

The Hebrew University of Jerusalem

Syllabus

SELECTED FINANCIAL ACCOUNTING ISSUES - 55519

Last update 26-02-2015

HU Credits: 4

Degree/Cycle: 1st degree (Bachelor)

Responsible Department: Accounting

Academic year: 3

Semester: 1st and/or 2nd Semester

Teaching Languages: Hebrew

Campus: Mt. Scopus

Course/Module Coordinator: Gal Grafi

Coordinator Email: gal.grafi@mail.huji.ac.il

Coordinator Office Hours: Monday 13:00-14:00

Teaching Staff:

Course/Module description:

The purpose of the course is to provide the students with tools to understand and analyze company valuations based on data from the financial statements. In addition the course will deal with selected accounting issues representing material components in the financial statements of public companies such as transactions with control holders and employee benefits.

Course/Module aims:

The purpose of the accounting track module is to equip course students with analytical tools and the required technical ability from an accountant. The purpose of the course is to provide students with tools to understand and analyze company valuations based on data from the financial statements. Special emphasis will be placed on developing analytical and self-thinking ability in accounting and in accounting issues related to transactions with control holders and employee benefits.

Learning outcomes - On successful completion of this module, students should be able to:

1. To carry out company valuations.
2. To analyze company valuations.
3. To identify transactions with control holders and determine the accounting treatment in the financial statements.
4. To analyze transactions with control holders based on the information presented in the financial statements.
5. To determine the accounting treatment of different types of employee benefits in the financial statements.

Attendance requirements(%):

None

Teaching arrangement and method of instruction: Lectures

Exercises

Presentations

Course/Module Content:

- A. Company Valuations-
1. Background:
 - a. Adoption of international standards.

b. Fair value measurement basis.

2. Company valuation methods:

a. Market value method.

b. Multiplier method.

c. Asset value method.

d. Discounted cash flow method.

3. Discounted cash flow method- stages in the valuation of a company as a going concern:

a. Analysis of statements and company operations.

b. Preparation of forecasted cash flow including treatment of capital investments, depreciation and amortization and changes in working capital.

c. Discounting cash flows (cash flow from operations and net cash flows).

d. Treatment of excess assets.

e. Allocation of value between debt and share holders.

f. Sensitivity analysis.

4. Valuations - legislation (Securities regulations) and case law (Atzmon case)

B. Transactions with control holders (Standard 23)

1. Background:

a. Securities regulations (Presentation of transactions between a corporation and its control holders in the financial statements) - 1996.

b. Adoption of Standard 23 and the fair value measurement basis.

2. Scope and definitions of Standard 23.

3. Accounting treatment of transfers of assets between the entity and control holders:

a. Acquisition of an asset from a control holder.

b. Acquisition of an intangible asset from a control holder.

c. Sale of an asset to a control holder.

d. Sale of an intangible asset to a control holder.

4. Accounting treatment of transactions without debt, indemnification and waiver between an entity and its control holder.

5. Accounting treatment of loans between an entity and its control holder:

a. Loan with a repayment date.

b. Loan without a repayment date.

c. Change in loan terms.

6. Tax effect on transactions between an entity and its control holder - application of the instructions of IAS 12.

7. *Transactions with control holders - legislation (Securities Regulations).*

8. *Continuing engagement for variable consideration: Disclosure requirements in accordance with regulation 4 of the Securities Regulations (Presentation of transactions between a corporation and its control holder in the financial statements) - 1996.*

C. Employee Benefits (IAS 19)

1. Background-

- a. Accounting treatment of employee benefits up to the adoption of international standards (Opinion 20)*
- b. Adoption of IAS 19 and the actuarial measurement basis in respect of employee benefits.*

2. Scope and Definitions - IAS 19.

3. Types of employee benefits and their accounting treatment:

- a. Short term benefits.*
- b. Severance benefits.*
- c. Other long term benefits.*
- d. Benefits subsequent to cessation of employment.*

4. Benefits subsequent to cessation of employment:

- a. Defined deposit plan.*
- b. Defined benefit plan - measurement using actuarial techniques.*
- c. Discounting the benefit under the projected unit credit method.*
- d. Determination of fair value of plan assets and return on plan assets.*
- e. Determination of actuarial profits and losses and their accounting treatment.*
- f. Accounting treatment of past service costs.*
- g. Accounting treatment of cutbacks and their settlement.*

5. Implications and the effect of IAS 19 on the financial statements.

6. Presentation and disclosure in the financial statements

Required Reading:

IAS 19 - Employee benefits.

Standard 23: Presentation of transactions with a control holder.

Additional Reading Material:

IAS -39 - Financial Instruments:

Recognition and measurement.

Securities Regulations: (Presentation of transactions between a corporation and its control holder in the financial statements) -1996.

Course/Module evaluation:

End of year written/oral examination 100 %

Presentation 0 %

Participation in Tutorials 0 %

Project work 0 %

Assignments 0 %

Reports 0 %

Research project 0 %

Quizzes 0 %

Other 0 %

Additional information:

A bonus grade will be granted to students who make presentations during the lectures on issues connected to the course.