabilities and contingent assets
 - Intangible assets
 - Business combinations

Teaching and Learning Approach

In a primarily interactive approach, the most important IFRS-rules will be dealt with in depth (i.e. including journal entries) to provide a thorough understanding of IFRS. The lectures are based on PowerPoint presentations which are revised term by term to be up to date with the ongoing changes of regulations and which will be available for download/print through the University's Intranet (E-Learning Platform Moodle). In addition, practical examples are provided in class.

Assessment

Final exam at the end of the semester – 60 minutes. All exercises have to be solved. In total 40 points can be reached. The exam is passed with 20 points.

Prerequisites:

Familiarity with bookkeeping (knowing debits and credits) is a necessary prerequisite!

It is the individual student's responsibility to get prepared to that basic level. In case you have to get acquainted with basic bookkeeping, I suggest reading:

Fields, Louis W./Gallagher, Richard R.: Bookkeeping made Simple, about 11,50 €, Part 1 and Part 2 (pp. 1-73)

In addition, in basic knowledge of national GAAP (e.g. German HGB) is a helpful prerequisite for the course.

Literature and Course Materials

a) Current Text

It is absolutely essential that students work with the current IFRS text (and take them to the classroom)!

There are several opportunities to get the IFRS text, among others:

- Lending the IFRS text in the Universities library
- IFRS Bound Volume 2021, 2020 or 2019; 79,44 €

- International Financial Reporting Standards (IFRS) 2021, 2020 or 2019: English & German (or any other language) edition of the official standards approved by the EU, Wiley Text; 29,99 €
- IFRS 2021, 2020 or 2019, English – translation in any other language (Standards in the versions approved by the European Union)

b) Textbooks (not necessarily required)

- *Picker, Ruth et al.*, Applying IFRS Standards, Wiley
- *Christian, Dieter / Lüdenbach, Norbert*, IFRS Essentials, Wiley

Student responsibilities and class behaviour

- Respect each other
- Take responsibility for your action
- Be fair
- Act with honesty
- Trust each other
- Demonstrate civility
- Read the course syllabus
- Arrive to class on time and do not leave early
- Demonstrate and respect divergent opinions

Motivation for Studying IFRS and Background

Differing national traditions and experiences led to the development of alternative financial reporting models (e.g., the Anglo-Saxon, especially US-GAAP, tradition vs. the European-continental tradition). The growing importance of multinational companies and the integration of capital markets resulted in increasing demands for the international harmonization of accounting practices. Divergences in accounting treatments across countries, and therefore a lack of comparability of financial statements, have been identified as major impediments and sources of comparative disadvantage especially for listed companies.

Already starting in 1973, representatives of professional accounting bodies founded the International Accounting Standards Committee (IASC) which engaged in a standard-setting program to provide internationally accepted accounting standards. By advocating decision-usefulness for investors and promoting comparability, this set of standards, the International Accounting Standards (IAS), gained increased worldwide recognition. To further promote the development of International Accounting Standards, the organizational structure was changed in 2000. The standard-setting now principally rests with the International Accounting Standards Board (IASB). New standards endorsed by the Board will be issued as International Financial Reporting Standards (IFRS) while existing IAS will stay in place until eventually replaced or revised.

The growing importance of IFRS is documented especially by

- the IFRS functioning as “blueprints” for national accounting setters, and
- the acceptance of IFRS as national accounting standards in several countries worldwide.

However, the major breakthrough for IFRS has been achieved by the European Union's acceptance of IFRS, thereby abandoning the EU's long-standing goal of developing unique European accounting standards. This new policy was first formulated by the European Commission in a policy document entitled "EU Financial Reporting Strategy: The Way forward" in June 2000. With minor changes the policy was finally enacted by the Council and European Parliament in autumn 2002. It resulted in an obligation for companies which have listed securities outstanding to issue consolidated financial statements under IFRS only, beginning with the financial years starting at or after January 1, 2005. Furthermore, national governments may require IFRS for consolidated financial statements in general and even entity accounts. Other countries outside the EU followed this path (e.g. Australia, New Zealand, India and Russia).

As a result of the aforementioned developments a thorough understanding of IFRS is required. With national GAAPs already obsolete or becoming obsolete at least for consolidated financial statements of listed companies, accountants and financial analysts with a firm background in IFRS will certainly be in high demand in the years to come.

However, students should be given a warning: IFRS is currently more rapidly changing than even the German tax law! Therefore, students of IFRS should not just "know" the Standards, they must get a feeling of how the Standards are working and how the Standard Setter is looking to its Standards. Thus, nobody should stubbornly get acquainted just with "the rules", keep up your mind to get a deeper understanding.

Code of Conduct for online Teaching

[Link to the Code of Conduct for online Teaching](#)

Course Intended Learning Outcomes and their Contribution to Program Intended Learning Outcomes / Program Goals

| Program Intended Learning Outcomes | Course Intended Learning Outcomes | Assessment Method |
|---|---|------------------------------------|
| After completion of the program the students will be able... | After completion of the course the students will be able... | Written Exam 100% Collective |
| 1 Expert Knowledge | | |
| 1.5 ...to demonstrate profound expert knowledge in their field of specialization. | ... to understand and to work with existing standards (which were discussed in the lecture). ... to understand and to work with new standards (which were discussed in the lecture). | X |
| 2 Digital Skills | | |
| 2.1 ...to know and understand relevant IT software tools used in business and their features and have a solid understanding of digital technologies. | ... to identify software tools used during the process of preparing financial statements. | |
| 3 Critical Thinking and Analytical Competence | | |
| 3.1 ...to implement adequate methods in a competent manner and to apply them to complex problems. | ... to apply International Financial Reporting Standards in order to contribute to the process of generating financial statements in an international environment. | X |
| 3.2 ...to critically reflect and interpret findings and to develop comprehensive solutions for complex problems. | ... to apply International Financial Reporting Standards in order to analyse financial statements created under IFRS. | X |
| 4 Ethical Awareness | | |
| ...to develop sound strategies in the areas of ethics, sustainable development and social responsibility and are able to apply them to typical economic decision-making problems. | ... to distinguish the different responsibilities of parties involved (preparer of financial statements, auditor, executives, analysts, investors, employees, general public etc.). | |
| 5 Communication and Collaboration Skills | | |
| 5.1 ...to express complex issues effectively in writing. | ... to be able to form logical lines of arguments that support own developed solutions to problems and case studies. | X |
| 5.2 ...to demonstrate their oral communication skills in presentations. | ... to contribute to solving accounting questions on the basis of exercises and case studies. | X |
| 6 Internationalization | | |
| 6.1 ...to understand and explain business challenges in an international context. | ... recognize the influences of internationalization strategies of companies on accounting issues. | |
| 6.2 ... to articulate themselves in a professional manner in international business . | ... to understand English accounting terms and to use them in expert discussions. | X |