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Reforming Master Programmes in Finance in Armenia and Moldova / REFIN

An Erasmus+ Capacity Building Project (2017-2020)

# THE COURSE INTERNATIONAL ACCOUNTING

*COMRAT STATE UNIVERSITY.*

*Zlatovcena Inna - lecturer*



# BASIC INFORMATION



<b>Title of the course (as specified in the reformed curriculum)</b>	<b>International Accounting</b>
<b>Name of the teacher</b>	Zlatovcena Inna, lecturer
<b>Novelty of the course (please select as appropriate)</b>	This course is a newly developed course (new in the curriculum)
<b>Year of the course in the curriculum</b>	1
<b>Semester of the course in the curriculum</b>	1
<b>Language of instruction of the course</b>	Russian, English
<b>Number of ECTS credits</b>	5

# LEARNING OUTCOMES



Students should receive:

- Evaluating of conceptual and theoretical foundations of accounting relevant to international system;
- Checking the legal base of date;
- Using the new Methodology for compiling international reports.
- Implementing of the transition to a new accounting system
- Applying in using the ISFR

# SYLLABUS OF THE COURSE



WEEK	TOPICS
1 - 2	1. Conceptual framework of international accounting
3-4	2. Content of financial statements according to ISFR
5-6	3. Accounting of elements of company property
7-9	4. Accounting of source elements
10-12	5. Features of modern accounting systems

# Course content



- The course "International Accounting" is designed to provide fundamental and practical training in the field of theory and practice of transition to international standards.
- Discipline should ensure the formation of a knowledge system about the modern concept of accounting.
- The subject of the discipline are the features of accounting. In the process of studying the course, students form an idea about international accounting, about methods of preparing financial reports.

# WEEK 1-2



This topic reveals the essence of international accounting. And also provides a brief overview of the development of the theory of accounting. It's important implications for companies that are owned by foreign based companies, global reporting and the possibility of a single set of international reporting standards, auditors, accounting education, etc.



## Topic 1. Theoretical aspects of international accounting

1. A conceptual framework
2. Definition of accounting
3. The development of a conceptual framework
4. Users and their information needs
5. Accounting information

# WEEK 3-4



- **Topic 2. Content of financial statements according to ISFR**

*This topic describes* **International Financial Reporting Standards**, commonly called **IFRS**. Are accounting standards issued by the IFRS Foundation and the International Accounting Standards Board (IASB). They constitute a standardised way of describing the company's financial performance so that company financial statements are understandable and comparable across international boundaries.<sup>[1]</sup> They are particularly relevant for companies with shares or securities listed on a public stock exchange.

IFRS have replacing many different national accounting standards around the world but have not replaced the separate accounting standards in the United States where US GAAP is applied.



## Topic 2. Content of financial statements according to ISFR



1. The process of identifying, measuring and communicating financial information
2. External reporting
3. Internal reporting

# WEEK 5-6

- **Topic 3. ACCOUNTING OF ELEMENTS OF COMPANY PROPERTY**

*This topic describes elements of company property. Assets refer to resources owned and controlled by the entity as a result of past transactions and events, from which future economic benefits are expected to flow to the entity. In simple terms, assets are *properties or rights owned by the business*. They may be classified as current or non-current.*

# Topic 3. ACCOUNTING OF ELEMENTS OF COMPANY PROPERTY



- 1. Recognitions of elements of company property
- 2. Accounting of current elements
- 3. Accounting of non-current elements

# WEEK 7-9



## • Topic 4. ACCOUNTING OF SOURCE ELEMENTS

*This topic describes capital and liabilities.*

Capital is known as *net assets* or *equity*, *capital* refers to what is left to the owners after all liabilities are settled. Simply stated, capital is equal to *total assets minus total liabilities*.

Capital is affected by the following:

Initial and additional contributions of owner/s (investments),  
Withdrawals made by owner/s (dividends for corporations),  
Income, and Expenses.

Owner contributions and income *increase* capital. Withdrawals and expenses *decrease* it.

The terms used to refer to a company's capital portion varies according to the form of ownership.

Liabilities are *economic obligations* or *payables* of the business.

Company assets come from 2 major sources – borrowings from lenders or creditors, and contributions by the owners. The first refers to liabilities; the second to capital.

Liabilities represent claims by other parties aside from the owners against the assets of a company.

Like assets, liabilities may be classified as either current or non-current.

## Topic 4. ACCOUNTING OF SOURCE ELEMENTS



1. Definitions of liabilities
2. Recognitions of liabilities
3. Contingent liabilities
4. Recording expenses
5. Accruals concept
6. Matching concept

# WEEK 10-12



- **Topic 5. Features of modern accounting systems**

*This topic describes the main modern accounting systems and methodologies, which have been centuries in the making. As societies matured fiscally, so did corresponding accounting techniques. Since societies evolved independently, there is now a variety of extant reporting practices. The technological advances of the latter part of the twentieth century have taken trade to a new level. Competition for products and capital has increased exponentially. Investors depend upon the information recorded in financial reports to determine where they will invest their resources. The information derived from financial reports may be misunderstood when the reporting entity is from another country, however. This lack of "harmony" is one of the latest problems facing the accounting profession. Many think that the answer to this problem is to adopt a set of universal, generally accepted accounting principles (GAAP). However, while universal GAAP may make financial reports more compatible, the validity of legitimate current differences would be ignored.*

## Topic 5. Features of modern accounting systems



1. Automated, Flexible Financial Processes
2. Business Insight
3. Cloud Architecture
4. The Right Company

# TEACHING METHODOLOGY



**lecture.** is an oral presentation of information, built on a strictly defined logical structure, subordinate to the task as deeply and clearly as possible to reveal a given topic. During the lecture can use the following methods:

- - Introductory lectures -outlines the main problems of the course as a whole or its section
- -Lecture-discussion is characterized by the fact that the teacher also organizes a free exchange of views in the intervals between logical sections.
- -Lecture with pre-planned errors.
- -Lecture-press conference. Calling the topic of the lecture, the teacher asks students to ask him questions in writing on this topic.

**Seminar classes.** During these classes, students present the material received at the lecture, in conjunction with the teacher, in order to gain a thorough understanding of the information. Also, various tasks are solved together.

- Laboratory research. During these classes, students solve problems independently, under the supervision of teachers. Conduct a study of the financial statements of the company, in search of possible foci of risk. s well as in search of possible ways to optimize the financial situation.
- Research method. After analyzing the material, setting problems and tasks and brief oral or written instruction, the trainees independently study literature, sources, conduct observations and measurements and perform other actions of a search character.

**Interactive teaching method.** Using the Moodle platform - there is a connection between the student and the teacher.



# LABOUR MARKET RELEVANCE



- The including of this course in educational program is very important for building skills regarding labour market at international level. This course is related with advanced and in-depth study of accounting. So the training of specialists will be improved.
- In cause that Moldavian employers often collaborate with foreign partners they also need to prepare the financial reports corresponding to the international level. Accounts relate to the past performance of the business. Accounting refers to the figures, balances and accounts that a business must produce to demonstrate how the business is performing. In a small business, such as a sole trader or partnership, these accounts may be quite simple. However, they still need to be accurate. This is so that the business owner/s and the tax authorities have clear information about the costs and profits of the business.

# ASSESSMENT AND GRADING



## Form of assessment:

- Diagnostic forms of control, questioning and discussions with students;
- Preparation of abstracts and a presentation on the selected research topic;
- Delivery 2 written tests in the middle (after finishing Block 1<sup>st</sup> and at the end of the course (after finishing Block 2<sup>nd</sup>);
- Case study elaboration with final presentation
- Preparation for the exam on the approved list of issues.
- Evaluation of the product of individual work
- At the end of the course, the average value of Practical Diagnostic forms (A) are calculated (including case study elaboration with final presentation and prepared of abstracts on the selected research topic). Maximum number of points is 10.

# REFERENCES



## 1. International Accounting Standards - IFRS & IAS

### 2. Web sites

- a. Ernst & Young Global
- b. IAS Plus Deloitte
- c. IFRS info on Ernst & Young

### 3. International Standards Boards

- a. International Accounting Standards Board - IASB
- b. International Auditing and Assurance Standards Board - IAASB
- c. International Public Sector Accounting Standards Board - IPSASB
- d. International Accounting Education Standards Board - IAESB

# REFERENCES



## 4. eBooks

- a. International Financial Reporting Standards: A Practical Guide Publication  
Date: 2011
- b. This World Bank publication "gives readers a broad and basic understanding of the key issues for each International Financial Reporting Standard."
- c. IFRS and US GAAP: a Comprehensive Comparison by Steve Shamrock  
Publication Date: 2012
- d. International Trends in Financial Reporting under IFRS by Abbas A. Mirza  
Publication Date: 2012
- e. International Classification of Financial Reporting 3e by Chris Nobes  
Publication Date: 2014
- f. International Ethics Standards Board for Accountants – IESBA

# REFERENCES



## 5. Books and manuals

- a. HANDBOOK OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING PRONOUNCEMENTS/ Current Edition IPSASB Sep 28, 2018 | Handbooks, Standards, and Pronouncements /4896 Pages / ISBN 978-1-60815-362-6/English
- b. Wiley GAAP 2017 – Interpretation and Application of Generally Accepted Accounting Principles
- c. UK GAAP 2017: Generally Accepted Accounting Practice under UK and Irish GAAP
- d. GAAP Handbook of Policies and Procedures (2017)
- e. The Vest Pocket Guide to GAAP
- f. Wiley Not-for-Profit GAAP 2017: Interpretation and Application of Generally Accepted Accounting Principles
- g. Moya, S., Prior, D., & Rodríguez-Pérez, G. (2015). Performance-based incentives and the behavior of accounting academics: Responding to changes. *Accounting Education: An International Journal*, 24(3), 208–232. doi: 10.1080/09639284.2014.947092
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- j. Sangster, A. (2015). You cannot judge a book by its cover: The problems with journal rankings. *Accounting Education: An International Journal*, 24(3), 175–186. doi: 10.1080/09639284.2015.1055929
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- l. Международные стандарты финансовой отчетности: Учебное пособие / Е.П. Константинова. - М.: Дашков и К, 2011. - 288 с. 7.
- m. Международные стандарты финансовой отчетности. Нефинансовые активы организации: Учебное пособие / Л.И. Куликова. - М.: Магистр, НИЦ ИНФРА-М, 2012. - 400 с.
- n. Международные стандарты аудита: Учебное пособие / М.Л. Макальская, Н.И. Ковалева. - М.: ДиС, 2013. - 112 с.
- o. Международные стандарты учета и финансовой отчетности: Учебник / Н.А. Миславская, С.Н. Поленова. - М.: Дашков и К, 2012. - 372 с.

work, a common task is performed, but each student receives his data for processing. This way of working excludes plagiarism and freeriding.



# COURSE ASSIGNMENT 1

- **Group work.**

Group forms of work allow to create wider contacts between students. The value lies in the joint experience of the situation, the tasks of the group and in the formation of their own point of view, scientific beliefs. From the experience of group work it is noticed that students perform better tasks in the group than individually, which necessarily affects the improvement of the psychological microclimate in the classroom.

At the beginning of the lesson, students should be divided into teams (groups) of 3-5 people who will form the accounting departments of the corporate . In group work, a common task is performed, but each student receives his data for processing. This way of working excludes plagiarism and freeriding.

# COURSE ASSIGNMENT 2



## Case study

Case Studies provides real-life examples of organizations that identified, measured and managed their invisible drivers of future success.

Every individual company will usually need to modify the eight-step accounting cycle in certain ways in order to fit with their company's business model and accounting procedures. Modifications for accrual accounting versus cash accounting are usually one major concern.

Companies may also choose between single-entry accounting vs. double-entry accounting. Double-entry accounting is required for companies building out all three major financial statements, the income statement, balance sheet, and cash flow statement.

### Step 1: Identify Transactions

Companies will have many transactions throughout the accounting cycle. Each one needs to be properly recorded on the company's books. Recordkeeping is essential for recording all types of transactions.

### Step 2: Record Transactions in a Journal

The second step in the cycle is the creation of journal entries for each transaction. The choice between accrual and cash accounting will dictate when transactions are officially recorded. Double-entry bookkeeping calls for recording two entries with each transaction in order to manage a thoroughly developed balance sheet along with an income statement and cash flow statement.

### Step 3: Posting

One of the most commonly referenced accounts in the general ledger is the cash account which details how much cash is available.

# COURSE ASSIGNMENT 2



## **Step 4: Unadjusted Trial Balance**

A trial balance tells the company its unadjusted balances in each account. The unadjusted trial balance is then carried forward to the fifth step for testing and analysis.

## **Step 5: Worksheet**

Analyzing a worksheet and identifying adjusting entries make up the fifth step in the cycle. A worksheet is created and used to ensure that debits and credits are equal. If there are discrepancies then adjustments will need to be made.

In addition to identifying any errors, adjusting entries may be needed for revenue and expense matching when using accrual accounting.

## **Step 6: Adjusting Journal Entries**

In the sixth step, a bookkeeper makes adjustments. Adjustments are recorded as journal entries where necessary.

## **Step 7: Financial Statements**

After the company makes all adjusting entries, it then generates its financial statements in the seventh step. For most companies, these statements will include an income statement, balance sheet, and cash flow statement.

## **Step 8: Closing the Books**

Finally, a company ends the accounting cycle in the eighth step by closing its books at the end of the day on the specified closing date. The closing statements provide a report for analysis of performance over the period.

After closing, the accounting cycle starts over again from the beginning with a new reporting period. At closing is usually a good time to file paperwork, plan for the next reporting period, and review a calendar of future events and tasks.





# THANK FOR ATTENTION

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