

International Accounting (IFRS) (ACC5011)

Syllabus

Winter Term 2020/2021

Time:	<u>Mondays</u> , 1:45 p.m. – 3:15 p.m. and <u>Tuesdays</u> , 3:30 p.m. – 6:45 p.m.
Room:	All lectures are most likely to be held online via Alfaview. Please, do check my e-learning course for the link to my Alfaview room. Please check my Moodle-course for the respective link.
Starting:	Monday, October 12, 2020
Written Exam:	During normal exam period exam, exact date and time to be announced. Eventually, Tuesday, December 22.
ECTS-Credits:	6
Language:	English
Prerequisites:	Sound knowledge of financial accounting in the student's respective national GAAPs, including bookkeeping
Accessibility:	The course is offered to students of <ul style="list-style-type: none">• <u>Master of Arts Controlling, Finance and Accounting</u>: compulsory• <u>MBA International Management</u>: elective• <u>International Master Exchange Program (IMEP)</u>: elective

Learning Objectives:

By the end of the course students

- have an understanding of the IASB's due process for developing new standards and interpretations
- have a general overview about IFRS (apart from Standards being concerned with accounting for consolidated financial statements, joint ventures and at equity accounting)
- have an in-depth understanding in applying and interpreting existing IFRS to real world accounting problems
- do know how to assess and interpret future changes of Standards
- do know interrelations of IFRS to Finance and Investments
- expressed ideas, findings and conclusions clearly, logically, and persuasively in oral and written communication, and demonstrated interpersonal skills in co-operation and teamwork

Course contributions to the Master of Arts Controlling, Finance and Accounting program goals / learning outcomes

Program Goal/ Learning Outcome	Program Subgoal	Course Contribution
I. Extending and consolidating knowledge with a view to theoretical concepts and practical applications in controlling, finance and accounting.		
	1. MACFA master's graduates are familiar with models, concepts, standards and applications of controlling, finance and accounting that go beyond previously acquired bachelor knowledge.	Students will be familiar with concepts, standards and application of IFRS-reporting beyond previously acquired bachelor knowledge
	2. They are able to identify appropriate approaches for theoretical or practical problems in controlling, finance and accounting, to assess them with regard to their relevance and examine them critically.	Application of investment techniques to selected areas in IFRS
	3. On this basis, they are able to define theoretical/practical tasks/research questions in the areas referred to, clearly formulate objectives to address these questions and structure the solution process to achieve the objectives.	-
II. Systemic, analytical and instrumental/conceptual competences for solving theoretical and/or practical problems in controlling, finance and accounting.		
	1. MACFA master's graduates are able to understand the complexity of specific scientific and/or practical problems in controlling, finance and accounting by applying appropriate models and concepts that are in compliance with predefined standards.	Students are trained especially in recognizing the ambiguities of current IFRS standards.
	2. Graduates are able to analyse these using scientifically well-founded methods.	Students solve case studies in teams on applied issues of IFRS.
	3. Using the results of the analysis, graduates are able to develop independent, creative and reflected recommendations/results/answers to specific research questions and complex practical problems that are well substantiated with empirical and/or theoretical evidence.	-
III. Communicative and social skills to convince third parties of developed approaches.		
	1. MACFA master's graduates are able to impart independently developed approaches to third parties in a distinct, concise and stylistically appropriate manner.	Students solve case studies in teams on applied issues of IFRS.
	2. In the course of this they take into account the appropriate formal standards for scientific solution concepts.	-
	3. Graduates debate in a convincing manner by presenting their approaches in a way that is reasonable, differentiated and sufficiently documented.	-

Course contributions to the MBA program goals / learning outcomes

Goal	Course Contributions to Goal	Assessment
1 Responsible leadership in organizational contexts	Not applicable	
2 Creative problem solving skills in a complex business environment		
2.1 Ability to identify, differentiate and classify problems	Ability to identify, differentiate and classify problems in IFRS	Assignments & Final exam
2.2 Ability to analyze problems	Ability to analyze problems of accounting	
2.3 Ability to derive creative solutions	Not applicable	
2.4 Ability to present and explain problems and solutions	Ability to present and explain problems and solutions under IFRS	
3 Research Skills	Not applicable	
4 Management of Innovation	Not applicable	
5 Management of the challenges of global sustainability and awareness for social and corporate responsibilities	Grasping the need for faithful reporting	-

Basic outline, organization and teaching philosophy:

The course provides a thorough introduction into the accounting under International Financial Reporting Standards (IFRS), formerly known as International Accounting Standards (IAS). Standards dealing with consolidation issues (IAS 27, 28, 31; IFRS 10, 11, 12) will not be covered since for MACFA students these issues will be dealt with in a subsequent module. Certain other standards will not be dealt with due to time constraints, e.g. IAS 20 Government Grants, IAS 23 Related Party Disclosures, IAS 33 Earnings per Share.

In a primarily lecture-style approach, the most important IFRS-rules will be covered 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 ongoing changes and are available for download/print through the University's eLearning platform "[Moodle](#)". In addition, practical examples are provided on blackboard. Lectures will contribute approx. 4 contact hours to the workload.

The lectures are amended by **project work on a set of case studies and/or contributions in literature** which will be assigned to groups of 4-5 students, ensuring a continuous involvement of each participant into the topics dealt with in the lecture. These assignments also relax the workload for the immediate preparation of the final exam. The group assignments are to be handed in and will be graded.

Grading:

The grading is based upon the quality of the written examination (70%), the quality of the solutions of the assignments (30%). Inactivity in class may lead to a downgrade in your final overall grading. Please note: A grade of 5,0 in the written examination cannot be offset by the assignment and leads to an overall grade of 5,0.

Course Materials:

a) Lecture Slides

Lecture slides are available through Moodle. Please note, that for most slides they will be still readable if you print out several slides (2 or 4) per page. Thus, save money on printing and contribute to the environment.

a) Current Text

IFRS 2020, English – German (Standards in the versions approved by the European Union), Wiley Text (Amazon: € 29,99)

For Information regarding current developments see <http://www.iasb.org/> , for further literature see the IASB resources page.

b) Textbook

While there is no prime textbook, students are encouraged to use:

Mirza, Abbas Ali: Understanding IFRS Fundamentals: International Financial Reporting Standards, New York (Wiley), newest edition

Availability of the lecturer:

Office hours: Upon prior appointment via Alfaview.

Email: matthias.kropp@hs-pforzheim.de

I do care about your learning. Therefore, do not hesitate to contact me if you have any questions/problems with your learning or with the course. The longer you wait the fewer options I will have to help you.

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 of the IASC was changed in 2000. The standard-setting now principally rests with the International Accounting Standards Board (IASB). New standards endorsed by the Board are 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 (e.g. in several states of the former Soviet Union and former Yugoslavia).

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). In addition, the U.S. FASB and the IASB are working on converging these two sets of accounting standards (Norwalk-Agreement). Currently, more than 100 countries worldwide do employ IFRS.

As a result of the aforementioned developments, nowadays a thorough understanding of IFRS is required. With national GAAPs already 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 are more rapidly changing than even 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.

Main Course Topics and Indicative Time Schedule for ACC5011

#	Lecture Date	Class Topic
1	Mon, Oct. 12	Preliminaries/Organization/General Course Information I. Introduction
2+3	Tue, Oct. 13	II. Financial Statements and Notes and Interim Reporting
4	Mon, Oct. 19	III. Operating Segments
5+6	Tue, Oct. 20	IV. Measurement Concepts – An Overview
7	Mon, Oct. 26	V. Events after the Reporting Period, Changes in Accounting Policies, Estimates and Errors VI. Revenue Recognition
8+9	Tue, Oct. 27	VI. Revenue Recognition (ctd.)
10	Mon, Nov. 2	VII. Property, Plant Equipment
11+12	Tue, Nov. 3	VII. Property, Plant Equipment (ctd.) VIII. Investment Property
13	Mon, Nov. 9	IX. Intangible Assets
13+14	Tue, Nov. 10	IX. Intangible Assets X. Leases (Lessee)
15	Mon, Nov. 16	XI. Impairment of Assets XII. Non-current Assets held for Sale and Discontinuing Operations
16+17	Tue, Nov. 17	XIII. Inventories XIV. Provisions, Contingent Liabilities and Contingent Assets
	Mon, Nov. 23	No lecture due to another obligation
18+19	Tue, Nov. 24	XIII. Inventories XIV. Provisions, Contingent Liabilities and Contingent Assets
20	Mon, Nov. 30	XV. Employee Benefits
21+22	Tue, Dec. 1	XV. Employee Benefits (ctd.) XVI. Income Taxes
23	Mon, Dec. 7	XVII. Effects of Foreign Exchange Rates
24+25	Tue, Dec. 8	XVIII. Financial Instruments Accounting I – Fundamentals
26	Mon, Dec. 14	XVIII. Financial Instruments Accounting I – Fundamentals (ctd.)
27+28	Tue, Dec. 15	XVIII. Financial Instruments Accounting I – Fundamentals (ctd.) IXX. Equity Instruments
29	Mon, Dec. 21	XVIII Equity Instruments (ctd.)
	Tue, Dec. 22	Final exam