

# *IFRS Foundation*

## **Special Interest Session**

### ***IFRS for Academics, Educators and Trainers***

28 July 2010— Mandarin Oriental Hotel (Tokyo)

*To provide a comprehensive service for IFRS academics, trainers and educators the IFRS Foundation will hold an intensive half-day session immediately before their IFRS conference, on the morning of 28 July 2010. The session will focus on teaching IFRSs.*

### ***Programme***

09:00 ***Registration***

09:30 ***Introduction***

Wei-Guo Zhang

*Member*

**IASB**

09:35 ***Teaching principle-based standards***

Michael Wells

*Director, IFRS Education Initiative*

**IFRS Foundation**

10:05 ***Teaching IFRS judgements***

Mary Barth

*Academic Advisor to the IASB and*

*Professor of Accounting, Stanford University*

10:35 ***IFRS curriculum development and IFRS resources***

Kuzuo Hiramatsu

*Professor of Accounting, Kwansei Gakuin University and*

*President, Japan Accounting Association*

11:05 ***Round-table Q&A***

Panellists:

- Mary Barth— *Academic Advisor to the IASB and Professor of Accounting, Stanford University*
- Kazuo Hiramatsu— *Professor of Accounting, Kwansei Gakuin University*
- Michael Wells— *Director, IFRS Education Initiative, IFRS Foundation*

11:55 ***Concluding comments***

Wei-Guo Zhang

*Member*

**IASB**



July 2010

International Financial Reporting Standards



Michael Wells, Director, IFRS Education Initiative, IFRS Foundation

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## Overview

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- Principle-based standards
- Structure of IFRSs
- A structure for teaching IFRS

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# Principle-based standards

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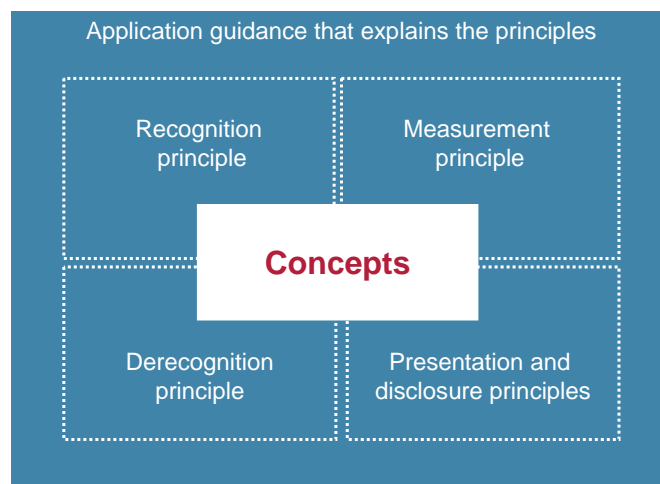
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## Ideal structure of a principle-based standard

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## The ideal principle-based standard

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- Scope
  - no exceptions
- Principles
  - derived from conceptual framework
  - reliance on professional judgement to apply principles in business context
- Application guidance
  - explains application of principles

## Get rule-based standards if

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- Preparers and auditors
  - refuse to exercise professional judgement
  - don't act with integrity
  - ask for detailed interpretations
  - refuse to accept raw economic facts
- Regulators
  - want one answer in spite of different economic facts
- Courts
  - lawyers fail to defend reasonable judgements

## So what will the future look like?

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**Principles**



**Rules**

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## Structure of IFRSs

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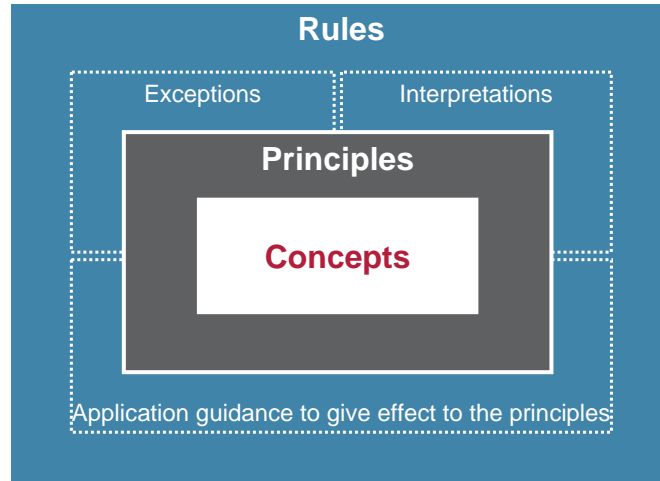
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## Structure of *some* IFRSs

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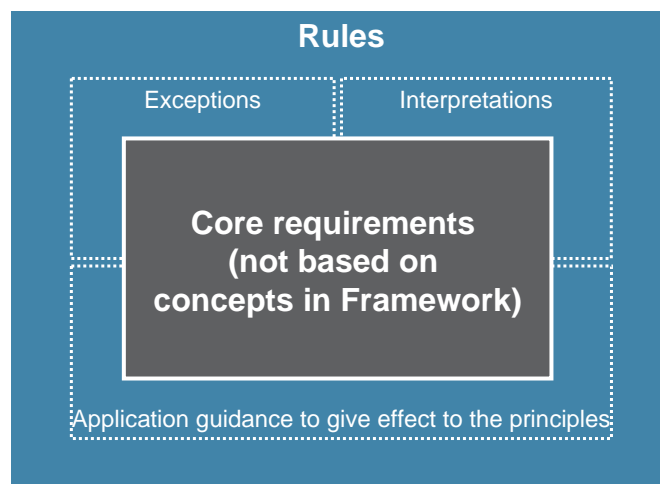


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## Structure of *other* IFRSs

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## What is IFRS?

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### IFRS is

- Standards (IFRSs and IASs)
- Interpretations (IFRICs and SICs)

Framework is not an IFRS (but is in hierarchy)

## Concepts that underlie IFRSs

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- Objectives of **general purpose financial statements**
- Qualitative characteristics
- Elements
- Recognition and measurement
- Presentation and disclosure

### Teaching suggestions:

- Identify which concepts are robust (and which are not)
- Relate the principles in each IFRS back to the robust concepts in FW
- Explain reasons when requirements inconsistent with FW
- Debunk myths, eg myth: Framework = IFRS constitution

### Objective of IFRS financial statements

- to provide information about the:
  - financial position
  - performance; and
  - changes in financial position
- of an entity that is useful to ... in making capital allocation decisions.

### Teaching suggestions:

- Contrast objective of IFRS financial statements with other objectives of financial statements
- Debunk myths
  - Myth 1: objective = record of historical costs
  - Myth 2: objective = support tax return
  - Myth 3: financial statements are designed to meet all the needs of all users

## Qualitative characteristics

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### Current framework

- understandability
- relevance
  - materiality
  - predictive and confirmatory
- reliability
  - faithful representation
  - substance over form
  - neutrality (prudence)
  - completeness
- comparability

### Proposed framework

- fundamental QCs
  - relevance (same)
  - faithful representation
    - complete
    - neutrality
    - free from material error
- enhancing QCs
  - comparability
  - verifiability
  - timeliness
  - understandability

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## Debunk myths

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### Myth 1: Reliability = precise

- Debunk:
  - reliability = faithful representation, substance over form, neutrality, completeness... (FW.31–38)

### Myth 2: Matching = QC or underlying assumption

- Debunk:
  - underlying assumptions = going concern and accrual basis (FW.22 and 23)
  - accrual basis = recognise elements when they satisfy definition and recognition criteria (IAS 1.28)
  - other elements defined with reference to assets and liabilities (FW.49 and 70)

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## Elements

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### Current framework

- Asset
  - resource controlled by the entity
  - result of past event
  - expected inflow of economic benefits
- Liability
  - present obligation
  - arising from past event
  - expected outflow of economic benefits

### Framework project

- Asset
  - present
  - economic resource
  - to which the entity has a right or other access that others do not have
- Liability
  - present
  - economic obligation
  - for which the entity is the obligor

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## Elements continued

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### Current framework

- $\text{Equity} = \text{Assets} - \text{Liabilities}$  (ie a residual)
- $\text{Income and expenses} = \text{changes in assets and liabilities...}$

#### Teaching suggestions:

- asset is the cornerstone of element
- defining income and expenses with reference to assets & liabilities = robust framework for measuring performance

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### **Myth 1: IFRSs has two measurement bases—cost and fair value**

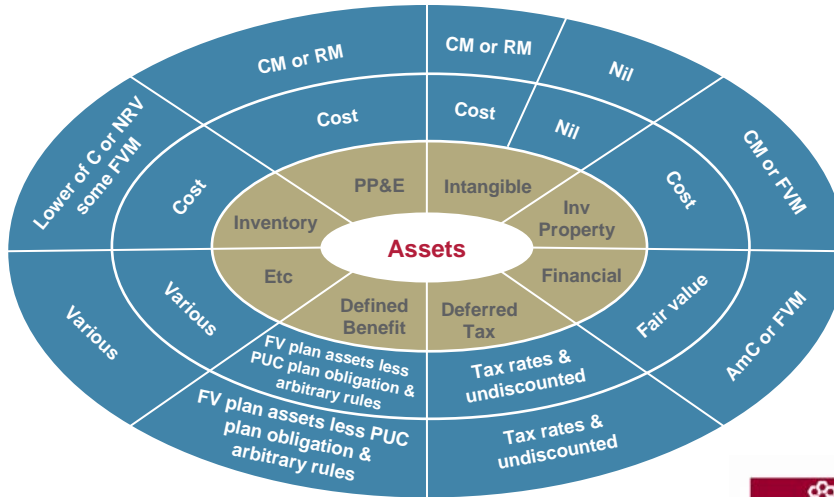
- Debunk:
  - IFRSs contains many different measurements
  - Framework is poor on measurement
    - it lists a number of measurement techniques (rather than measurement bases)
    - it does not explain when each measurement should be applied
    - is not very helpful (on measurement) therefore a joint project with the FASB to rewrite the measurement part of the Framework

### **Myth 2: Counterintuitive that worsening in own credit rating results in decreased liabilities**

- Debunk:
  - basic finance: greater default risk increases the discount rate that the market would apply to the entity's debt
  - overall probable that market capitalisation and value of net assets declines:
    - recorded assets may require impairment
    - unrecorded decline in value of unrecorded net assets

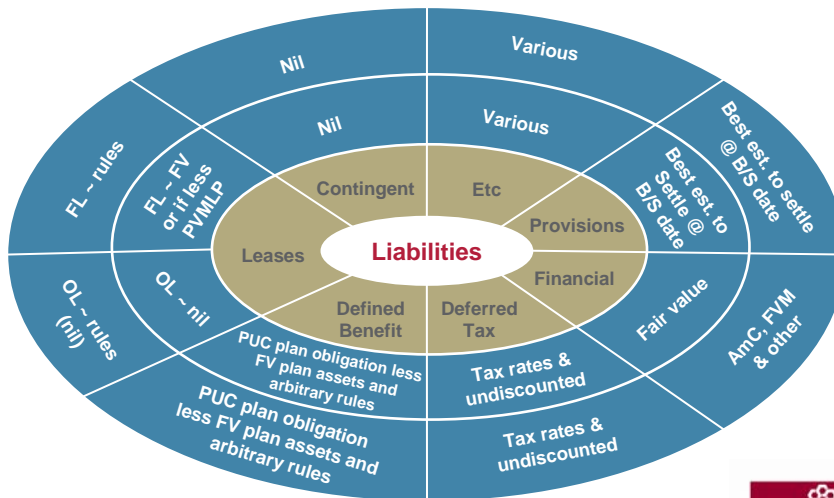
# Asset

## Classification, recognition and measurement



# Liability

## Classification, recognition and measurement



# A structure for teaching IFRSs

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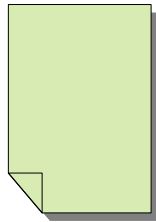
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## From concepts to principles to rules

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**Concepts**



**Principles**



**Rules**

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## From concepts to principles to rules

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### Teaching suggestions

- build from concepts to principles
- explain
  - need for judgement in applying principles
  - how application guidance gives effect to principles
  - how other rules create exceptions and other departures from the principles
  - how interpretations can create more rules
- test understanding, eg use integrated case studies

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## Example 1 Correcting material prior period error

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- Objective
- Concepts
  - faithful representation
  - comparability
- Principle
  - **retrospective restatement**, ie restate financial statements in order that present financial information as if error had not occurred
- Rules
  - impracticable exception
  - specified disclosures

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## Example 1: Correcting material prior period error continued

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### Teaching suggestions

- build from objective through concepts to principle and rules
  - eg principle results in faithful representation & comparability
- explain use of judgement in applying principle
  - eg materiality
- explain reasons for exception
  - impracticability
- test understanding, integrated case study

## Example 2: Change in accounting policy

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- Objective
- Concepts
- Principle – retrospective application
- Rules
  - transitional provisions
  - impracticable exception
  - specified disclosures

## Example 2: Change in accounting policy continued

29

### Teaching suggestions:

- build from objective through concepts to principle and rules
- reasons for transitional provisions and impracticable exceptions
- explain how specified disclosures give effect to principle
- focus on judgements,  
eg differentiating certain changes in accounting policies from changes in accounting estimates
- test understanding, eg use an integrated case study

## Example 3: Change in accounting estimate

30

- Objective
- Concepts
- Principle – prospective application
- Rules
  - specified disclosures

### Example 3: Change in accounting estimate continued

31

#### Teaching suggestions:

- build from objective through concepts to principle and rules
- explain how specified disclosures give effect to principle
- focus on judgements, eg differentiating certain changes in accounting estimates from changes in accounting policies and the correction of prior period errors
- test understanding, eg use an integrated case study

### Example 4: Events after the reporting period

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- Objective
- Concepts
- Principles
  - adjusting, if condition existed at end of reporting period
  - non-adjusting, if condition did not exist at end...
- Rules
  - eg specified disclosures

## Example 4: Events after the reporting period continued

33

### Teaching suggestions:

- build from objective through concepts to principle and rules
- explain how specified disclosures give effect to principles
- focus on judgements, eg material?
- test understanding, eg use an integrated case study

## Example 5: Lease classification

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- Objective
- Concepts
- Main rules
  - capitalise in-substance purchases (finance leases)
  - other leases = executory contracts (operating leases)
- Other rules
  - guidance, eg contingent rentals
  - specified disclosures

## Example 5: Lease classification continued

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### Teaching suggestions:

- explain rule is weak/inconsistent with the framework
- discuss possible future classification principle (see DP *Leases*)
- focus on judgements in classifying leases (compare IAS 17 with US GAAP)
- test understanding—eg use integrated case studies

## Example 6: Business combinations

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- Objective
- Concepts
- Core principle
  - an acquirer of a business
  - recognises the assets acquired and liabilities assumed
  - at their acquisition-date fair values
  - discloses information that enables users to evaluate the nature and financial effects of the acquisition

## Example 6: Business combinations continued

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- Rules
  - exceptions to the recognition principle
  - exceptions to the measurement principle
  - specified disclosures

## Example 6: Business combinations continued

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### Teaching suggestions:

- build from objective through concepts to principle and rules
- recognition—explain reason for removing
  - (i) the probability criterion; and
  - (ii) the explicit reliability of measurement criteria (see Basis for Conclusions on IFRS 3 paragraphs BC125–BC130)
- explain reasons for exceptions to IFRS 3:
  - recognition principle
  - measurement principle (see Basis for Conclusions on IFRS 3)

## Example 6: Business combinations continued

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### Teaching suggestions:

Focus on judgements, eg

- identifying a business, measuring fair value in the absence of an active market etc

Test understanding, eg:

- integrated case studies
- discuss with reference to the QCs whether uncertainty should enter recognition or measurement (for business combinations and then extend the discussion to other transactions and elements)

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## Questions or comments?

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9 August 2010

International Financial Reporting Standards



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## What are IFRS judgements?

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- Which IFRS to apply?
  - Scope of each IFRS
  - What if no IFRS applies? IAS 8
- How to apply the principles?
  - Recognition
  - Measurement
  - Derecognition
  - Presentation and Disclosure
- How to make accounting choices?

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## Overview of teaching IFRS judgements

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1. Ensure students understand *Framework* concepts
2. Identify necessary judgements in situation to be analysed
  - which IFRS to apply
  - how to apply principles in IFRS
  - any policy choices
2. Identify and obtain information to make judgements
3. Analyse the information
4. Reach a judgment
  - Use case studies derived from:
    - company financial statements
    - regulatory decisions (for example, CESR database)
  - Integrate perspectives of preparers and auditors

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## Example 1: Going concern

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- Which IFRS?
  - *Framework* specifies a “going concern” assumption
    - Normal operations will continue for foreseeable future
    - If intention, or necessity, to liquidate or materially curtail operations, management may need to prepare statements on a different basis (which is disclosed)
  - Is there a going concern issue? If so, apply IAS 1 *Presentation of Financial Statements*, para 25-26

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## Example 1: Going concern

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- How to apply IAS 1 principles?
  - IAS 1 requires management to consider all available information in making the judgment as to whether the entity will be able to continue to operate for the foreseeable future
  - IAS 1 indicates factors to consider, for example:
    - Current and expected profitability
    - Debt repayment schedules and replacement financing
- Accounting policy choice?
  - No alternatives in IAS 1

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## Example 1: Going concern

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- Austrian Airlines
  - Austrian airlines in severe financial difficulty, which raises question about whether it is a going concern
  - Lufthansa agreed to buy Austrian government's 41.56% stake for €366 million, provided Austrian government provides a €500 million grant
  - Deal would strengthen Austrian Airlines financial situation, but Lufthansa may cancel deal if not completed by June 30

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## Example 1: Going concern Austrian Airlines 2008 financial report

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How does management describe its going concern judgment?

### The going-concern principle

The preparation of the consolidated financial statements has been based on the going-concern principle. This means that the Group assumes its ability to continue normal business operations in the foreseeable future, to commercially realise its assets and pay off its liabilities.

Due to the signing of the contractual agreements on 5.12.2008 to transfer to the Lufthansa Group the shareholding in the Austrian Airlines Group held by the state holding company ÖIAG, the implementation of which depends on several pre-requisites being fulfilled, such as the approval of the EU Commission and the carrying out of measures by the previous majority shareholder ÖIAG and the Lufthansa Group as the new majority shareholder designed to strengthen the liquidity and share capital of the Austrian Airlines Group, the pre-requisites provide the basis for a positive going concern opinion, due to the fact that no information is currently available to the management of the company about any circumstances which could forestall or impede the fulfilment of the contractual agreements. Accordingly, the company is operating on the assumption that additional capital resources will be made available to the Austrian Airlines Group upon fulfilment of the contractual agreements.

On the basis of the urgent need on the part of the Austrian Airlines Group for additional liquidity, and the current difficult situation prevailing on financial markets, which does not enable the company to take advantage of alternative financing options, the Republic of Austria notified the European Commission on 19.12.2008 concerning rescue aid in the form of government-backed bridge financing for the Austrian Airlines Group. The government assistance was formally approved by the European Commission on 19.1.2009. In implementing the government-backing bridge financing, an Austrian bank granted the Austrian Airlines Group a line of credit amounting to EUR 200m, for which ÖIAG has provided security. Of this line of credit, a total of EUR 113.0 can be withdrawn pursuant to a pre-defined schedule before 30.6.2009. Any further drawing upon this credit facility above the amount of EUR 113.0m requires the explicit approval of Lufthansa and ÖIAG. Two unscheduled withdrawals from this line of credit were carried out in the period January-March 2009.

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## Example 2: Provisions

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- Which IFRS?
  - Is the item a liability of uncertain timing or amount?
  - If so, then apply IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
  - IAS 37 specifies recognition criteria and measurement method, as well as disclosure requirements

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## Example 2: Provisions

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- How to apply the IAS 37 principles?
  - Apply definition of liability to determine if item is a liability
  - Apply the recognition criteria
    - Criterion 1: an outflow to settle the liability is probable
      - IAS 37 defines probable as more likely than not, requiring a judgment as to whether there is a present obligation at the reporting date
    - Criterion 2: a reliable estimate can be made
  - Measure as “best estimate,” i.e., the amount an entity would rationally pay to settle or transfer to a third party
- IASB is close to issuing a revised IAS 37
  - How to deal with proposed revisions?

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## Example: Provisions Nokia 2007 financial report

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### Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as an asset only when the reimbursement is virtually certain. At each balance sheet date, the Group assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary based on actual experience and changes in future estimates.

### Warranty provisions

The Group provides for the estimated liability to repair or replace products under warranty at the time revenue is recognized. The provision is an estimate calculated based on historical experience of the level of repairs and replacements.

### Intellectual property rights (IPR) provisions

The Group provides for the estimated future settlements related to asserted and unasserted past IPR infringements based on the probable outcome of potential infringement.

### Tax provisions

The Group recognizes a provision for tax contingencies based upon the estimated future settlement amount at each balance sheet date.

### Restructuring provisions

The Group provides for the estimated cost to restructure when a detailed formal plan of restructuring has been completed and the restructuring plan has been announced.

### Other provisions

The Group recognizes the estimated liability for non-cancelable purchase commitments for inventory in excess of forecasted requirements at each balance sheet date.

The Group recognizes a provision for pension and other social costs on unvested equity instruments based upon local statutory law. In accordance with the requirements applying to cash-settled share-based payment transactions, this provision is measured at fair value and remeasurement of the fair value of the provision is recognized in profit or loss for the period.

The Group provides for onerous contracts based on the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract.

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## Example: Provisions Nokia 2007 financial report

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### 27. Provisions

EURm	Warranty	Restructuring	IPR Infringements	Tax	Other	Total
At January 1, 2007	1 198	65	284	402	437	2 386
Exchange differences	-10	—	—	—	—	-10
Acquisitions	263	—	—	—	134	397
Additional provisions	1 127	744	345	59	548	2 823
Change in fair value	—	—	—	—	16	16
Changes in estimates	-126	-53	-47	-9	-216	-451
Charged to profit and loss account	1 001	691	298	50	348	2 388
Utilized during year	-963	-139	-37	—	-305	-1 444
At December 31, 2007	1 489	617	545	452	614	3 717

#### • The role of judgment

- Management judgment, based on current economic conditions, determines amounts charged to income, reversed through income and recorded on the balance sheet
  - What information would management need to make judgments about the four types of provisions reported in the table?
- Cash flow impact determined by the interaction of the business model with the economic environment

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## Example 3: Consolidation policy

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- Which IFRS?
  - IAS 27: A subsidiary is an entity controlled by a parent
- How to apply IAS 27 principles?
  - Control is power to govern financial and operating policies of entity so as to gain benefits from its activities
  - Control is presumed to exist when
    - Have majority voting interest, by ownership or agreement
    - Can govern the entity because of a statute or agreement
    - Can appoint/remove a majority of the governing board and/or cast a majority of votes of that board
  - Judgment is required when
    - Have *potential* voting rights (e.g., convertible instruments)
    - Have large minority holding, but remainder is widely held
    - There are no voting interests, e.g., SPEs

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## Control (IAS 27)

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- what information is needed to make judgement about control?
  - voting rights (including currently exercisable or convertible potential voting rights)
  - (if majority owned) veto or protective rights of minority etc.
  - (if minority owned) agreements with other shareholders, appointment of management, board voting etc.
- how do we obtain the information needed to make the judgement?
- how do we assess the information and reach a conclusion?

## Example 4: Consolidation

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- Example A: Nokia Siemens Networks
  - Nokia and Siemens each own 50%
  - Nokia can appoint key officers and the majority of the governing board

### 8. Acquisitions

#### Acquisitions completed in 2007

The Group and Siemens AG ("Siemens") completed a transaction to form Nokia Siemens Networks on April 1, 2007. Nokia and Siemens contributed to Nokia Siemens Networks certain tangible and intangible assets and certain business interests that comprised Nokia's networks business and Siemens' carrier-related operations. This transaction combined the worldwide mobile and fixed-line telecommunications network equipment businesses of Nokia and Siemens. Nokia and Siemens each own approximately 50% of Nokia Siemens Networks. Nokia has the ability to appoint key officers and the majority of the members of the Board of Directors. Accordingly, for accounting purposes, Nokia is deemed to have control and thus consolidates the results of Nokia Siemens Networks in its financial statements.

## Example 4: Consolidation

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- Example B: (Vodafone UK and Vodafone Italy)
  - A owns 78% of C's voting interests; B owns 22%
  - A governs C's financial and operating policies *except that*
    - Both A and B must approve C's dividends, capital transactions and major changes in business
- Example C: (Bouygues and TF1)
  - A owns 43% of C and the other 57% is widely held
  - A appoints C's key executives and has a large number of board seats
  - A has had majority vote at recent shareholder meetings

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## Example 4: Consolidation

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- Example D: (CESR database)
  - A held 100% of C and disposes of 65%; retains 35%
  - Institutional investors acquire 12% interest in C
  - other 53% voting interests in C widely held
  - management board of C has 18 members
    - A appoints 9
    - A appoints chairman
    - A, institutional investors, and chairman together appoint 4

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## Example 4: Measurement

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- Most accounting measurements require judgment
  - Little pure cost measurement for assets
    - Depreciation and amortization
      - Useful life, pattern of consumption of benefits, residual value
    - Impairment
      - Impairment indicators
      - Estimates of fair value or recoverable amount (value in use)
    - Determination whether to reverse previous impairment
  - Fair value measurement often requires estimation
    - Levels 2 and 3
  - Fair value option for financial instruments

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## What if no IFRS applies?

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- Apply IAS 8 hierarchy
- Principle
  - Accounting policy or policies determined by use of judgement that shall refer to, and consider applicability of
    - IFRSs dealing with similar and related issues
    - definitions, recognition criteria, and measurement concepts for assets, liabilities, income and expenses in the *Framework*.
  - Management may consider (if do not conflict with above)
    - most recent pronouncements of other standard-setting bodies that use a similar conceptual framework
    - other accounting literature
    - accepted industry practices

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- what information is needed to make judgement about accounting policy?
  - nature of transactions, events and conditions
  - (if necessary) nature of similar or related transactions, events and conditions
  - scope of IFRS (including effect of scope exclusions)
  - (if necessary) similar or related IFRS
- how do we assess the information and reach a conclusion?

### **Example 1:**

- entity A receives €500,000 from customer B as consideration for IT services

### **Consider whether an IFRS deals specifically with this issue**

- IAS 18 deals with rendering of services
- develop accounting policy that complies with IAS 18

## IAS 8 hierarchy

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### Example 2:

- entity A receives €500,000 from customer B to develop an IT system that entity A will control and use to provide entity B with related services

### Consider whether an IFRS deals specifically with this issue

- if not, apply hierarchy and consider
  - IFRS on similar or related issues (IAS 18, IAS 20, IFRIC 18)
  - *Framework*
  - (if not inconsistent with above) recent national pronouncements of other standard-setting bodies that use a similar conceptual framework, other accounting literature and accepted industry practices

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## Concluding observations

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- Storey and Storey\* provide a framework for analyzing certain recognition and classification decisions

- What is the asset?
- What is the liability?
- Did an asset or liability or its value change?
  - If a change, increase or decrease?
  - By how much?
    - Did the change result from
      - Investment by owners?
      - Distribution to owners?
      - Comprehensive income (which component)?

} Recognition

} Measurement

- R. Storey and S. Storey, 1998, *The Framework of Financial Accounting Concepts and Standards*, FASB.

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## Concluding observations

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- Judgment is required in many places in IFRS
- Need to help students
  - Identify judgments that need to be made
  - Learn how to weigh facts and circumstances to come to reasoned judgment
- How to apply the principles, how to make accounting choices, what if no IFRS applies?
- There are no right, only better and worse, answers
- Key is understanding underlying concepts

IFRS Conference : Tokyo  
July 28, 2010



## IFRS Curriculum Development and IFRS Resources

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## IFRS Curriculum Development and IFRS Resources

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### Contents

- I. Tentative Decision on the Adoption of IFRS
- II. Organizations for the Education/Training of IFRS
- III. IFRS Curriculum Development
- IV. Differences in Basic Concepts
- V. IFRS Resources (For Japanese teachers)



## I. Tentative Decision on the Adoption of IFRS

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The Business Accounting Council, FSA  
(June 30, 2009)

- *Opinion on the Application of International Financial Reporting Standards (IFRS) in Japan (Interim Report)*

(<http://www.fsa.go.jp/en/news/2009/20090701-1/01.pdf>)

→ Indicated the importance of education and training.

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## II. Organizations for the Education / Training of IFRS

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- (1) Japanese Institute of International Accounting Education (JIAE) 1999-
- (2) Japan Association of Graduate School for Professional Accountancy (Accounting Schools) 2005-
- (3) Japan Foundation for Accounting Education and Learning (JFAEL) 2009-
- (4) Japanese Association for Accounting Education and Research (JAAER) 2009-

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## **II. Organizations for the Education / Training of IFRS**

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### **(1) Japanese Institute of International Accounting Education (JIIE) 1999-**

- Provides seminars on IFRS
- Publishes books in IFRS
- Member of IAAER

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## **II. Organizations for the Education / Training of IFRS**

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### **(2) Japan Association of Graduate Schools for Professional Accountancy (Accounting Schools) 2005-**

- To educate candidates of future accountants, with professional ethics and global level of professional knowledge.
- "Core Curriculum"

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## II. Organizations for the Education / Training of IFRS

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- (3) **Japan Foundation for Accounting Education and Learning (JFAEL) 2009-**
- Established on July 6, 2009
  - By accounting firms within JICPA
  - In the headquarter of JICPA
  - Major reasons :
    - To cope with the issue of education based on the increase of CPAs
    - To cope with the adoption of **IFRS**

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## II. Organizations for the Education/ Training of IFRS

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- (4) **Japanese Association for Accounting Education and Research (JAAER) 2009-**
- The 1st Annual Meeting:
    - October 24-25, 2009 at Hiroshima Shudo Univ.
    - Major interest: Education of **IFRS**
  - The 2nd Annual Meeting:
    - July 29-30, 2010 at Aomori Public College
    - Plenary Session: **IFRS Education at Undergraduate Level**
    - Study Group: **Project for the Development of IFRS Education Materials**

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### III. IFRS Curriculum Development

#### 1. Sample Syllabus of Undergraduate "International Accounting"

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#### 1. Sample Syllabus of Undergraduate "International Accounting"

- **Professor Tatsuo Inoue**  
(Kwansei Gakuin University)
- Undergraduate students
- 4 Credits
- To be converted to two 2-credits course soon

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### III. IFRS Curriculum Development

#### 1. Sample Syllabus of Undergraduate "International Accounting"

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- (1) What is International Accounting?
- (2) Environmental Factors and Types of Accounting
- (3)-(5) Accounting and Environment of Japan
- (6)-(8) Accounting and Environment of the US
- (9)-(10) Accounting and Environment of the UK
- (11) Accounting and Environment of France
- (12) International and Regional Organizations
- (13) IAS E32 and Its Influence
- (14) Shaping IASB and Organizational Restructuring

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### III. IFRS Curriculum Development

#### 1. Sample Syllabus of Undergraduate "International Accounting"

- (15) Reaction of EU to IFRS
- (16) Reaction of the US to IFRS
- (17) Reaction of Japan to IFRS
- (18)-(19) Comparison of Japanese GAAP and IFRS
- (20)-(23) Foreign Currency Translation in Japan
- (24)-(25) Development of Foreign Currency  
Translation in the US
- (26)-(27) Development of Foreign Currency  
Translation by IASB
- (28) Summary

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### III. IFRS Curriculum Development

#### 2. Sample Syllabus of Graduate "IFRS" Course

- Professor Tokuei Sugimoto  
(Accounting School, Kwansei Gakuin University)
- Graduate students
- Two 2-Credits Course

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### III. IFRS Curriculum Development

#### 2. Sample Syllabus of Graduate "IFRS" Course

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##### 2-1 IFRS (A)

- (1) Changes of Relations on the Adoption of IFRS
- (2) Objectives of IASB and Conceptual Framework
- (3) First-time Adoption of IFRS (IFRS1)
- (4) Presentation of Financial Statements (IAS1)
- (5) Consolidated and Separate Financial Statements (IAS27)
- (6) Statements of Financial Position and Comprehensive Income
- (7) Cash Flow Statement (IAS7)
- (8) Preparation of Cash Flow Statement
- (9) Investments in Associates and Interest in Joint Ventures (IAS28&31)
- (10) Inventories (IAS2)
- (11) Financial Instrument (IAS32, IAS39, IFRS7)
- (12) Property, Plant and Equipment / Leases (IAS16, IAS17)
- (13) Intangibles (IAS38)
- (14) Impairments of Assets (IAS36)



### III. IFRS Curriculum Development

#### 2. Sample Syllabus of Graduate "IFRS" Course

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##### 2-2 IFRS (B)

- (1) IASB Work Plan and Trend of IFRS Setting
- (2) Financial Crisis related Projects:  
Consolidation, Derecognition, Fair Value Measurement Guidance
- (3)-(4) Financial Crisis related Projects: Financial Instruments
- (5) Investment property and Borrowing Costs (IAS40, IAS23)
- (6) Non-current Assets Held for Sale and Discontinued Operations (IFRS5)
- (7) Provisions, Contingent Liabilities and Contingent Assets (IAS37)
- (8) Income Taxes (IAS12)
- (9) Share-based Payment and Employee Benefits (IFRS2, IAS19)
- (10) Revenue (IAS18)
- (11) Construction Contracts (IAS11)
- (12) Related Party Disclosures (IAS24)
- (13) Earnings per Share (IAS33)
- (14) Operating Segments (IFRS8)



### III. IFRS Curriculum Development

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#### 3. Core Curriculum developed by Professors of Accounting Schools

- **November 2009**
- **Chaired by Prof. Toshifumi Takada of Tohoku Univ.**
- **Member Universities:**  
Hokkaido U., Tohoku U.,  
Chiba U. of Commerce, Aoyama Gakuin U.,  
Kansai U. and Kwansei Gakuin U.

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### III. IFRS Curriculum Development

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#### 3. Core Curriculum developed by Professors of Accounting Schools

##### Topics to be covered for teaching IFRS:

1. **Characteristics of IFRS**
2. **Conceptual Framework**
3. **Financial Statements and their relationship (1)**
4. **Financial Statements and their relationship (2)**
5. **Revenue (1)**
6. **Revenue (2)**
7. **Revenue (3)**
8. **Inventories**

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### **III. IFRS Curriculum Development**

#### **3. Core Curriculum developed by Professors of Accounting Schools**

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- 9. Property, Plant and Equipment and Investment Property (1)**
- 10. Property, Plant and Equipment and Investment Property (2)**
- 11. Intangible Assets**
- 12. Impairment of Assets**
- 13. Leases**
- 14. Accounting Policies, Changes in Accounting Estimates and Errors, First-time Adoption**

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### **III. IFRS Curriculum Development**

#### **3. Core Curriculum developed by Professors of Accounting Schools**

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- 15. Provisions, Contingent Liabilities and Contingent Asset**
- 16. Employee Benefit**
- 17. Stock Option**
- 18. Financial Instruments:  
Recognition and Measurement**
- 19. Financial Instruments: Disclosure**
- 20. Hedge Accounting**
- 21. Income Taxes**

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## III. IFRS Curriculum Development

### 3. Core Curriculum developed by Professors of Accounting Schools

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22. Business Combinations
  23. Consolidated Financial Statements and Investments in Associates
  24. Joint Venture
  25. Currency Exchange
  26. Segment Information
  27. Earnings per Share, and, Events after the Reporting Period
  28. Interim Financial Reporting
  29. Future of IFRS

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## IV. Differences in Basic Concepts

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1. Conceptual Framework (Deductive) approach vs Inductive approach
  2. Principles-based approach vs Rules-based approach
  3. Asset-Liability approach vs Revenue-Expense approach
  4. Fair value vs Historical cost
  5. Economic Unit concept vs Parent Company concept

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## V. IFRS Resources (For Japanese educators)

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1. JICPA web site and seminars
2. FASF website seminars
3. Accounting Firms website and seminars
4. Organizations (as mentioned above)
5. Journals and books (great many, but not sufficient for university education)

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*Thank you very much* -- Kazuo Hiramatsu  
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