# Financial accounting (Introduction to IFRS)

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***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The objective is to give students a basic knowledge of the main features of financial statements prepared in accordance with International Accounting Standards (IAS/IFRS) with a special focus on consolidated accounts.

The course will start with the elementary concepts underlying the elaboration of applied accounting principles, namely the Conceptual Framework. It will then illustrate how these fundamental concepts are set out in the individual principles, as well as outlining the main differences between civil code principles and national accounting principles in order to appreciate the different philosophies underlying these two sets of rules. The examination of the single principles will be accompanied by illustrative examples, where necessary, and for some specific topics there may be testimonies from experts.

At the end of the course, students will be able to:

1. analyse and interpret at least the essential features of financial statements prepared in accordance with international accounting standards;

2. determine the correct set-up of a number of balance sheet items according to international accounting standards, and evaluate the differences with respect to an approach used according to Italian accounting principles;

3. use their independent judgment to formulate hypotheses regarding those international accounting principles which are subject to reconsideration and modifications by the entity that makes them;

4. further their knowledge of international accounting principles in the advanced course, by having a solid knowledge base of the main aspects of said principles.

***COURSE CONTENT***

The course structure is as follows:

1. Historical Excursus on the birth and development of international accounting standards (IAS/IFRS).

2. The legal status of international accounting principles in the European Union and in Italy.

3. Structure and governance of the entity charged with issuing the IFRS, and the structure and governance of the European institution required to evaluate the compatibility of introducing the IFRS to the EU.

4. Illustration of the conceptual framework that establishes the general rules (postulates) to which all applicative accounting principles must conform.

5. Structure of an IFRS financial statement, with particular reference to differences with respect to the rigid structure imposed by the civil code for Italian financial statements (non-IFRS).

6. Detailed examination of the main international accounting standards. This is the longest and most challenging part of the course. Numerical examples will be introduced where necessary.

7. Resumption of the concepts underlying the preparation of consolidated financial statements and re-presentation of the same from an IFRS perspective.

***READING LIST***

There a number of books summarizing and/or explaining IAS/IFRS and a list of few is given below. Students may choose one or the other to refresh what they have learned through the lessons (careful attendance to the lessons is most likely sufficient for preparing the exam).

A. Giussani, Introduzione ai principi contabili internazionali, Giuffré (*in Italian language*)

C. Finch, *A student’s guide to International Financial Reporting Standards.*

*International Accounting Standards explained,* Wiley.

Nandakumar et others, *Understanding IFRS fundamentals,* Wiley.

Consultation of International Auditing Firms websites is also useful.

***TEACHING METHOD***

The course is delivered through lectures by the professor with the help of slides summarizing the lessons themselves. These slides are available to students from the professor’s website. Testimonials by experts may be organized for few specific topics.

***ASSESSMENT METHOD AND CRITERIA***

The exam consists of written questions and answers, or in the critical analysis of information in a hypothetical budget. In some cases, numerical examples or practial exercises may be required. There is no oral exam to supplement the written exam, except in very exceptional cases at the lecturer's full discretion.

The criteria used to formulate the mark are as follows:

- the student's ability to present their knowledge of accounting principles in a clear and concise manner, with any specific references to individual pertinent parts of the principle in question being positively assessed;

- imperfections in the student's presentation of the accounting principles being examined will be assessed according to their importance;

- the use of an inappropriate technical language, even if not completely incorrect, is considered a negative aspect even though it won't necessarily cause the student to fail;

- the emergence of serious learning gaps and the use of incorrect technical language will be assessed very negatively.

***NOTES AND PREREQUISITES***

Prerequisite for this course is a good knowledge of the basic principles governing bookkeeping and the preparation of Financial Statement. Students are invited to reassess their knowledge on this subjects and if necessary to bridge their gaps.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG, or on the Faculty notice board.