

PROGRAM
on the entrance examination
for the applicants for the Master degree program

Major: 7-06- 0411- 01 “Accounting, Analysis and Auditing”

The program of entrance examination for students who enter the Master degree program (Major: 7-06- 0411-01 “Accounting, Analysis and Auditing”, Master’s program: «International Accounting») was developed on the basis of the academic disciplines curricula of the bachelor degree program in Accounting : - Financial accounting in industry; - Financial accounting in construction; - Financial accounting in trade and public catering; - Financial accounting in the agro-industrial complex; - Financial accounting in the organizations of transport; - Financial accounting in foreign economic activity - Complex analysis of economic activities in industry; - Complex analysis of economic activities in construction; - Complex analysis of economic activities in trade and public catering; - Complex analysis of economic activities in the agro-industrial complex; - Complex analysis of economic activities in transport organizations; - Complex analysis of foreign economic activity; - Practical audit in industry; - Practical audit in construction; - Practical audit in trade and public catering; - Practical audit in transport organizations; - Practical audit in the agro-industrial complex; - Practical audit of foreign economic activity. The content of the program has a complex systemic interdisciplinary nature. Its aim is the general professional and special knowledge and skills identification that was received at the Bachelor degree programs . The program determines the list of issues that need to be learned to pass the matriculation examination, and includes a list of recommended literature. An applicant should show a high level of theoretical knowledge and practical skills in special disciplines, economic terminology and economic scientific literature application, knowledge in national legislation, accounting practices and audit, understanding and ability to analyze economic processes in organization, competence in organization’s effectiveness evaluation, as well as the ability to apply their knowledge to solve specific research and application issues. Entrance examination is conducted orally on tickets. The mark is set on a ten-point scale.

LIST OF QUESTIONS

- 1 The nature of financial accounting information.
- 2 International financial reporting standards: Framework for the preparation and presentation of financial statements.
- 3 The accounting equation: $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$.
- 4 Assets: definition, examples, recognition.
- 5 Liabilities: definition, examples, recognition.
- 6 Owners' Equity: definition, examples, recognition.
- 7 How transactions impact the accounting equation.
- 8 The financial statement.
- 9 The income statement.
- 10 The cash flow statement.
- 11 Usefulness of financial reports.
- 12 The Financial Reporting Council.
- 13 IAS and IFRS.
- 14 Qualitative characteristics of financial statements.
- 15 Non-current (fixed) assets: definition, classification, recognition, measurement and recording.
- 16 Depreciation: its nature and main methods of calculating.
- 17 Current assets: definition, classification, recognition, measurement and recording.
- 18 The working capital cycle.
- 19 Meaning of cost.
- 20 Receivables (debtors) and bad debts.
- 21 Current liabilities.
- 22 Non-current (long-term) liabilities.
- 23 Ownership interest.
- 24 Analysis and issues in reporting.
- 25 Management accounting: nature, role, users of information.
- 26 Professional ethics.
- 27 International standards on auditing.

STUDYING MATERIAL CONTENT

Financial accounting nature (questions 1, 2)

What is the process of accounting? How is financial information identified? How is financial information measured? How is financial information communicated? What is an entity? Who are the users of financial information about an entity? What types of judgements and decisions do these users make? What is the Framework for the preparation and presentation of financial statements?

A systematic approach to financial reporting: the accounting equation (questions 3-7)

The accounting equation. Defining assets. Classification of assets. Examples of assets. Recognition of assets. Defining liabilities. Classification of liabilities. Examples of liabilities. Recognition of liabilities. Defining the owners' interest. Changes in the owners' interest. Assurance for users of financial statement. Examples of main transactions and their influence the accounting equation.

Financial statements from the accounting equation (questions 8-11)

Benefits and problems of producing annual financial reports. The purpose and structure of the financial statement. The purpose and structure of the income statement. The purpose and structure of the cash flow statement. The usefulness to users of the financial reports prepared (what kind of decisions can users make according to a company's financial reports).

Ensuring the quality of financial statements (questions 12-14)

The Financial Reporting Council: the main goal and structure. IAS and IFRS: the main areas of regulation, examples of standards. Qualitative characteristics of financial statements: fundamental qualitative characteristics and enhancing qualitative characteristics. Relevance. Faithful representation. Comparability. Verifiability. Timeliness. Understandability.

Non-current (fixed) assets (questions 15-16)

Definitions. Examples of non-current (fixed) assets. Cost of a non-current (fixed) assets. Recognition: tangible non-current (fixed) assets and intangible non-current (fixed) assets, investments. Depreciation: an explanation of its nature. Calculation of depreciation. Straight-line method. Reducing-balance method. Which method to choose?

Current assets (questions 17-20)

Definition, classification, recognition, measurement and recording of current assets. Inventories (stocks). Receivables (debtors) and prepayments. Investments. Cash. Meaning of cost. Costs when input prices are changing. Approximation when dates are not recorded. Choice of FIFO or average cost. Receivables (debtors) and change in a provision.

Current liabilities (question 21)

Definition. Recognition. Classification. Risk of understatement of liabilities. Non-recognition: contingent liabilities. Changing thoughts on contingencies

Non-current (long-term) liabilities (question 22)

Recording and measurement. Secured and unsecured loans. Loan having a range of repayment dates. Change in the nature of finance source. Interest payable on the loan. Complex capital instruments

Ownership interest (question 23)

Definition and recognition. Issue of shares at the date of incorporation. Retained earnings. Buying and selling shares. Revaluation of non-current (fixed) assets

Analysis and issues in reporting (question 24)

Ratio analysis: investor ratios, analysis of management performance, liquidity and working capital. Reporting corporate performance and KPI. Reporting cash flows: explanation of a cash flow statement, EBITDA, free cash flow.

Management accounting (question 25)

Nature and role of management accounting. Planning. Decision making. Control. Needs of internal users of accounting information.

Professional ethics (question 26)

Code of ethics. Fundamental principles of ethics.

International standards on auditing (question 27)

Regulation. Classification. Examples of the main standards.

Main literature

1. Brown, D. Accounting principles / D. Brown. – UK: Team FME, 2016. – 300 p.
2. Mintz, S. Ethical Obligations and Decision Making in Accounting / S. Mintz, R. Morris. I. McGraw-Hill. – 5 Ed. – UK, 2016. – 146 p.
3. Weetman, P. Financial and management accounting 4 Ed. - UK, 2016. – 819 p.
4. Handbook of the International Standards on Auditing / IFAC, 2018. – 2300 p.
5. Handbook of the Code of Ethics for Professional Accountants / IFAC, 2018. – 179 p.

Additional literature

5. Chubb, C. Performance management Literature Review / C. Chubb, P. Reilly, D. Brown. – UK: Institute for Employment Studies, 2014. – 45 p.
6. Chubb, C. Literature Review: Performance/Employees Productivity Management/ C. Chubb. – UK: Institute for Employment Studies, 2015. – 111 p.

Websites

7. International Financial Reporting Standards [Electronic resource]. – Mode of access: <http://www.ifrs.org/>
8. International Auditing and Assurance Standards Board [Electronic resource]. – Mode of access: <http://www.iaasb.org/>
9. International Ethics Standards Board for Accountants [Electronic resource]. – Mode of access: <http://www.ifac.org/Ethics>
10. Public Interest Oversight Board [Electronic resource]. – Mode of access: <http://www.ipiob.org/>