

## **FMIAAS – “Training in International Accounting Standards and Financial Management for SMEs”**

**NEWSLETTER No. 2 – December 2004**

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### **1. Structure and development of the training modules**

During the second half of the year 2004, the partners in the FMIAAS project have focused their activities on:

- developing of the training modules according to the Products Development Plan approved at the meeting held on 10-11 June 2004, in Luton, UK ;
- disseminating of the leaflet on the training needs analysis prepared by the Technical University of Gabrovo and Luton Business School and the first project newsletter prepared by CNIPMMR.

The FMIAAS project has its main goal to improve the accounting and financial reporting skills within SMEs, in order to provide useful financial information to a wide range of users and reinforce the positive perceiving of accounting as a management tool, fostering the evolution of small and medium-sized businesses. The management skills acquired by SMEs managers will help them to better manage their companies, to improve competitiveness and develop adaptability of SMEs to technological and organizational changes.

Three training modules have been designed and developed under the project:

- The first module: “**Accounting and financial reporting basics**” is intended to help the accounting personnel of microenterprises provide meaningful, accurate and comparable financial information.
- The second module “**IAS for SMEs**” is designed for the accounting personnel of small and medium-sized enterprises. It aims to explain the definitions and regulations of the abridged set of the International Financial Reporting Standards (IFRS - includes IFRS and all International Accounting Standards in force at the moment) that concern the reporting situations arising in SMEs.
- The third module “**Financial Management**” is addressed to the SMEs managers. It consists of two parts. Part I “Basic Accounting and IFRS for SMEs Managers” is intended to make SMEs managers familiar with the main accounting principles and concepts and to help them perceive and handle financial statements. Part II “Financial Management” is designed to help SMEs managers understand how to use the accounting information and financial statements in their decision-making practice, how to make financial analyses and carry out planning and control.

The training modules have been developed after a thorough study of the specific SMEs managers and accounting personnel's training needs in the field of accounting, financial reporting and management.

At the Working Groups meeting in Luton, 10-11 June 2004, the general reports on the results from the needs analysis were presented and discussed and a discussion was held about the methods and the approach to be applied in the process of the training modules development. A common approach to the development of the training material was proposed and accepted by the partners. Partners agreed that each training module would include training materials, case studies, a glossary and tests for assessment of learners' knowledge and skills.

An extended discussion was held on the structure of the modules, the topics to be included in each of them and the length of the training materials. Draft study programmes / curricula and syllabi were presented for each training module by the partners responsible for their development. The partners who will work on the development of each training module were specified. The topics included in the programme of the training modules development were divided between the partners. Each partner determined the persons from their organization who will work on the training modules development.

The Working Groups' members started studying different sources of information and collecting appropriate materials in order to implement good practices and experience in the products to be created. The topics and the content of each training module were specified and detailed after the correspondence held between the supervisor and the partners working on the development of the modules.

The Working Groups' members worked on the training modules content according to the Products Development Plan and kept a permanent e-communication with the supervisors in the process of the training modules development.

The training materials, case studies, glossaries and tests for assessment of the learners' knowledge and skills to be included into the training modules were developed in the national language of the person working on it and then translated into English.

**TU-Gabrovo (P1)** and **KTC (P6)** worked on the development of the training module "Accounting and Financial Reporting Basics". KTC (P6) is the partner responsible for this module and Mr. Pranas Milius is the supervisor. 50 pages were written by the team from TU-Gabrovo (P1) and 50 pages – from KTC (P6).

**ASKANA Ltd. (P2)** and **COFIMP (P5)** worked on the development of the training module "IAS for SMEs". The partner in charge of this module development is ASKANA Ltd. (P2) and Ms. Maria Bossolova is the supervisor. 100 pages were written by the team from ASKANA Ltd. (P2) and 56 pages – by COFIMP (P5).

**TU-Gabrovo (P1)** and **Luton Business School (P8)** worked on the development of part I "Principles of Accounting and IAS for SMEs Managers" of the training module "Financial Management". TU-Gabrovo (P1) is the partner responsible and Ms. Ludmila Mermerska is the supervisor. 50 pages were written by TU-Gabrovo (P1) and 45 pages – by Luton Business School (P8).

**VUSTE ENVIS Ltd. (P4)** and **CNIPMMR (P7)** worked on the development of part II “Financial Management” of the training module “Financial Management”. VUSTE ENVIS Ltd. (P4) is the partner responsible and Ms. Jana Markova is the supervisor. 65 pages were written by VUSTE ENVIS Ltd. (P4) and 110 pages – by CNIPMMR (P7).

The training modules assigned to each project partner were developed according to the following draft curricula:

### **TRAINING MODULE I “ACCOUNTING AND FINANCIAL REPORTING BASICS”**

1. Main accounting principles
2. Assets, liabilities, revenues, costs, profits and losses – main definitions
3. Model of chart of accounts
4. Non-current assets – recognition, measurement, reporting
5. Inventories – base stock methods (FIFO, LIFO, others), measurement
6. Accounts receivable, accounts payable - recognition, measurement, reporting
7. Model of financial statements – (a balance sheet, an income statement)
8. Interpretation of financial statements

### **TRAINING MODULE II “IAS FOR SMES”**

1. Meaning and essence of the accounting information and its reporting– IAS 1, 7, 8, 10, 12, 18, 24
2. Property, plant and equipment; intangible assets and investment property– recognition, evaluation and presenting – IAS 16, 40, 17, 23, 38, 36, IFRS 5
3. Inventories – recognition, evaluation and presenting – IAS 2
4. Receivables, liabilities, grants and incomes– recognition, accounting and evaluation– IAS 32, 39, 20, 37, 19
5. Related parties and specific disclosures – IAS 24, 21, 31
6. Preparation of accounting policy and financial statements, comply with IFRS. IFRS first time adoption – IFRS 1

### **TRAINING MODULE III “FINANCIAL MANAGEMENT”**

#### **Part I “Basics of accounting and IAS for SMEs managers”**

1. The need for accounting. Financial accounting and management accounting. Accounting and bookkeeping.
2. Accounting concepts – assets, liabilities, equity, revenues, and expenses. Major types of accounts. Accounting principles.
3. Accounting cycle. Accounting techniques for recording transactions. Double-entry system.
4. Main Financial Statements – Balance Sheet and Income Statement. The fundamental accounting equations.
5. Understanding Cash Flow statement.
6. Baseline assessment of IAS - The need for a new standard
7. The composition of the Regulatory Body
8. Existing regulations in the context of SME's in Europe
9. Summary of new IAS for SME's
10. Impact of new IAS for SME's
11. How SME managers can best maximize the benefits of the new standard.

## Part II “Financial management”

12. Cost - volume - profit analysis
13. Measuring relevant costs and revenues
14. Cost assignment
15. Activity-based costing
16. Pricing decisions and profitability analysis
17. Capital investment decisions
18. Financial risk and uncertainty analysis
19. Budgeting process
20. Management control systems
21. Standard costing and variance analysis
22. Cost management
23. Strategic management accounting
24. Analysis on financial report
25. Analysis on cash flow

### 3. Dissemination activities

The information concerning the meeting in Luton, the survey results, the progress and evaluation of the project, necessary for updating of the project web site was collected. The content of the Bulgarian and English version of the project web site was updated.

Leaflets containing basic project information about the project aims, envisaged results, potential users, project web site were developed by all partners in their national languages. These leaflets were disseminated among representatives of SMEs, SMEs training providers, and public institutions during other meetings where the project partners participated. Presentations on the project were made on some of these events.

On the basis of the information collected at the workshop for exchange of experience and good practices in the field of SMEs accounting and management training and as well as on the basis of the survey results, the article “Problems of SMEs Managers and Accounting Personnel Training in IAS” was prepared by ASKANA Ltd. (P2). The article was published in their specialized magazine “Taxation, Accounting, Company Finance” and on the site of the Association of Specialized Accounting Enterprises <http://www.apac-bg.org/news/index.htm>. Information about the 2nd meeting within the FMIA S project held in Luton and about the main issues discussed and results within the meeting were also published on the web site of CNIPMMR (<http://www.smeprojects.ro>)

Contact information of mainstream training providers such as organizations dealing with training in the frame of accounting and financial management, business schools, colleges and universities was collected in order to inform them about the project and to keep further communication with them. A mailing list was set up by the partners.

The first project electronic newsletter prepared by CNIPMMR was published on the project web site ([www.fmias.org](http://www.fmias.org)) and in the web site of CNIPMMR (<http://www.smeprojects.ro>). It was also e-mailed to mainstream training providers such as business colleges and schools, universities and certification bodies.

Contact information of organizations dealing with training in the frame of accounting and financial management, business schools, colleges and universities was collected.

The leaflet on the needs analysis results prepared by the Technical University of Gabrovo in cooperation with Luton Business School was published on the project web site and also on the website of ASKANA Ltd. (P2) (<http://www.smeprojects.ro>, <http://www.askana.com>).

Each partner sent the first project electronic newsletter and the leaflet about the needs analysis results by e-mail to project beneficiaries, including SMEs managers and accounting personnel, to SMEs training providers and to newly interested people in order to acquaint them with the work being carried out under the project.

The information about the project aims, envisaged training modules, their potential users, project partners and project web site was disseminated among representatives of organizations dealing with SMEs training programmes such as Regional Bureaus of Bulgarian Chamber of Commerce and Industry from different towns.

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As a result of receiving the completed questionnaires within the survey on the training needs, the pilot SMEs (that will take part in the pilot implementation of the training modules) were selected in every partner country and Letters of Support from the selected pilot SMEs were obtained.

Permanent correspondence between the Project Coordinator and the contact persons from the partners' organizations was kept up in order to obtain information and documents necessary for the project management and co-ordination. Day-to-day project management and co-ordination of the implementation of the project activities were carried out. Financial management and accounting of all project expenses were performed in conformity with the Leonardo da Vinci programme requirements.

#### **4. Activities to be done in the next 6 months**

In the next 6 months the work on the training modules development will continue. The efforts of the partners will be directed to the completion of the training modules in all partners' national languages. TU-Gabrovo will develop the e-version of the training modules. Pilot implementation of the modules will be held in each project participating country. Concrete activities to be done:

1. Translation of the training modules content into the national languages of the participating countries.
2. Designing of the requirements to the ICT specialists and working out of the training modules e-version.
3. Printing of the training modules paper-based copies and CD ROM recording by each partner.
4. Basing of the training modules e-version on the project web site.
5. Organizing and conducting of short-term training courses in pilot SMEs aiming to test the developed modules. Testing of the e-learning training modules among SMEs managers and accounting personnel by Internet
6. Development of a questionnaire for investigation of the training modules quality and their correspondence to the learners' needs. Holding of the investigation among the participants in the pilot implementation. Processing of the completed questionnaires and preparing of a report on the results from the project products testing.



## 5. Partners' contact information



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For further information please see project FMIAS official web-site: [www.fmias.org](http://www.fmias.org)