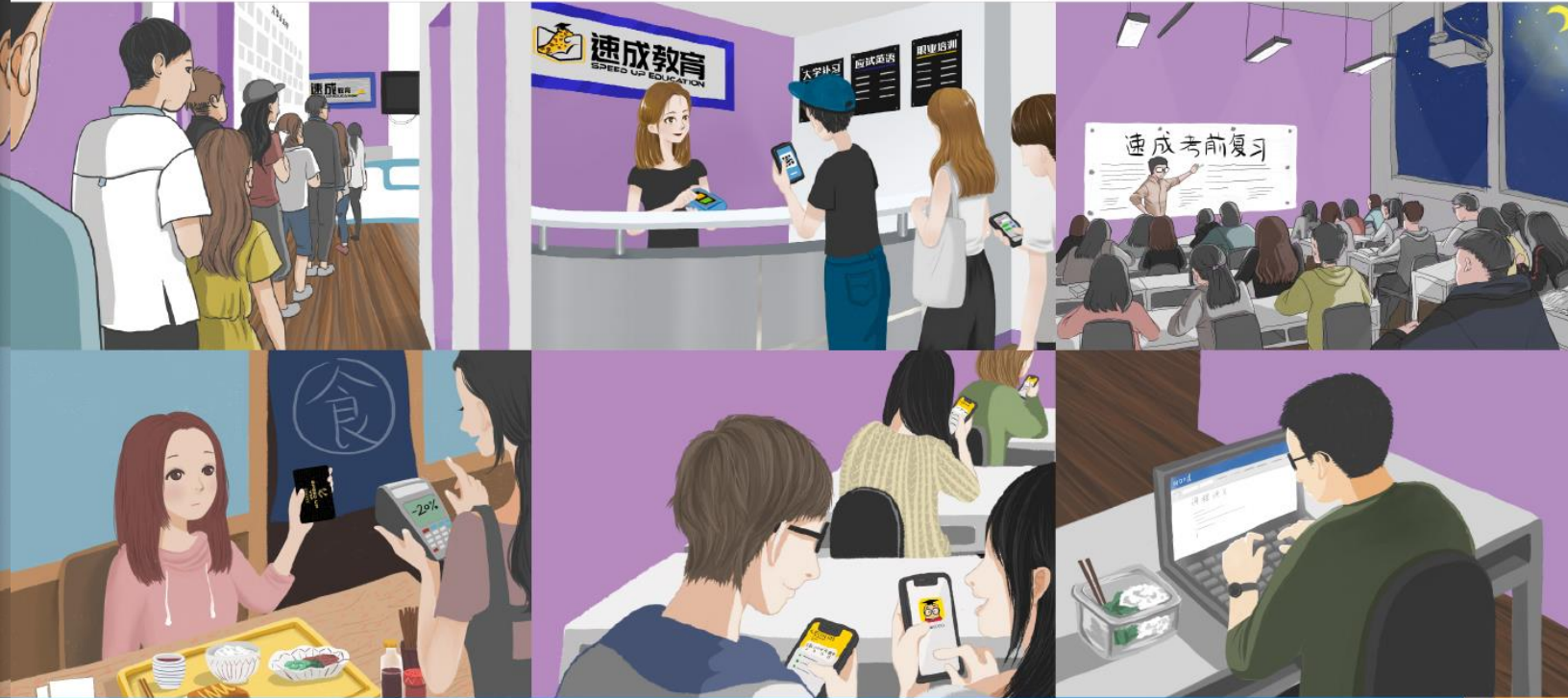




速成教育
SPEED UP EDUCATION



BUS 320

Intermediate Financial Accounting

导师: **ALEX**

SFU Week 2 Class | 2021/1/22

S P E E D U P E D U C A T I O N

Lecture 1 The Canadian Financial Reporting Environment

Standard Setting

Accounting standards help reduce information asymmetry problems in financial reporting

Standards are intended to be **generally accepted and universally practiced**

Standard Setting Organization

1. Canadian Accounting Standards Board (AcSB)
 - Primarily responsible for setting GAAP for Canadian private enterprises (ASPE), CPA Handbook
1. International Accounting Standards Board (IASB)
 - **IFRS** (International Financial Reporting Standard) must be used by **public companies** in Canada
 - Private enterprises have an option of using IFRS
2. Financial Accounting Standards Board (FASB) *and* the Securities and Exchange Commission (SEC)
 - FASB is the major standard setting body in the U.S
 - SEC has the final authority over accounting standards in the U.S
 - U.S GAAP
3. Provincial Securities Commissions
 - Oversees and monitors capital marketplace in their province

Generally Accepted Accounting Principles

- Under **ASPE**, the **primary sources** for GAAP are:
 - CPA Canada Handbook Sections part II

- Accounting guidelines
- Other sources
 - Background documents and implementation guidance issued by AcSB
 - Pronouncements in other jurisdictions
 - Research studies, accounting textbooks, journals, approved drafts of primary sources and articles
 - Industry practice
- Under IFRS, GAAP includes:
 - IFRS
 - International Accounting Standards (IAS)
 - Interpretations (IFRIC or SIC)

Other sources

- Pronouncements of other standard-setting bodies
- Other accounting literature
- Accepted industry practices

Federal and Provincial Corporation Act

Need prepare financial statement can waive the requirement of F/S if obtained with unanimous consent from shareholders

F/S must be prepared in accordance with GAAP (CPA handbook) unless waiver is obtained from unanimous consent from shareholders

If reporting issuer (a company that issue security held by general public) follow Provincial Security Act

Provincial Security Act

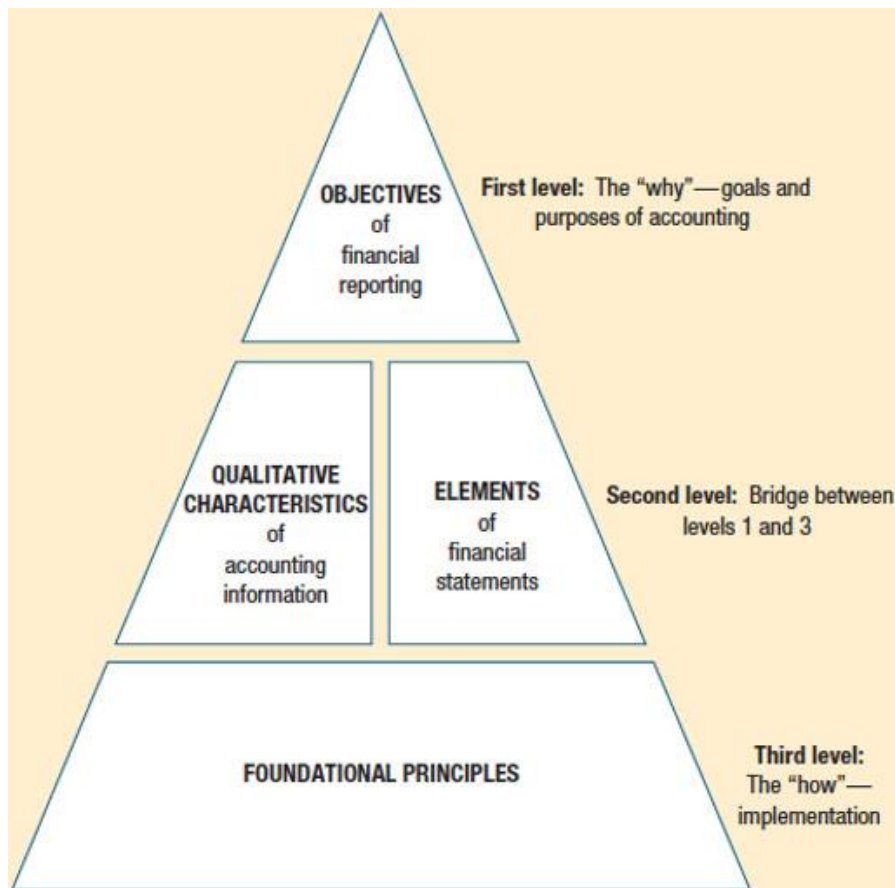
No waiver F/S must be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises as defined in the CPA handbook

Publicly accountable enterprise

has issued or is in the process of issuing debt or equity instrument that are, or will be, outstanding and traded in a public market profit-oriented Apply IFRS

Private enterprises is profit oriented but not Publicly accountable enterprise
Follow ASPE or IFRS

Conceptual Framework



Fundamental Qualitative Characteristics

1. Relevance 相关性 对做决定有帮助

predictive and feedback/confirmatory value
materiality 有影响

2. Representational Faithfulness 可靠性 真实性
Completeness 完整性
Transparent 透明
Neutrality 中立
Freedom from error 准确的

Enhancing Qualitative Characteristics

1. Comparability 可比行
2. Verifiability 可验证性
3. Timeliness 及时性
4. Understandability 可理解的

Trade-offs and Cost/Benefit

It is not always possible to have all fundamental and enhancing qualitative characteristics

Elements of Financial Statements

Assets:

- Entity has control over that resource 控制权
- Resource results from a past transaction or event 已经发生
- Represent a present economic resource

Liabilities:

- a present duty or responsibility
- results from a past transaction or event
- Entity is obligated to transfer an economic resource

Measurement

Historical cost vs Current value

Current value

- Fair value price receives selling the asset exit price
- Value in use present value of future cash flow
- Current cost cost of acquire the same unit entry price

PV Calculation

1 Market rate 10% receive 1000 in one year, how much to invest today?

2 Market rate 10% receive 0 in first two year, 40000 in third year, PV of the investment

3 Market rate 10% receive 1000 in one year 2000 second year 3000 third year, PV of the investment?

4 Market rate 10% receive 1000 in three year, PV of the investment?

5 what is the rate of return if invest 27000 today and generate 11000 payment in three year

6 sold equipment to a customer in exchange for a three year note have a face value of 8000 with interest specified at a stated interest rate of 10% payable annually. Market interest rate 10% PV of the note

7 sold equipment to a customer in exchange for a three year note have a face value of 8000 with interest specified at a stated interest rate of 15% payable annually. Market interest rate 10% PV of the note

8 sold equipment to a customer in exchange for a three year note have a face value of 8000 with interest specified at a stated interest rate of 15% payable semi-annually. Market interest rate 10%
PV of the note

Assignment

