

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE**

**IVAN FRANKO NATIONAL UNIVERSITY OF LVIV**

Accounting and Audit Department

**“APPROVED”**

Dean of the Faculty

“ \_\_\_\_\_ ” \_\_\_\_\_ 20\_\_ p.

**WORKING PROGRAM OF THE EDUCATIONAL DISCIPLINE**

III 1.2.02 International Standards of Accounting and Auditing

Specialty: 071 - Accounting and Taxation

Specialization: Accounting and Auditing

Faculty Faculty of Economics

2020-2021

Working program of the educational discipline "International Standards of Accounting and Auditing" for the students of specialty 071 - Accounting and Taxation, - \_\_\_\_\_: \_\_\_\_\_, 20\_\_\_\_.- \_\_ c.

Developer:

Vira Shevchuk, Ph.D., Associate Professor of Accounting and Audit, Ivan Franko National University of Lviv

The working program was approved at the meeting of the Accounting and Audit Department Protocol № 1 of. "31" August 2020

Head of the department \_\_\_\_\_

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(signature) (surname and initials)

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# 1. COURSE DESCRIPTION

(Excerpt from the working program of the educational discipline "International Standards of Accounting and Auditing")

Name of indicators	Knowledge area, Specialty, Higher education level, Higher Education Degree	Characteristics of the educational discipline	
		<i>full-time education</i>	<i>external form of education</i>
Number of credits – 3	Knowledge area: 07 - Management and administration	Selective discipline	
Number of modules – 2	Specialty: 071 - Accounting and Taxation	<i>Year of preparation:</i>	
Number of content modules – 2		4	5
Coursework - 0		<i>Semester</i>	
Total hours - 90		7	9
		<i>Lectures</i>	
Weekly hours for full-time study: classroom hours – 3 hours of student's independent work – 2,625	Higher education level: The first (bachelor) level  Higher Education Degree: Bachelor	32 год.	14 год.
		<i>Practical classes</i>	
		16 год.	8 год.
		<i>Laboratory classes</i>	
		0 год.	0 год.
		<i>Independent work</i>	
		42 год.	68 год.
		Individual educational-experimental task	
Type of control: credit			

## 2. COURSE GOAL AND TASKS

**Goal:** To become familiar with International Financial Reporting Standards and International Standards on Auditing to gain a deeper understanding of generally accepted accounting principles, financial reporting and auditing.

**Objectives:** Disclosure of principles and methods of accounting, of preparation of financial statements and of auditing with the international standards, formation of skills to apply appropriate methods and techniques in the accounting and auditing process to prepare the information required for managers to make sound decisions.

**After taking the course, students should:**

**know:** a list of key international accounting and auditing standards, approaches to recognition of assets, liabilities, capital, income and expenses in accordance with IFRS, financial reporting requirements, methods of assessing assets and liabilities, the relationship between the accounting cycle and the financial statements, components of international auditing standards and features of their practical application, the fundamental principles of audit ethics, principles of auditing by international standards, components of an internal audit control system.

**be able to:** analyze the business transaction and present it in the appropriate form of financial statements, substantiate the choice of a specific method of valuation of assets and liabilities and their impact on the profit of the company, fill in the main forms of financial statements, write an engagement letter on the terms of the audit, conclude an audit contract, develop the audit strategy, audit plan and working papers, draw up an auditor's report.

## 3. THE COURSE PROGRAM

### CONTENT MODULE No. 1.

#### INTERNATIONAL STANDARDS OF ACCOUNTING

##### **Topic 1. International Financial Reporting Standards (IFRS), the standard setting process and development**

The need for a regulatory framework. Principlesbased and rulesbased framework. Advantages and disadvantages of harmonisation. The role of national standard setters. The standard setting process. International Financial Reporting Standards (IFRS) Foundation. International Accounting Standards Board (IASB). The IASB and national standard setters. The IFRS Advisory Council (IFRS IC). Development of an IFRS. Status of IFRS's. International Organization of Securities Commissions (IOSCO). International Integrated Reporting Council (IIRC). Corporate governance standards. The meaning of a conceptual framework. Alternative rulesbased system. The purpose of the framework. Objective of financial reporting. Qualitative characteristics. Financial statements and the reporting entity. Elements of the financial statements. Recognition and derecognition. Measurement bases. Presentation and disclosure. Concepts of capital.

##### **Topic 2. Presentation of financial statements**

The statement of financial position (IAS 1). Statement of profit or loss and other comprehensive income (IAS 1). Statement of changes in equity (IAS 1). Statement of cash flows (IAS 7). Events after the Reporting Period (IAS 10). Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8). The Effects of Changes in Foreign Exchange Rates (IAS 21). Financial Reporting in Hyperinflationary Economies (IAS 29). Interim Financial Reporting (IAS 34). Property, Plant and Equipment (IAS 16). Non-current Assets Held for Sale and Discontinued Operations (IFRS 5). Impairment of Assets (IAS 36). Leases (IFRS 16). Inventories (IAS 2). Revenue from Contracts with Customers (IFRS 15).

### Topic 3. Associates and consolidated financial statements

Investments in Associates and Joint Ventures (IAS 28). Principles of consolidated financial statements. Group concept. The single economic unit concept. Group financial statements (IFRS 10). Consolidated statement of financial position (Basic principle. Method of preparing a consolidated statement of financial position. The mechanics of consolidation). Consolidated statement of profit or loss (Basic principle. The mechanics of consolidation).

## CONTENT MODULE No. 2. INTERNATIONAL STANDARDS OF AUDITING

### Topic 4. International Standards on Auditing (ISAs) and Code of Ethics.

The need for audit regulation. Legal requirements for audits and auditors. The International Federation of Accountants (IFAC). International Audit and Assurance Standards Board (IAASB). Main features of ISAs. Development of ISAs. The relationship between international and national standards and regulation. The role of professional bodies. The need for professional ethics. IFAC code of ethics. The fundamental principles of ethics. Threats and safeguards. Identifying threats.

### Topic 5. International Standard of Quality Control (ISQC)

Effect of controls on the audit. Components of an internal control system. Ascertaining the systems. Documenting client systems. Testing the system. Communicating control deficiencies.

## 4. STRUCTURE OF THE EDUCATIONAL DISCIPLINE

Names of content modules and topics	Number of hours											
	Full-time education						External form of education					
	Total	including					Total	including				
		lec.	p.t.	lab.	ind. task	ind. work		lec.	p.t.	lab.	ind. task	ind. work
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>Module 1.</b>												
<b>Content module 1.</b>												
1. International Financial Reporting Standards (IFRS), the standard setting process and development	18	4	2			6	19	3	2			14
2. Presentation of financial statements	18	8	4			7	18	3	2			13
3. Associates and consolidated financial statements	18	8	4			7	16	2	1			13
Total - Module 1	54	20	10			20	53	8	5			40
<b>Module 2.</b>												
<b>Content module 2.</b>												
4. International Standards on Auditing (ISAs) and Code of Ethics	18	8	4			15	19	3	2			14
5. International Standard of Quality Control (ISQC)	18	4	2			7	18	3	1			14
Total - Module 2	36	12	6			22	37	6	3			28
<b>Total hours</b>	90	32	16			42	90	14	8			68

## 5. TOPICS FOR THE PRACTICAL CLASSES (SEMINARS)

Table 5.1

### Distribution of hours for practical classes

No.	Topic	Number of hours within the classroom
1	<b>International Financial Reporting Standards (IFRS), the standard setting process and development</b> <ul style="list-style-type: none"> <li>• Test control of knowledge;</li> <li>• Checking homework;</li> <li>• Student activity:</li> </ul> <ol style="list-style-type: none"> <li>1. Identifying and explaining of the fundamental qualitative characteristics of financial information listed in the IASB's Framework.</li> <li>2. Discussing how a conceptual Framework could help IASB achieve its objectives.</li> <li>3. Explaining of the purposes of The Conceptual Framework for Financial Reporting.</li> <li>4. Defining what is meant by 'recognition' in financial statements and discussing the recognition criteria.</li> <li>5. Applying of the recognition criteria to assets and liabilities (to income and expenses).</li> <li>6. Describing the advantages and disadvantages of the use of historical cost accounting and other measures.</li> </ol>	2
2	<b>Presentation of financial statements</b> <ul style="list-style-type: none"> <li>• Test control of knowledge;</li> <li>• Checking homework;</li> <li>• Student activity:</li> </ul> <ol style="list-style-type: none"> <li>1. Preparation of an entity's statement of financial position and statement of profit or loss and other comprehensive income in accordance with the structure prescribed within IFRS and content drawing on accounting treatments</li> <li>2. Preparation and explanation of the contents and purpose of the statement of changes in equity</li> <li>3. Preparation of a statement of cash flows for a single entity (not a group) in accordance with relevant accounting standards using the direct and the indirect method</li> </ol>	2
3	<b>Presentation of financial statements</b> <ul style="list-style-type: none"> <li>• Test control of knowledge;</li> <li>• Checking homework;</li> <li>• Student activity:</li> </ul> <ol style="list-style-type: none"> <li>1. Defining and computing of the initial measurement of a noncurrent (including a selfconstructed and borrowing costs) asset.</li> <li>2. Identifying of subsequent expenditure that may be capitalised, distinguishing between capital and revenue items.</li> <li>3. Discussing of the requirements of relevant accounting standards in relation to the revaluation of noncurrent assets.</li> <li>4. Accounting for revaluation and disposing gains and losses for non-current assets.</li> <li>5. Defining of an impairment loss.</li> <li>6. Describing and applying of the principles of inventory valuation.</li> <li>7. Explaining why recording the legal form of a finance lease can be misleading to users (referring to the commercial substance of such leases).</li> <li>8. Describing and applying of the method of determining a lease type (i.e. an operating or finance lease).</li> <li>9. Distinguishing between and account for: adjusting and non adjusting events after the reporting date; identifying items requiring separate disclosure, including their accounting treatment and required disclosures.</li> </ol> <p>Explaining and applying the principles of recognition of revenue.</p>	2
4	<b>Associates and consolidated financial statements</b> <ul style="list-style-type: none"> <li>• Test control of knowledge;</li> <li>• Checking homework;</li> <li>• Student activity:</li> </ul> <ol style="list-style-type: none"> <li>1. Preparation of a consolidated statement of financial position for a simple group</li> </ol>	2

	<p>(parent and one subsidiary) dealing with pre and post acquisition profits, noncontrolling interests (at fair value or proportionate share of subsidiaries net assets) and consolidated goodwill.</p> <p>2. Preparation of a consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for a simple group dealing with an acquisition in the period and noncontrolling.</p> <p>Explanation and accounting for other reserves (e.g. share premium and revaluation reserves).</p>	
5	<p><b>Associates and consolidated financial statements</b></p> <ul style="list-style-type: none"> <li>• <b>Test control of knowledge;</b></li> <li>• <b>Checking homework;</b></li> <li>• <b>Student activity:</b></li> </ul> <p>1. Accounting for the effects in the financial statements of intragroup trading.</p> <p>2. Accounting for the effects of fair value adjustments (including their effect on consolidated goodwill) to: depreciating and nondepreciating noncurrent assets; inventory; monetary liabilities; assets and liabilities not included in the subsidiary's own statement of financial position, including contingent assets and liabilities.</p> <p>3. Accounting for goodwill impairment.</p> <p>4. Description and applying of the required accounting treatment of consolidated goodwill.</p>	2
6	<p><b>International Standards on Auditing (ISAs) and Code of Ethics</b></p> <ul style="list-style-type: none"> <li>• <b>Test control of knowledge;</b></li> <li>• <b>Checking homework;</b></li> <li>• <b>Student activity:</b></li> </ul> <p>1. Description of the regulatory environment within which external audits take place.</p> <p>2. Discussion of the reasons and mechanisms for the regulation of auditors.</p> <p>3. Explanation of the statutory regulations governing the appointment, rights, removal and resignation of auditors.</p> <p>4. Explanation of the regulations governing the rights and duties of auditors.</p> <p>5. Description of the limitations of external audits.</p> <p>6. Explanation of the development and status of International Standards on Auditing (ISAs).</p>	2
7	<p><b>International Standards on Auditing (ISAs) and Code of Ethics</b></p> <ul style="list-style-type: none"> <li>• <b>Test control of knowledge;</b></li> <li>• <b>Checking homework;</b></li> <li>• <b>Student activity:</b></li> </ul> <p>1. Definition and applying of the fundamental principles of professional ethics of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>2. Definition and applying of the conceptual framework, including the threats to the fundamental principles of self-interest, self-review, advocacy, familiarity, and intimidation.</p> <p>3. Discussion of the safeguards to offset the threats to the fundamental principles.</p> <p>4. Description of the auditor's responsibility with regard to auditor independence, conflicts of interest and confidentiality.</p>	2
8	<p><b>International Standard of Quality Control (ISQC)</b></p> <ul style="list-style-type: none"> <li>• <b>Test control of knowledge;</b></li> <li>• <b>Checking homework;</b></li> <li>• <b>Student activity:</b></li> </ul> <p>1. Description and explanation of the five components of internal control</p> <p>2. Evaluation of internal control components, including deficiencies and significant deficiencies in internal control.</p> <p>3. Discussion of the limitations of internal control components.</p>	2
	<b>Total</b>	<b>16</b>

## **6. INDEPENDENT WORK**

Independent work of a student serves as the main means for studying the course material, acquiring the necessary skills and expertise when a student is free from compulsory classes. In the course of this work, educational, special materials, as well as lecture transcripts, are used. Specific form of independent work is the performance of individual tasks in the form of problem solving, situation analysis, writing abstracts, analytical reviews. Independent work of a student is carried out on the basis of Methodological recommendations and tasks for carrying out independent and individual work prepared in accordance with the program of the course "International Standards of Accounting and Auditing".

In the theoretical part of the individual task, students have to describe in the form of an abstract proposed questions on accounting for operations carried out at an enterprise. Practical part of an individual task involves problem solving and tests.

### **FINAL TEST QUESTIONS**

1. The need for a regulatory framework.
2. Principlesbased and rulesbased framework.
3. Advantages and disadvantages of harmonisation.
4. The role of national standard setters.
5. The standard setting process.
6. International Financial Reporting Standards (IFRS) Foundation.
7. International Accounting Standards Board (IASB).
8. The IASB and national standard setters.
9. The IFRS Advisory Council (IFRS IC).
10. Development of an IFRS.
11. Status of IFRS's.
12. International Organization of Securities Commissions (IOSCO).
13. International Integrated Reporting Council (IIRC).
14. Corporate governance standards.
15. The meaning of a conceptual framework.
16. Alternative rules based system.
17. The purpose of the framework.
18. Objective of financial reporting.
19. Qualitative characteristics.
20. Financial statements and the reporting entity.
21. Elements of the financial statements.
22. Recognition and derecognition.
23. Measurement bases.
24. Presentation and disclosure.
25. Concepts of capital.
26. The statement of financial position (IAS 1).
27. Statement of profit or loss and other comprehensive income (IAS 1).
28. Statement of changes in equity (IAS 1).
29. Statement of cash flows (IAS 7).
30. Events after the Reporting Period (IAS 10).
31. Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8).
32. The Effects of Changes in Foreign Exchange Rates (IAS 21).
33. Financial Reporting in Hyperinflationary Economies (IAS 29).
34. Interim Financial Reporting (IAS 34).
35. Property, Plant and Equipment (IAS 16).
36. Non-current Assets Held for Sale and Discontinued Operations (IAS 16).
37. Impairment of Assets (IAS 36).
38. Leases (IFRS 16).



39. Inventories (IAS 2).
40. Revenue from Contracts with Customers (IFRS 15).
41. Investments in Associates and Joint Ventures (IAS 28).
42. Principles of consolidated financial statements.
43. Group concept.
44. The single economic unit concept.
45. Group financial statements (IFRS 10).
46. Basic principle of consolidated statement of financial position.
47. Method of preparing a consolidated statement of financial position.
48. The mechanics of statement of financial position's consolidation.
49. Basic principle of consolidated statement of profit or loss.
50. The mechanics of statement of profit or loss's consolidation.
51. The need for audit regulation.
52. Legal requirements for audits and auditors.
53. The International Federation of Accountants (IFAC).
54. International Audit and Assurance Standards Board (IAASB).
55. Main features of ISAs.
56. Development of ISAs.
57. The relationship between international and national standards and regulation.
58. The role of professional bodies.
59. The need for professional ethics.
60. IFAC code of ethics.
61. The fundamental principles of ethics.
62. Threats and safeguards.
63. Identifying threats.
64. Effect of controls on the audit.
65. Components of an internal control system.
66. Ascertaining the systems.
67. Documenting client systems.
68. Testing the system.
69. Communicating control deficiencies.

## **7. INDIVIDUAL EDUCATIONAL-EXPERIMENTAL TASK**

The curriculum does not provide for individual tasks for full-time students.

## **8. STUDY METHODS**

The main study methods used in teaching the course "International Standards of Accounting and Auditing" are as follows:

- Method of providing and receiving educational information, awakening scientific interest (lectures, illustrations, presentations);
- Method of practical course learning through the development of tests, solving accounting problems and situations, formation of accounting documentation and reporting in order to acquire practical skills and expertise (practical classes);
- Modular control method with the help of regular development of modules on the topics of lectures and practical classes;
- Method of independent educational material learning by students in the form of tests, solving accounting problems, writing abstracts on the basis of independently studied basic literature and additional sources of information (including legislative acts) to detail and deepen basic knowledge, necessary expertise and practical skills (independent work);
- Oral and written control methods (practical classes and independent work).

## 9. CONTROL METHODS

In order to check the quality of preparation, knowledge, skills of students within the course, the following assessment methods are used:

- For continuous assessment – recitation, testing, problem solving, consideration of accounting situations;
- For intermediate assessment – modular tasks, including tests, problems;
- For final assessment – scheduled exam (tests, problems).

## 10. THE DISTRIBUTION OF POINTS ASSIGNED TO STUDENTS

Routine testing and independent work					The final test	Total
Content module 1			Content module 2		50	100
T1	T2	T3	T4	T5		
10	10	10	10	10		

T1, T2 ... T5 – content module topics

### Grading Scale: University, National and ECTS

Score in points	ECTS score	Definition	On a national scale	
			Examination, differentiated assessment	Credit
90 – 100	A	Excellent	Excellent	Accepted
81-89	B	Very Good	Good	
71-80	C	Good		
61-70	D	Satisfactory	Sufficient	
51-60	E	Sufficient		

## 11. METHODOLOGICAL SUPPORT

1. Guidelines for practical classes in the educational discipline "International Standards of Accounting and Auditing"
2. Guidelines for independent study of the educational discipline "International Standards of Accounting and Auditing"

## 12. RECOMMENDED LITERATURE

1. IAS 1. Presentation of financial statements Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21939&sidebarOption=UnaccompaniedIas>
2. IAS 10. Events after the Reporting Period. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21943&sidebarOption=UnaccompaniedIas>
3. IAS 16. Property, Plant and Equipment. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21945&sidebarOption=UnaccompaniedIas>
4. IAS 2. Inventories. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21940&sidebarOption=UnaccompaniedIas>
5. IAS 21. The Effects of Changes in Foreign Exchange Rates. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21948&sidebarOption=UnaccompaniedIas>
6. IAS 28. Investments in Associates and Joint Ventures. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21953&sidebarOption=UnaccompaniedIas>
7. IAS 29. Financial Reporting in Hyperinflationary Economies. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21954&sidebarOption=UnaccompaniedIas>
8. IAS 34. Interim Financial Reporting. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21957&sidebarOption=UnaccompaniedIas>

9. IAS 36. Impairment of Assets. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21958&sidebarOption=UnaccompaniedIas>
10. IAS 7. Statement of cash flows. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21941&sidebarOption=UnaccompaniedIas>
11. IAS 8. Accounting Policies, Changes in Accounting Estimates and Errors. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21942&sidebarOption=UnaccompaniedIas>
12. IFAC (2018) Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements. Available at:  
<https://www.ifac.org/publications-resources/2018-handbook-international-quality-control-auditing-review-other-assurance>
13. IFAC (2018) The International Code of Ethics for Professional Accountants. Available at:  
<https://www.ethicsboard.org/system/files/publications/files/2016-IESBA-Handbook.pdf>
14. IFRS 10. Consolidated financial statements. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21931&sidebarOption=UnaccompaniedIfrs>
15. IFRS 15. Revenue from Contracts with Customers. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21936&sidebarOption=UnaccompaniedIfrs>
16. IFRS 16. Leases. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21937&sidebarOption=UnaccompaniedIfrs>
17. IFRS 5. Non-current Assets Held for Sale and Discontinued Operations. Available at:  
<http://eifrs.ifrs.org/eifrs/PdfAlone?id=21926&sidebarOption=UnaccompaniedIfrs>
18. The Conceptual Framework for Financial Reporting Available at:  
<http://eifrs.ifrs.org/eifrs/UnaccompaniedConceptual>

### **13. INFORMATION RESOURCES**

[ifrs.org](http://ifrs.org)  
[ifac.org](http://ifac.org)