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- Financial analysts
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*"[The course] fully met my expectations, giving me an understanding of the accounting changes"*

*Deputy Finance Director  
Renaissance Capital*



# EUROMONEY TRAINING

*Practical Skills Training for Finance Professionals*

# International Financial Reporting Standards (IFRS)



- The EU's requirements for IFRS financial statements
- The transition from national GAAP to IFRS
- Analysis and interpretation of IFRS financial statements
- Apply IFRS for 2005: financial instruments; business combinations; share-based payment; other revised IAS
- IFRS and US GAAP

### Expert Course Director

David Cairns, OBE, Visiting Professor,  
London School of Economics & Political Science

**Date 1:** 9 - 11 November 2005

**Date 2:** 29 - 31 March 2006

**Venue:** Central London, UK

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course in-house?

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# International Financial Reporting Standards (IFRS)

## Course Background

A European Union (EU) regulation requires all EU listed companies to produce consolidated financial statements under International Financial Reporting Standards (IFRS) - formerly International Accounting Standards (IAS) - from 2005. The regulation will apply to listed companies in all current EU member states as well as the accession countries and members of the European Economic Area. The regulation will be supported by a coordinated EU enforcement regime supervised by the Committee of European Securities Regulators and new audit requirements based on the EU's adoption of International Standards on Auditing.

The EU is not alone in its adoption of IFRS. Swiss listed companies already make extensive use of IFRS. Australia, New Zealand and South Africa are adopting a similar approach and timetable to that in the EU. An increasing number of emerging economies require or will require their listed and other companies to present IFRS financial statements. In the United States, the FASB is cooperating with the IASB in an IFRS/US GAAP convergence programme and the SEC is considering the possibility of allowing foreign issuers to present IFRS financial statements without a reconciliation to US GAAP. Canada and Japan are also seeking to bring their national standards closer to IFRS.

The new regulation signals the biggest ever change in EU financial reporting. It should also bring significant benefits to companies, investors and other participants in world capital markets. As well as the technical accounting changes, the adoption of IFRS will increase the transparency and comparability of financial information and so enhance the efficiency of the international capital markets. The changes will enable domestic and cross-border investors to make informed decisions about the relative financial performance of different companies. Ultimately, this should lower the cost of capital of companies and encourage greater international investment.

This course will help delegates to understand the significant implications of the adoption of IFRS. It will explain the requirements of those IFRS that will apply in 2004 and 2005 as well as the transition process from national GAAP to IFRS. It uses extracts from company financial statements to explain how IFRS financial statements differ from those prepared under current national GAAP. Practical case studies will enable delegates to compare the standards and put the new accounting principles into practice. The course will also highlight major differences between IFRS and US GAAP.

## Who Should Attend?

- Accountants
- Portfolio managers
- Investment analysts
- Senior managers
- Credit / investment banking analysts
- Financial analysts
- Securities analysts
- Pension fund managers
- Auditors

## This course will enable you to:

- Understand IFRS reporting requirements for 2005
- Understand the transition process from national GAAP to IFRS
- Analyse and interpret IFRS financial statements
- Apply the IASB's new requirements on business combinations, intangible assets, asset impairment and share-based payment
- Apply the revised Standards on such issues as financial instruments, tangible assets, foreign currencies, and consolidated financial statements
- Compare IFRS with US GAAP
- Put theory into practice with company case study exercises

## Course Director

**David Cairns** is a chartered accountant and was secretary-general of the **International Accounting Standards Committee (IASC)** from 1985 to 1994. He is now a visiting professor at the London School of Economics and Political Science where he teaches a post-graduate course on international accounting. He also provides IFRS consulting and training services to companies, accounting firms, investment banks, stock exchanges, government agencies and standard setting bodies.

David is a member of the **IASB's** advisory group on the application of IFRS by SMEs and in emerging economies. He is also a member of the **UK ASB's** financial services and other specialised industries committee.

David has written extensively on international financial reporting issues. As well as several surveys on international financial reporting and the use of IFRS, he is the author of *Applying International Accounting Standards* (Tolley, 2002, new edition 2004), the authoritative text on the application of IFRS. He was joint author of *The Convergence Handbook* (ICAEW, 2000), a comparison of IASs and UK GAAP commissioned by the UK Accounting Standards Board. He is the author of *Understanding International Financial Reporting Standards*, a student and practitioner guide (Pearson Education, 2004).

## Guest Speaker

**Shân Kennedy** is a Chartered Accountant with in-depth specialism both in IFRS and the valuation of shares, businesses & intangible assets. She spent over 20 years with the Big 4 including four years on secondment at the **Accounting Standards Board**. At the ASB she developed the proposals for Goodwill & Intangible Asset accounting underlying FRS 10 and the Impairment Test that underpins FRS 11. Shân is now an independent valuation and IFRS consultant. She has spent 6 months advising **ABN Amro** on their IFRS transition and is currently providing IFRS training to **Lloyds TSB** staff.

## Venue & Administration

The course will take place at a central London hotel. Details of the hotel and specially negotiated delegate accommodation rates (at the course hotel and other nearby hotels) are available upon registration

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# International Financial Reporting Standards (IFRS)

## DAY 1

### The Transition to IFRS

- The IASB and IFRS
- IFRS for 2004 and 2005 and the IASB's work programme
- EU – IFRS consolidated financial statements from 2005
  - who does it affect?
  - when does it affect them?
  - audit
  - enforcement
- USA acceptance of IFRS?
  - convergence of IFRS and US GAAP
  - the SEC's position on foreign issuers
- Other countries

### IFRS Financial Statements – the Key Principles

- Principles-based standards
- The IFRS financial statements
  - objectives
  - components
- The IASB's principles
  - asset and liability recognition and measurement
  - income and expense recognition
- Fair presentation and compliance with IFRS
  - accounting policies
  - fair presentation override

### First-Time Adoption of IFRS

- The transition process
  - financial reporting implications
  - the wider implications
- Accounting policies
  - retrospective application
  - exemptions and exceptions from retrospective application
  - opening IFRS balance sheet
- Disclosure and presentation
  - before the transition
  - on transition and afterwards

### IFRS Key Principles - Assets

- Property, plant and equipment
  - cost
  - capitalisation of borrowing costs
  - decommissioning costs
  - major overhauls and maintenance
  - depreciation and impairment
  - revaluation model
  - assets held-for-sale
- Inventories and cost of sales

### Case Study 1

The impact of IFRS on asset recognition and measurement

### IFRS Key Principles - Liabilities

- Provisions
  - legal and constructive obligations
  - what can and what cannot be recognised?
  - decommissioning and environmental costs
  - onerous contracts
  - restructurings
- Leases
  - finance leases and operating leases
  - lease accounting by lessees
  - lease accounting for lessors
  - sale and leaseback transactions

### Share-Based Payment

- equity or liability?
- equity settled share-based payment
- cash settled share-based payment
- measurement
- expense recognition
- disclosure

### Case Study 2

The impact of IFRS on recognition and measurement of share-based payments

## DAY 2

### Presentation of Measurement Currencies

- Foreign currency transactions and balances
  - functional currency
  - foreign currency transactions – current rate or forward rate?
  - monetary assets and liabilities – closing rate or forward rate?
  - the relationship between IAS 21 and IAS 39
  - presentation currency

### Financial Instruments

- Recognition and measurement of financial assets and financial liabilities
  - on or off the balance sheet?
  - initial recognition
  - measurement of financial assets – fair value or amortised cost?
  - measurement of financial liabilities – fair value or amortised cost?
  - gains and losses – income statement or equity?
  - derecognition of financial assets and financial liabilities

### Hedge Accounting

- Hedging relationships
  - what qualifies as a hedging instrument?
  - what qualifies as a hedged item?
  - documentation requirements
- Accounting for cash flow hedges
- Accounting for fair value hedges
- Corporate treasury and systems implications

### Financial Instruments – Presentation and Disclosure

- Presentation
  - equity or debt?
  - compound instruments
  - offsetting financial assets and financial liabilities
- Disclosure

### Case Study 3

The impact of IFRS on financial assets and financial liabilities

### IFRS Key Principles - Liabilities

- Employee benefits
  - short-term benefits
  - pensions and other post-employment employee benefits
  - actuarial valuations and actuarial gains and losses
- Income taxes
  - current taxes
  - deferred taxes
  - tax losses
  - other deferred tax assets

### Income and Expenses

- Revenue
- Services and construction contracts

## DAY 3

### Consolidated Financial Statements

- Consolidation principles
  - subsidiaries
  - special purpose entities
  - associates
  - joint ventures
  - translation of foreign currency financial statements

### Business Combinations

- Purchase method
  - identification of the acquirer
  - cost of acquisition
  - acquired assets and liabilities
- Goodwill
- Negative goodwill

### Intangible Assets

- What can and cannot be capitalised?
  - acquired intangible assets
  - internally generated intangible assets

### Measurement

- cost
- amortisation and impairment
- revaluation model

### Impairment of Assets

- impairment indicators
- recoverable amount: value in use and net selling price
- cash generating units

### Case Study 4

The impact of IFRS on business combinations, intangible assets and impairment of assets

### Presentation of Financial Statements

- Balance sheet
- Income statement
- Statement of changes in equity
- Cash flow statement
- Discontinued operations
- Interim reporting
- Changes in accounting policies
- Corrections of errors

### Disclosure

- Earnings per share
- Segment reporting
- Post balance sheet events
- Related party transactions

### Case Study 5

Review of impact of adoption of IFRS

Summary and outstanding questions

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# International Financial Reporting Standards

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## I wish to register for International Financial Reporting Standards (IFRS)

- 9 - 11 November 2005 (EIF1853)
- 29 - 31 March 2006 (EIF1923)

In order to guarantee a place on the course delegates are kindly requested to register at least 3 weeks prior to the course start.

## COURSE FEES:

### Standard Course Fees

£2,310 (+ VAT @ 17.5%) Total £2,714.25

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Course fees include tuition documentation, lunch and refreshments. Delegates are responsible for their own accommodation. Hotel details and rates are available on registration.

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