

Welcome to the course on Introduction to Accounting Concepts

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Storyboard Notes (for reference ONLY; this slide will not appear in the course)



Note: We recommend that you go through the [Introduction to Accounting Concepts Design Note document](#) before reviewing this storyboard and course. It will give you an overarching idea of our design approach towards building this course.

- This storyboard contains a visual representation of all the content for the Introduction to Accounting Concepts course.
- All images used are for representative and may differ from those used in the final course.
- The Notes section contains development notes for the development team on building out interactive screens, as well as the voiceover script.
- Page numbers are indicated at the bottom of the slide. The course slides begin from Page 01.
- Multiple slides may be used to build out one interactive page of the course; this is to visually show the content in all interactive or layered screens that have tabs, clicks, etc.
- Numbers like this **1** may be used to indicate the flow or order of how elements appear on the screen. These will not be displayed in the final course and are only for reference.
- Any notes or queries are added to the slides in a grey box on the right.

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Welcome

Welcome to this course on **Introduction to Accounting Concepts!**

A strong knowledge of accounting principles will greatly benefit you in your role here at Thin Leaf. In this course, we will cover the following essential topics in detail:

- An introduction to the Thin Leaf accounting concepts
- Key steps in the reporting process

You will also get a refresher on revenue recognition, contracts, foreign currency treatment, and taxation.

Finally, we'll discuss plant operations, income and expenditure involved in repair and maintenance, and impairment indications, among other topics.



This course will take you approximately 30-45 minutes to complete.

Click **Start** to begin the course!

START

Course Menu

These five modules will give you a complete understanding of the accounting concepts at Thin Leaf. You can access the modules at any time during the course by clicking the **Home** icon.

Select a module to begin the course.

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- **Course Objectives**
- **Module Introduction**
- **What's In It For Me?**
- **Key Terms**
- **Knowledge Check**
- **Module Summary**




**Module 1:
Course
Introduction**




Module 2:
Reporting
Guidelines



Module 3:
Project
Accounting



Module 4: PPE
Accounting



Module 5:
Course
Summary



Module 1: Course Introduction

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Click **Next** to continue.

Module 1: Course Introduction | Course Objectives

By the end of this course, you should be able to:

- Describe the principles of revenue recognition
- Define the concepts of contracts
- Explain the concepts of foreign currency treatment
- State the concepts of taxation
- List the differences between liabilities versus contingencies
- Explain the income and expenditure involved in repair and maintenance
- List indications to impairment
- Describe deferred taxation



Click **Next** to continue.

Module 1: Course Introduction | Module Introduction

This module will serve as an introduction to this course.

Upon completion of this module, you will be able to:

- List the key objectives of this course
- Define some key accounting terms



Click **Next** to continue.

Module 1: Course Introduction | What's In It For Me?

Here is how this course will help you in your job at Thin Leaf. This course will:

- Give you an understanding of the principles of revenue recognition and liquidated damages
- Explain the concepts of contracts and financing contracts, foreign currency treatment and taxation
- Enable you to differentiate between liabilities versus contingencies

This course will equip you with all the information related to the accounting concepts used at Thin Leaf, so that you are prepared for all types of accounting tasks or challenges.

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Module 1: Course Introduction | Key Terms

Introduction

First, let's get familiarized with some of the key terms used in this course. The following terms are commonly used while describing accounting concepts.

Click the tabs below to learn more.

1

International Financial
Reporting Standards (IFRSs)

2

Materiality

3

Notes

4

Audit Reports

Click **Next** to continue.



Module 1: Course Introduction | Key Terms

1

International Financial Reporting Standards (IFRSs)

International Financial Reporting Standards (IFRSs)

The International Financial Reporting Standards (IFRSs) are a set of accounting standards developed by an independent organization called the International Accounting Standards Board (IASB). It was designed to provide a global framework for how public companies prepare and disclose their financial statements.

The IFRSs comprise of:

- International Financial Reporting Standards;
- International Accounting Standards; and
- Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

2

Materiality

3

Notes

4

Audit Reports

Click **Next** to continue.



Module 1: Course Introduction | Key Terms

1

International Financial Reporting Standards (IFRSs)

2

Materiality

Materiality

Information is considered to be material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. In accounting, the concept of materiality relates to the significance of transactions, balances and errors contained in the financial statements. It defines the cut-off point after which financial information becomes relevant or a determining factor for decisions made by the user.

Materiality is linked closely to other accounting standards and principles, and is usually relative to the size and circumstances of the particular companies.

3

Notes

4

Audit Reports

Click **Next** to continue.

Module 1: Course Introduction | Key Terms

1

International Financial Reporting Standards (IFRSs)

2

Materiality

3

Notes

Notes

Notes contain additional information apart from that provided in the balance sheet, income statement, statement of changes in equity and cash flow statement. They are descriptions or disaggregations of items disclosed in those statements and give users information about items that do not qualify for recognition in those statements.

Notes are meant to:

- Present information about the basis of preparation of the financial statements and the specific accounting policies,
- Disclose information required by IFRSs that is not presented elsewhere in the financial statements; and
- Provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.

4

Audit Reports

*Click **Next** to continue.*

Module 1: Course Introduction | Key Terms

1

International Financial Reporting Standards (IFRSs)

2

Materiality

3

Notes

4

Audit Reports

Audit Reports

Audit reports are an appraisal of a business' complete financial statement. They are prepared by independent accounting professionals or auditors. Companies are usually required to present two audit reports, a half year and a full audit per year-end, for review. The scope of audits and limited reviews differ based on circumstances or the type of company, and separate instructions are issued by GAR to the group companies as applicable.

Audit reports should contain the auditors opinion, a set of reporting forms initialled by the auditors for identification purposes and a signed letter of representation, if specifically required. Such a letter is only required for legal entities, and not for branches and projects that complete quarterly reporting packages.

*Click **Next** to continue.*

Module 1: Course Introduction | Knowledge Check

Let's see if you can correctly match the key terms with their descriptions.

*Drag and drop the options below, and click **Submit**.*

These are an appraisal of a business' complete financial statement. They are prepared by independent accounting professionals or auditors, twice per year-end.

It is determined by the significance of transactions, balances and errors contained in the financial statements. It is usually relative to the size and circumstances of the particular companies.

These contain information apart from that presented in balance sheet, income statement, statement of changes in equity and cash flow statement.

These are a set of accounting standards developed by the IASB to provide a global framework for preparation and disclosure of financial statements.

Submit

1 IFRSs

2 Materiality

3 Notes

4 Audit Reports

Click **Next** to continue.




Module 1: Course Introduction | Module Summary

You have successfully completed the **Course Introduction** module.

You should now be able to:

- List the key objectives of this course
- Define some key accounting terms

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Click **Next** to continue.

Course Menu

These five modules will give you a complete understanding of the accounting concepts at Thin Leaf. You can access the modules at any time during the course by clicking the **Home** icon.

Select a module to begin the course.



- **Module Introduction**
- **Important Reports**
- **Knowledge Check**
- **Module Summary**



Module 1:
Course Introduction



Module 2:
Reporting Guidelines



Module 3:
Project Accounting



Module 4: PPE Accounting



Module 5:
Course Summary



Module 2: Reporting Guidelines

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Click **Next** to continue.

Module 2: Reporting Guidelines | Module Introduction

This topic will introduce you to some important guidelines in the reporting process.

Upon completion of this module, you will be able to:

- List the different types of accounting reports
- Explain the function of the different reports



Click **Next** to continue.

Module 2: Reporting Guidelines | Important Reports

There are a number of reporting guidelines in place that should be used as a part of the reporting process. Different reports are created for different time periods based on the stage or type of project. Here are some of the important reports that you will need to create and use.

Click the tabs below to learn more.



Click **Next** to continue.

Module 2: Reporting Guidelines | Important Reports

There are a number of reporting guidelines in place that should be used as a part of the reporting process. Different reports are created for different time periods based on the stage or type of project. Here are some of the important reports that you will need to create and use.

Click the tabs below to learn more.



Reporting Package (FAD-set) 1

The reporting package (FAD-set) is a set of reporting schedules distributed by GAR. It requires the quarterly reporting of balance sheet and profit and loss accounts.

The completed FAD-set is sent to GAR according to the timetable defined for each reporting cycle.

The reporting package is completed for each separate (legal) entity, branch or BKI project, either solely controlled or jointly controlled. No sub-consolidation takes place, unless otherwise agreed with GAR.

Click **Next** to continue.

Module 2: Reporting Guidelines | Important Reports

There are a number of reporting guidelines in place that should be used as a part of the reporting process. Different reports are created for different time periods based on the stage or type of project. Here are some of the important reports that you will need to create and use.

Click the tabs below to learn more.



Management Control System (MCS) – Actual and Forecast 2

These are quarterly reports that are prepared for each business unit. They contain actuals that are derived from one or more individual reporting packages as well as forecasts. In some cases, management adjustments are also included as applicable.

The completed MCS report is sent to GAR according to the distributed timetable.

Click **Next** to continue.

Module 2: Reporting Guidelines | Important Reports

There are a number of reporting guidelines in place that should be used as a part of the reporting process. Different reports are created for different time periods based on the stage or type of project. Here are some of the important reports that you will need to create and use.

Click the tabs below to learn more.



Management Planning System (MPS) – Budget 3

Budget or MPS reports are annual reports. They are prepared on a yearly basis per business unit.

The completed MPS report is sent to GAR according to the distributed timetable.

Click **Next** to continue.

Module 2: Reporting Guidelines | Important Reports

There are a number of reporting guidelines in place that should be used as a part of the reporting process. Different reports are created for different time periods based on the stage or type of project. Here are some of the important reports that you will need to create and use.

Click the tabs below to learn more.



Budget Control Report (BCR)

4

This report is created based on preformatted schedules and is prepared per project, and not based on time periods. It is used for cost control and analysis of turnover and margins. All of the financial reporting on projects in the reporting package is based on information contained in a BCR. It is also used to determine the amount of contract revenue and costs to be recognized based on the allowed budget and variances on this budget.

Click **Next** to continue.



Module 2: Reporting Guidelines | Knowledge Check

Which of the following prepares reports on a quarterly basis per business unit containing actuals and forecasts including management adjustments?

Select the best answer from the options below, and click **Submit**.

- MPS a
- FAD-set b
- MCS c
- BCR d

Submit

Click **Next** to continue.



Module 2: Reporting Guidelines | Module Summary

You have successfully completed the **Reporting Guidelines** topic in this course.

You should now be able to:

- List the different types of accounting reports
- Explain the function of the different reports

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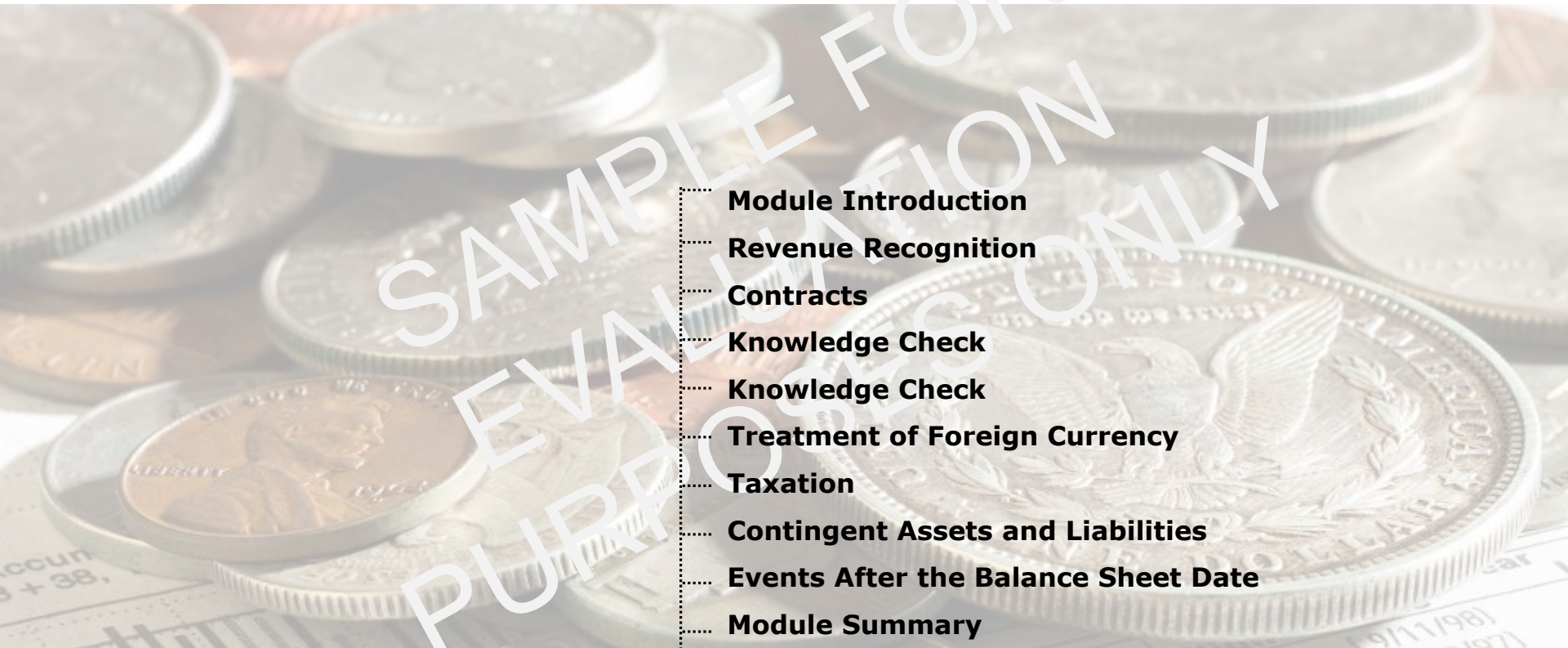


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Course Menu

These five modules will give you a complete understanding of the accounting concepts at Thin Leaf. You can access the modules at any time during the course by clicking the **Home** icon.

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- **Revenue Recognition**
- **Contracts**
- **Knowledge Check**
- **Knowledge Check**
- **Treatment of Foreign Currency**
- **Taxation**
- **Contingent Assets and Liabilities**
- **Events After the Balance Sheet Date**
- **Module Summary**




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Module 3:
Project Accounting



Module 4: PPE Accounting



Module 5:
Course Summary



Module 3: Project Accounting

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Click **Next** to continue.

Module 3: Project Accounting | Module Introduction

This topic will introduce you to the primary project accounting concepts.

Upon completion of this module, you will be able to:

- List the concepts of revenue recognition
- List the concepts of contracts
- List the concepts of foreign currency treatment
- List the concepts of taxation
- List the differences between liabilities versus contingencies
- List the concepts of events after the balance sheet date



Click **Next** to continue.

Module 3: Project Accounting | Revenue Recognition

The work performed on projects at Thin Leaf often covers multiple accounting periods. Therefore, the allocation of contract revenue and contract costs over the accounting periods is an important issue in financial reporting. This allocation differs based on the purposes of the reports.

Click the tabs below to learn more.

1

**Management Reporting
Purposes**

2

Publication Purposes

Click **Next** to continue.



Module 3: Project Accounting | Revenue Recognition

The work performed on projects at Thin Leaf often covers multiple accounting periods. Therefore, the allocation of contract revenue and contract costs over the accounting periods is an important issue in financial reporting. This allocation differs based on the purposes of the reports.

Click the tabs below to learn more.

1

**Management Reporting
Purposes**

For the purpose of management reporting, the Budget Control Report (BCR), which is created per project, is used to determine the amount of contract revenue and costs to be recognized based on the allowed budget and variances on this budget.

2

Publication Purposes

Click **Next** to continue.



Module 3: Project Accounting | Revenue Recognition

The work performed on projects at Thin Leaf often covers multiple accounting periods. Therefore, the allocation of contract revenue and contract costs over the accounting periods is an important issue in financial reporting. This allocation differs based on the purposes of the reports.

Click the tabs below to learn more.

1

Management Reporting Purposes

For the purpose of management reporting, the Budget Control Report (BCR), which is created per project, is used to determine the amount of contract revenue and costs to be recognized based on the allowed budget and variances on this budget.

2

Publication Purposes

For publication purposes, the progress of a project per reporting date, and as a result the contract margin to be recognized, is measured based on the contract costs to date compared to the estimate of total costs at completion of the project using the percentage of completion method. These reported figures on projects are reviewed by the Group Accounting & Reporting department (GAR). They then prepare adjustments on the group level for publication accounting.

*Click **Next** to continue.*



Module 3: Project Accounting | Contracts

It is sometimes necessary to divide project contracts into separately identifiable components. This is done because you may need to separately report the identifiable components of a single contract or a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Click the tabs below to learn more each type of contract.

1

Combined Contracts

2

Segmented Contracts

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Click **Next** to continue.



Module 3: Project Accounting | Contracts

It is sometimes necessary to divide project contracts into separately identifiable components. This is done because you may need to separately report the identifiable components of a single contract or a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Click the tabs below to learn more each type of contract.

1

Combined Contracts

A group of contracts should be treated as a single contract (irrespective of single or multiple customers) when:

- The group of contracts is negotiated as a single package;
- The contracts are so closely interrelated that they are part of a single project with an overall profit margin; and
- The contracts are performed concurrently or in a continuous sequence.

2

Segmented Contracts

Click **Next** to continue.



Module 3: Project Accounting | Contracts

It is sometimes necessary to divide project contracts into separately identifiable components. This is done because you may need to separately report the identifiable components of a single contract or a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Click the tabs below to learn more each type of contract.

1

Combined Contracts

2

Segmented Contracts

For contracts that cover a number of assets, the construction of each asset should be treated as a separate contract when:

- Separate proposals have been submitted for each asset;
- Each asset has been a subject of separate negotiation and both the contractor and customer have been able to accept or reject that part of the contract relating to each asset; and
- The costs and revenues of each asset can be identified.

Click **Next** to continue.



Module 3: Project Accounting | Knowledge Check

Which of the following is true for Management Reporting Purposes?

*Select the best answer from the options below, and click **Submit**.*

- The progress of a project per reporting date is measured based on the contract costs to date compared to the estimate of total costs at completion of the project.
- The Budget Control Report is used to determine the amount of contract revenue and costs to be recognized based on the allowed budget and variances on this budget.
- No balance sheet items such as work in progress and customer progress payments relating to these types of contracts are accounted for in the reporting package
- Maintenance contracts and completed parts of frame and cost plus contracts are considered completed at the end of the accounting period.

Submit

Click **Next** to continue.



Module 3: Project Accounting | Knowledge Check

True or false? A group of contracts should always be treated as a single contract, irrespective of the number of customers.

*Select the best answer from the options below, and click **Submit**.*

- False
- True

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Submit

Click **Next** to continue.



Module 3: Project Accounting | Treatment of Foreign Currency

Thin Leaf is involved in projects worldwide, with over 50 branches across the globe. In this multi-currency environment, it is essential that we use proper exchange rates for foreign currencies and foreign exchange results.

Foreign exchange results arise due to movements in exchange rates, when:

- Transactions in foreign currencies result in assets (receivables) or liabilities (payables) outstanding at reporting date; or
- Balance sheet and profit & loss account of a reporting entity are translated from the functional currency into the presentation currency.



Click **Next** to continue.

Module 3: Project Accounting | Taxation

There are a number of accounting concepts related to taxation. These are broadly classified into three categories; current income taxes receivable/payable, deferred income tax assets/liabilities, and income tax.

Click the tabs below to learn more.

1

Current Income Taxes
Receivable/Payable

2

Deferred Income Tax
Assets/Liabilities

3

Income Tax

Click **Next** to continue.



Module 3: Project Accounting | Taxation

There are a number of accounting concepts related to taxation. These are broadly classified into three categories; current income taxes receivable/payable, deferred income tax assets/liabilities, and income tax.

Click the tabs below to learn more.

1

**Current Income Taxes
Receivable/Payable**

2

**Deferred Income Tax
Assets/Liabilities**

3

Income Tax

Current Income Taxes Receivable/Payable

Under this heading are included all amounts payable and/or receivable as income taxes, based on taxable results and according to income tax returns submitted or to be submitted.

Click **Next** to continue.



Module 3: Project Accounting | Taxation

There are a number of accounting concepts related to taxation. These are broadly classified into three categories; current income taxes receivable/payable, deferred income tax assets/liabilities, and income tax.

Click the tabs below to learn more.

1

Current Income Taxes
Receivable/Payable

2

Deferred Income Tax
Assets/Liabilities

3

Income Tax

Deferred Income Tax Assets/Liabilities

Deferred income tax assets/liabilities arise from temporary valuation differences between the carrying amount of assets and liabilities on the publication balance sheet and the tax base of these assets and liabilities on the balance sheet used for income tax declaration.

Click **Next** to continue.



Module 3: Project Accounting | Taxation

There are a number of accounting concepts related to taxation. These are broadly classified into three categories; current income taxes receivable/payable, deferred income tax assets/liabilities, and income tax.

Click the tabs below to learn more.

1

Current Income Taxes
Receivable/Payable

2

Deferred Income Tax
Assets/Liabilities

3

Income Tax

Income Tax

Income tax (current tax) is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Click **Next** to continue.



Module 3: Project Accounting | Contingent Assets and Liabilities

A **contingent asset** is a conditional right that arises from past events from which future economic benefits may flow based on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A **contingent liability** is a liability of sufficient uncertainty that it does not qualify for recognition as a provision because:

1. It is a conditional obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
2. It is a present obligation that arises from past events but is not recognized because:
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - The amount of the obligation cannot be measured with sufficient reliability.



Click **Next** to continue.

Module 3: Project Accounting | Events After the Balance Sheet Date

Events which occur between the balance sheet date and the date on which the financial statements of Thin Leaf are authorised for issue can result in "last minute" adjustments to assets and/or liabilities or can result in additional disclosures, if those events provide evidence of conditions that existed at the balance sheet date.

Such events should, after consultation with the local auditors, be reported immediately to GAR.

Dividends declared, proposed or approved after the balance sheet date are not recognized as a liability in the reporting package or financial statements.



Click **Next** to continue.

Module 3: Project Accounting | Module Summary

You have successfully completed the **Project Accounting** topic in this course.

You should now be able to:

- List the concepts of revenue recognition and liquidated damages
- List the concepts of financing contracts
- List the concepts of contracts
- List the concepts of foreign currency treatment
- List the concepts of taxation
- List the differences between liabilities versus contingencies
- List the concepts of events after the balance sheet date



Click **Next** to continue.

Course Menu

These five modules will give you a complete understanding of the accounting concepts at Thin Leaf. You can access the modules at any time during the course by clicking the **Home** icon.

Select a module to begin the course.



- Module Introduction
- Plant Operations
- Impairment
- Module Summary

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 **Module 4:**
PPE Accounting

 Module 5:
Course Summary



Module 4: PPE Accounting

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Click **Next** to continue.

Module 4: PPE Accounting | Module Introduction

This topic will introduce you to the key PPE accounting concepts.

Upon completion of this module, you will be able to:

- Provide an overview of plant operations
- List indications to impairment
- Describe deferred taxation



Click **Next** to continue.

Module 4: PPE Accounting | Plant Operations

The reporting on plant operations is divided in two categories:

1. Rented equipment; and
2. Own equipment and provides:
 - (ii) information on utilisation;
 - (iii) information on cash flow generating capability
 - (iv) an analysis of costs and revenues, compared with budget, of:
 - repair and maintenance costs
 - insurance costs
 - lay-up costs
 - external paid hires.

Charges to contracts for plant hires are made using standard rates or adjusted rates when specific arrangements are made with the Plant department.

Plant operations should be reported per individual item if the item is separately recognized in the equipment list in the FAD-set or if the internal rate is in excess of 5,000 or equivalent value in foreign currency per week; the remaining items can be reported in totals.



Click **Next** to continue.



Module 4: PPE Accounting | Impairment

Impairment is a subject that is related to the valuation of (noncurrent) assets, in general tangible fixed assets and intangible assets. Also, bad debt losses on loans and receivables are determined using the impairment requirements.

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.



Click **Next** to continue.

Module 4: PPE Accounting | Module Summary

You have successfully completed the **PPE Accounting** topic in this course.

You should now be able to:

- List an overview of plant operations
- List indications to impairment
- Describe deferred taxation

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Click **Next** to continue.

Module 5: Course Summary

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Click **Next** to continue.

Module 5: Course Summary | Summary

You have successfully completed the **Introduction to Accounting Concepts** course at Thin Leaf.

You should now be able to:

- Describe the principles of revenue recognition
- Define the concepts of contracts and financing contracts
- Explain the concepts of foreign currency treatment
- State the concepts of taxation
- List the differences between liabilities versus contingencies
- Explain the income and expenditure involved in repair and maintenance
- List indications to impairment
- Describe deferred taxation



Click **Next** to continue.