

# Financial Accounting

Explores the international accounting standards and their influence on Australian and New Zealand standards. Intangible assets, leases, employee benefits, revenue recognition, income tax, financial instruments, and foreign currency transactions and translations are investigated.

This e-workbook applies and evaluates the standards to emphasise their definition, recognition, measurement and disclosure requirements.

## Part 1: Accounting and the business environment

### Financial reporting environment

- The standard setting process and key regulatory bodies
- Comparison of local and international standards
- Ethics in accounting with analysis of recent corporate collapses
- Principles of corporate governance

### Financial reporting regulation and conceptual framework

- Framework for the preparation and presentation of financial statements
- Recognising assets, liabilities, and equity according to the framework
- Recognising income and expenses according to the framework
- Recognising and disclosing post balance date events

## Part 2: Standards relating to balance sheet accounts

### Tangible assets: revaluation and impairment

- Recognition and disclosure of tangible assets
- Revaluations, reversals, and impairment losses
- Journal entries including the sale of a revalued asset

### Intangible assets

- Initial recognition, measurement and disclosure of intangibles
- Internally and externally generated intangibles
- Amortisation, impairment testing and disposal of intangibles
- Goodwill, research and development

### Biological assets and natural resources (extractive industries)

- Classification, measurement and disclosure of biological assets
- Extractive industry operations and disclosure requirements
- Recognition and accounting for preproduction and restoration costs
- Contentious issues for biological assets and extractive industries

### Liabilities and equity

- Standards for recognition, measurement and disclosure of liabilities
- Provisions and contingent liabilities
- Equity accounts: share capital, reserves and retained earnings
- Classification of shares as debt or equity
- Accounting for bonus issues, share splits and oversubscription

## Part 3: Specific issues

### Accounting for leases

- The impact of leases on financial statements and loan covenants
- Differentiating between operating leases and financing leases
- Accounting by the lessor and lessee
- Journal entries to account for operating and financing leases
- Sale and leaseback transactions

### Employee benefits

- Measurement of employee benefits including present value
- Vesting, accumulative, short-term and long-term benefits
- Accounting for wages, annual leave, sick leave, long service leave

### Financial instruments, foreign currency transactions and translation

- Classification of financial instruments according to the standards
- Recognising and measuring derivatives including futures, options, swaps
- Foreign currency transactions and hedge accounting
- Translating the accounts of foreign operations

### Revenue recognition

- Distinguishing revenue and gains from income
- Revenue recognition in the operating cycle and its impact on profit
- Recognition of interest, dividend and unearned revenue
- Construction contracts and the percentage of completion

### Income tax

- Balance sheet approach to income tax
- Temporary and permanent differences
- Determining the tax base of assets and liabilities
- Journal entries for deferred tax assets and liabilities