

MSCIFM_AFA04_Advanced Financial Accounting

02.12.2020

General Information

Module Code	W.MSCIFM_AFA04.17
Programme	Master of Science in International Financial Management
Type of Module	Minor module in foundation
Level of Module	Advanced
ECTS Credits / Workload	3 ECTS Credits (90 hours)

Module Dependencies

Pre-requisites	No prerequisites, but we strongly recommend to take in advance: W.MSCIFM_FAA02.16: Financial Accounting and Analysis W.MSCIFM_IFR03.13: International Financial Reporting and Analysis
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Follow-up modules

Module Aims

The aim of this module is to provide students with an in-depth knowledge of different consolidation methods and selected topics in international financial accounting. Students gain an integrated perspective on how to account for an investment acquired in steps, beginning by treating a subsidiary as an associate (equity method), then integrating it into the consolidated financial statements (consolidation) and then understanding the process of deconsolidating a subsidiary after divesting its shares. Over the course of the semester, students learn about the accounting and disclosure of employee benefits such as salaries and retirement benefits. In addition, they learn to measure and recognise share-based payments according to IFRS. Furthermore, the module covers topics such as deferred taxes, segment reporting and statement of changes in equity. In order to broaden the perspective, the course finally covers certain differences between IFRS, US GAAP and the Swiss national standard Swiss GAAP FER.

Learning Outcome

Students:

- are able to prepare consolidated financial statements and report goodwill based on the purchase and full goodwill method, including intercompany eliminations.
- understand how to account for an increase and decrease in the proportion of ownership interest in an associate/subsidiary and how to deconsolidate.
- develop an understanding for specific topics concerning IFRS and know the fundamental differences between IFRS, US GAAP and the Swiss national standard Swiss GAAP FER.

	Importance	Relevant NQF-Descriptors
Subject knowledge and skills: Students can enumerate and explain the types of inclusion of affiliated companies into consolidated statements. They apply different consolidation methods and describe their impact on financial statements. They understand and are able to describe the process applied when a parent company acquires or divests subsidiary shares through multiple open market purchases/sales. They understand the concept of goodwill based on the full and purchase goodwill method and understand the rationale for the goodwill impairment testing approach. They measure and recognise a goodwill impairment loss. They are able to describe the mechanics of accounting peculiarities such as deferred taxes, segment reporting, employee benefits, share based payments and statement of changes in equity.	high	knowledge; application; judgement
Problem-solving: Students correctly apply the relevant consolidation method and technique to a given multi-corporate entity and prepare the consolidated financial statements. They conduct a	medium	knowledge; application; judgement

goodwill impairment test and prepare the necessary impairment booking entry. They correctly compute the amount of deferred taxes, analyse segment reports and prepare a statement of changes in equity.

Methodology: They apply, use and evaluate several consolidation methods and give necessary elimination entries in order to prepare consolidated financial statements (incl. intragroup elimination entries). They know the impact of changes in the proportion of ownership interest in a subsidiary on the financial statements of the parent. They acquire in-depth knowledge of segment reporting and statement of changes in equity. They understand the basic concept of employee benefits and share-based payments. medium knowledge; application; judgement; learning autonomy

Communication: They are aware of the existence of a variety of different methods and of their advantages and disadvantages. They are able to argue in a constructive and factual way using their knowledge by considering, evaluating, substantiating and refuting a variety of different arguments. They analyse sources of potential conflicts, perceive conflicts and solve them in a constructive way. medium judgement; communication; learning autonomy

Social skills: Students apply their personal and individual resources in teams. They analyse and discuss problems in teams. They critically and appreciatively evaluate working results of peers. medium judgement; communication; learning autonomy

Self-related skills: They learn and work independently, recognise gaps in their knowledge and fill these gaps independently. They critically reflect work and thought processes and develop possible courses of action. They reflect and challenge personal and external judgments and develop these with regard to the assignment. They become aware of the necessity of diligent work and self-checking routines (cross-checking). low knowledge; application; judgement; communication; learning autonomy

Content Outline

- Equity
- Consolidation of 100%
- Fair Value Computation
- Consolidation Technique
- Accounting for Non-Controlling Interest
- Step Acquisition and Divestment
- Goodwill Impairment
- Deconsolidation
- Deferred Taxes
- Employee Benefits
- Operating Segments
- Earnings per Share
- Hedge Accounting
- Statement of Changes in Equity

Teaching and Learning Methods

Contact Hours seminar; exercises; lecture; case studies; guest lectures
Directed Study individual work; group work; compulsory reading

Workload

Contact Hours 36 lessons / 27 hours (30%)
Directed Study 12 lessons / 9 hours (10%)
Private Study 54 hours (60%)

Assignments and Assessments

Assessment Type	Quantity	Weight	Form	Evaluation Type	Time
Written examination	90 minutes	100%	open book	grades	end of semester