

# The IFRS Enabler with **i**-learning Online CPD | Working Tool



**GNOSIS**  **LEARNING**



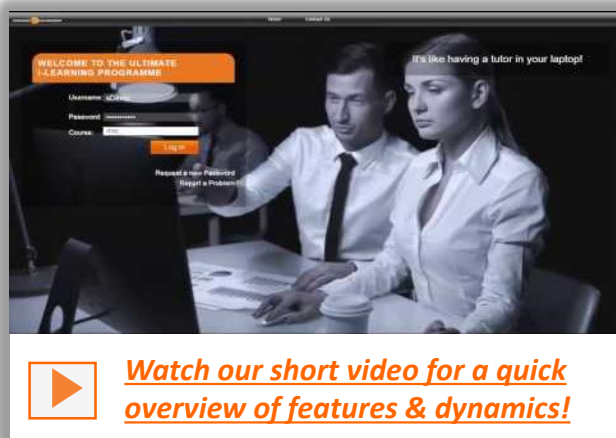
# Supporting Lean Finance

An online hybrid training/enabler programme that accelerates the team's performance in Accounting Technique, analysis, and reporting process **immediately and at all levels**.

This means that external IFRS consulting is reduced to the minimum, i.e. all staff have an Enabler with them that helps them on the job with all accounting techniques and skills they need.

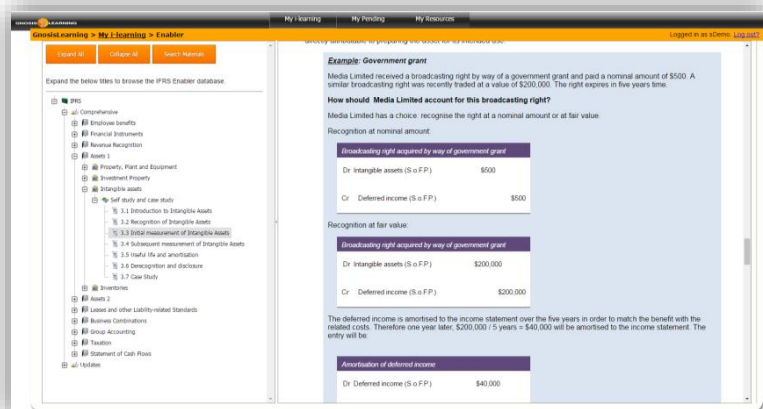
The **i-learning IFRS Enabler** delivers on three fronts:

- 1. Immediately enables** each individual accountant or analyst in applying IFRS on the job;
- 2. Trains** the individual systematically and methodically to an advanced level in IFRS;
- 3. Links directly to the HR process** by enabling managers to **follow in real time** the learning progress of the team so that they know who has achieved what skills and when.



Providing a wealth of real and practical material ready to be used by the working accountant/analyst.

Real life examples and step-by-step guidance.



# The IFRS Enabler

Materials are designed to relate to real-life examples, enabling users to apply the skills and tools learnt as well as, importantly, applying judgement.

**Example: Government grant**

Media Limited received a broadcasting right by way of a government grant and paid a nominal amount of \$500. A similar broadcasting right was recently traded at a value of \$200,000. The right expires in five years time.

**How should Media Limited account for this broadcasting right?**

Media Limited has a choice: recognise the right at a nominal amount or at fair value.

**Recognition at nominal amount:**

Broadcasting right acquired by way of government grant	
Dr Intangible assets (S o F P)	\$500
Cr Deferred income (S o F P)	\$500

**Recognition at fair value:**

Broadcasting right acquired by way of government grant	
Dr Intangible assets (S o F P)	\$200,000
Cr Deferred income (S o F P)	\$200,000

The deferred income is amortised to the income statement over the five years in order to match the benefit with the related costs. Therefore one year later, \$200,000 / 5 years = \$40,000 will be amortised to the income statement. The entity will be:

Amortisation of deferred income	
Dr Deferred income (S o F P)	\$40,000

A wide range of topics is available for reference, even when users are engaged in linear training on a separate topic.

Communication with a real-life tutor helps users ensure they clarify any questions.

Crucially, the i-learning programme provides continued checks on users' performance.

**Example: Hedge of a foreign investment**

The following example is about a UK entity whose functional currency is the pound (and therefore all transactions must be recorded in pounds in the entity's financial statements). The company acquires a foreign investment denominated in dollars (The investment represents 5% of the foreign entity's share capital and is therefore not a foreign operation as defined in IAS21 Effects of Changes in Foreign Exchange rates).

Since the company wants to protect itself from any foreign exchange rate fluctuations between the pound and the dollar, the company hedges the investment with a loan denominated in dollars. In other words the company does the exact opposite in the money markets of what it did in the operations. The loan is taken out on the same date and for the same amount as the investment. In this way a hedging relationship is established between the foreign investment and the foreign loan, in that if the entity incurs a loss (or gain) on the investment due to changes in foreign exchange rates, there will be a corresponding gain (or loss) on the foreign loan because an inverse relationship exists between the investment and the loan.

(Please note that the company is trying to hedge its foreign exchange rate risk and not anything else like operational risk or cash flow risk or anything else.)

Hedged item: foreign investment		Hedging instrument: foreign loan							
<p>A UK entity acquires a 5% equity investment in a US company on 2 February 2003 for USD15,500 when GBP 1 = USD 1.55. The UK entity is planning to dispose of the investment in December 2008, after which it expects the fair value of the investment in USD to have increased.</p> <p>The exchange rate at the company's year end of 31 December 2003 was GBP 1 = USD 1.60. The fair value of the investment remained the same at USD15,500.</p> <p>The acquisition of the investment is recorded in the entity's financial statements in the entity's functional currency (GBP) using the rate at the date of the transaction: USD15,500 / 1.55 = £10,000.</p>		<p>Since the UK company wants to protect itself against any foreign exchange risk arising from the foreign investment, the company takes out a two year foreign currency loan on 2 February 2003 of USD 15,500. The loan is designed in this way (the currency and duration) in order to mirror the USD investment and it will therefore offset any foreign exchange gains or losses arising on the foreign investment.</p> <p>The loan is recorded in the entity's financial statements in the entity's functional currency (GBP) using the rate at the date of the transaction: USD15,500 / 1.55 = £10,000.</p>							
<p><b>2 February 2003 acquisition of foreign investment</b></p> <table border="1"> <tr> <td>Dr Investment (S o F P)</td> <td>£10,000</td> </tr> <tr> <td>Cr Bank (S o F P)</td> <td>£10,000</td> </tr> </table>	Dr Investment (S o F P)	£10,000	Cr Bank (S o F P)	£10,000	<p><b>2 February 2003 foreign loan</b></p> <table border="1"> <tr> <td>Dr Bank (S o F P)</td> <td>£10,000</td> </tr> <tr> <td>Cr Loan (S o F P)</td> <td>£10,000</td> </tr> </table>	Dr Bank (S o F P)	£10,000	Cr Loan (S o F P)	£10,000
Dr Investment (S o F P)	£10,000								
Cr Bank (S o F P)	£10,000								
Dr Bank (S o F P)	£10,000								
Cr Loan (S o F P)	£10,000								



## A collage of images related to business and technology. The background features a blurred image of a laptop keyboard and a cup of coffee. Overlaid on this are several semi-transparent icons: three interlocking gears, a glowing lightbulb, a cloud, a bar chart, and a globe. The overall color palette is warm and professional, with a focus on blue and white tones.

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### What are the taxable profits and the respective tax liability for the year ended 31 December 20X4

In order to calculate the current tax liability, we need to do a tax computation, which can be done by calculating the taxable profits using the accounting profit as a starting point (\$100,000 - see pink table below)

The adjusted taxable profit is arrived at by adjusting for disallowable expenditure and well as income not allowable for tax purposes.

In this example, the depreciation expense of \$10,000 (\$40,000 / 4 years useful economic life) is added back to the accounting profit. Thereafter capital allowances of \$40,000 as deducted, as per the below tax computation.

Profit Before Depreciation	\$ 110,000
Depreciation	(10,000)
<b>Profit Before Tax</b>	<b>100,000</b>
Income Tax Expense	(21,000)
<b>Profit After Tax</b>	<b>79,000</b>

Profit Before Tax	\$ 100,000
Add back Disallowable expenditure:	
Depreciation expense (i.e. Depreciation for accounting purposes)	10,000
	<b>110,000</b>
Less Capital Depreciation for Adjusted Tax year	
<b>Income Tax Liability</b>	<b>21,000</b>

The corresponding tax charge double entry for the year, based on the tax computation is as follows

20X4 Current tax expense		
Dr	Income tax expense (S)	\$21,000
Cr	Current tax liability (S o P.F)	\$21,000

**IFRS 18 Statement**

Expand All Collapse All Search Materials

Expand the below titles to browse the IFRS Enabler database.

- IFRS 18
  - Comprehensive
  - Employee benefits
  - Financial Instruments
  - Basic measurement and recognition rules
  - Advanced measurement rules
  - Accounting for derivatives and hedges
    - Self study and case study
    - 1.1 Introduction to accounting for derivatives and hedges
    - 3.2 Derivatives

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Examining your learning
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Expand All
Collapse All
Search Materials

Expand the below titles to browse the IFRS Enabler database.

- IFRS
  - 1 Consolidation
  - 2 Employee benefits
  - 3 Financial Instruments
    - 3.1 Basic measurement and recognition rules
    - 3.2 Advanced measurement rules
    - 3.3 Accounting for derivatives and hedges
      - 3.3.1 Study and case study
        - 3.3.1.1 Introduction to accounting for derivatives and hedges
        - 3.3.1.2 Derivatives
        - 3.3.1.3 Hedging
        - 3.3.1.4 Hedge accounting
        - 3.3.1.5 Disclosures
        - 3.3.1.6 Case study

- IFRS 9 Financial Instruments
- 1 Reverse Recognition
- 2 Assets
  - 2.1 Property, Plant and Equipment
  - 2.2 Investment Property
  - 2.3 Intangible assets
  - 2.4 Self study and case study
  - 2.5 Investments
- 3 Assets
  - 3.1 Leases and other liability-related Standards
  - 3.2 Business Combinations
  - 3.3 Group Accounting
  - 3.4 Taxation
  - 3.5 Statement of Cash Flows

### Test your knowledge

A company has a fixed rate investment and is concerned about the effect of future changes in market interest rates and the effect this will have on the value of the investment. The company decides to enter into a designated rate swap whereby it agrees to exchange fixed interest for floating interest payments. The company manages the swap as a hedge of the fixed rate investment.

Which of the following is the correct description of the above transaction in accordance with the definitions set out in IAS39 Financial Instruments?

- A** The fixed rate investment is the hedging instrument, the swap is the hedged item and it is a fair value hedge relationship.
- B** The fixed rate investment is the hedged item, the swap is the hedging instrument and it is a cash flow hedge relationship.
- C** The fixed rate investment is the hedged item, the swap is the hedging instrument and it is a fair value hedge relationship.
- D** The fixed rate investment is the hedging instrument, the swap is the hedged item and it is a net investment in foreign operation hedge relationship.

Select Answer ▾

View Model Answer

### Test your knowledge

Which of the following is not a condition for hedge accounting?

- A** Formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for the hedge
- B** The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk.
- C** The effectiveness of the hedge can be reliably measured, and the hedge is assessed on an ongoing basis and determined actually to have been effective
- D** The hedge relates to the company's normal business risks

**Account** | **My Learning** | **Course Administration**

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**Smartsheet Learning > Home > History** | Logged in as **mashrouto** | Log Out

### List of Participants

Participant Name
Demo Participant1 (nhutgroup)
Demo Participant2 (nhutg2)
Demo Participant3 (nhutgtesting)
Demo Participant4 (georgemall)
Demo Participant5 (Participator)
Demo Participant6 (demoparticipant)
<b>Demo Participant Demo (sdemo)</b>
Demo Participant7 (sdemo)
Demo Participant7 (glfinat)
Demo Participant7 (Test)

**EXPAND / COLLAPSE**
  
  
**sDemo Participant (sdemo)**
  
  
✔ Completed • ⏸ Pending • ✖ Overdue • 🔄 In Progress



## CPD Hours

Certification of CPD credits is obtained for every Module of training completed.

All standards and interpretations are covered, along with rich training materials and resources that can be used at work. All examples and case studies are real-life and practical, requiring participants to **apply** the **skills** and **tools** learnt as well as applying **judgement**.

**Customisation** of the content and the software can be provided at an extra fee which will depend on the extent of the new features required.

**i-learning IFRS** is specifically designed for Accountants, Accounting Supervisors, Chief Accountants, Financial Managers and Directors, CFOs, Investment Managers and Analysts who need to understand, interpret and apply IFRS and also maintain the skills and the knowledge in the long run.

GNOSIS LEARNING	
Certificate	
Participant: iDemo Participant	Date Module Commenced: 27-January-2016
Course: IFRS	Date Module Completed: 21-Feb-2016
Level: Comprehensive	Date Report Issued: 13-Feb-2017
Module: Financial Instruments	
Number of Assignments Completed: 4	
Number of Follow-Up Exercises, FX, Completed: 5	
AVERAGE CASE GRADES	
Category	Grade, %
Financial instruments: basic measurement and recognition rules	74.29
Financial instruments: basic measurement and recognition rules	73.91
Accounting for derivatives and hedging	70.00
Financial instruments: advanced measurement rules	80.00
AVERAGE FX GRADES	
Category	Grade, %
Accounting for derivatives and hedging	66.67
Financial instruments: basic measurement and recognition rules	77.38
Impairment of assets	70.00
Comments:	
Excellent work and excellent progress throughout the Module.	
Eight CPD (Continuous Professional Development) credit hours are awarded.	
Key to Grades (%)	
100 - 81 Excellent Progress	
80 - 71 Good Progress	
70 - 61 Satisfactory Progress	
60 - 51 Some Progress	
50 - 0 Failed the Module	
OVERALL AVERAGE GRADES (%)	
Module	76.55
FX	71.62

## Request a Demo



**Watch our short video for a quick overview of features & dynamics!**

**For a quick presentation of the *i-learning IFRS Enabler*, please click [here](#).**

To view the programme's full features and dynamics, please do not hesitate to contact us – we will be happy to arrange a demo presentation.

Please see contact details below.

# Training Content

Guidance every step of the way on all IFRS topics, full of examples, practical case studies, double entry, self-assessments.

## Employee Benefits

- ✓ Introduction to the basic tools for employee benefits accounting
- ✓ Dealing with plan assets and actuarial assumptions
- ✓ Accounting for defined benefit plan modifications

## Revenue Recognition

- ✓ The contract and the performance obligations
- ✓ Determine and allocate the transaction price
- ✓ Revenue recognition and presentation
- ✓ Specific considerations and transitional provisions

## Assets 1

- ✓ Property, Plant and Equipment
- ✓ Investment property
- ✓ Intangible assets
- ✓ Inventories

## Assets 2

- ✓ Borrowing costs
- ✓ Government grants
- ✓ Impairment of assets
- ✓ Non-current assets held for sale and discontinued operations

## Leases and other liability-related standards

- ✓ Introduction to Leases
- ✓ Lease identification
- ✓ Lessee and Lessor accounting
- ✓ Provisions, contingent liabilities and contingent assets

## Business Combinations

- ✓ The basic concepts of consolidations
- ✓ The definition of subsidiary
- ✓ Goodwill
- ✓ Associates and joint arrangements

## Group Accounting

- ✓ Step acquisitions and disposals
- ✓ Foreign exchange transactions
- ✓ Foreign operations – basic concepts
- ✓ Foreign operations – advanced concepts

## Taxation

- ✓ Current tax
- ✓ The basics of deferred tax
- ✓ Advanced deferred tax

## Statement of Cash Flows

- ✓ The importance of the Statement of Cash Flows
- ✓ Single entity statement of cash flows
- ✓ Consolidated statement of cash flows

## Financial Instruments

- ✓ What is a financial instrument?
- ✓ Classification and measurement
- ✓ Derivatives and hedging

## Accounting reference zone

- ✓ Financial Statements IAS 1 & IAS 8
- ✓ IFRS 1



## About Us

We are an international training network designing, developing and delivering practical learning solutions online and in the classroom.

## Our Experts

All our trainers are experts in their fields and in training, with many years' experience, including working for the Big 4 Audit Firms.

## Our Clients

We work with companies like Bridgestone, Vistra and others, whether it is delivering skills for conversion to IFRS or supporting you at all levels to deal with IFRS issues.

We deliver training in the UK, Dubai, Poland, Hungary, CIS, Ukraine, Kuwait and Bahrain.



## Contact Us

Do not hesitate to contact us for further information or to arrange a demo:

Cerelia Athanassiou, Business Development

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