

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

### NEWSLETTER No. 3 – May 2005

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#### 1. Review of Work Done

FMIAS project has produced during the first year some valuable tools:

- Training modules for SMEs managers and personnel from financial/accounting departments
- The project web site, for easy access to training modules and to lessons learned during testing activities.

An important by-product of the first year is the creation of the international working team.

These results enabled the pre-requisites needed for the tasks performed in the first half of the year 2005, when the partners in the FMIAS project have focused their activities on:

- Training modules development
- Training modules testing and improvement
- Dissemination

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#### 2. Development of the Training Modules

The FMIAS project has as 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. Furthermore, FMIAS project aims at reinforcing the positive **perception 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.

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

A series of three basic training modules have been developed in small international teams:

- **1<sup>st</sup> Module:** “Accounting and Financial Reporting Basics”

- **2<sup>nd</sup> Module:** “IFRS for SMEs”
- **3<sup>rd</sup> Module:** “Financial Management”

The **1<sup>st</sup> Module - “Accounting and Financial Reporting Basics”** - helps the *accounting personnel* of micro-enterprises to *provide meaningful, accurate and comparable financial information*. The module includes the following topics:

1. Main Accounting Principles
2. Chart of Accounts
3. Assets, Liabilities, Owner’s Equity, Income, Expenditure, Profits and Losses
4. Non-Current Assets
5. Inventories
6. Transactions on Credit
7. Financial Statements
8. Interpretation of Financial Statements.

The **2<sup>nd</sup> Module - “International Financial Reporting Standards for SMEs”** - is designed also for the *accounting personnel of SMEs*. It aims to *explain the definitions and regulations of the abridged set of the International Financial Reporting Standards (IFRS) that concern the reporting situations arising in SMEs*. The module includes the following topics:

1. Sense and Meaning of the Accounting Data and its Reporting – IAS 1, 7, 8, 10, 12, 18, 24
2. Property, Plant and Equipment; Intangible Assets and Investment Property – Recognition, Measurement and Presentation – IAS 16, 38, 40, 36, 17, IFRS 5
3. Inventories – IAS 2
4. Receivables, Payables, Grants and Income – Recognition, Accounting for and Subsequent Measurement – IAS 32, 37, 19, 20
5. Related Party Disclosures – IAS 24, 21, 31.
6. Working Out of Accounting Policies and Financial Statements in Compliance with IFRS – IFRS 1.

The **3<sup>rd</sup> 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 to *understand and handle financial statements*.

The part I of the module includes the following topics:

1. The Need for Accounting
2. Accounting Concepts – Assets, Liabilities, Equity, Revenues, and Expenses
3. Main Financial Statements
4. Accounting Principles. Accounting Adjustments Caused by Accrual Basis of Accounting.
5. Accounting Techniques for Recording of Transactions
6. International Financial Reporting Standards (IFRS) – Summary Document.

- **Part II - "Financial Management"** is designed to help SMEs managers to 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 part II of the 3<sup>rd</sup> module includes the following topics:

1. Cost, Revenue and Profit Analysis
2. Correlation between Costs and Revenue within the Transformation Process
3. Analysis on Financial Report
4. Assembling of the Costs
5. Active Policy of Revenues and Expenses
6. Price Fixing.
7. Financial Risk and Uncertainty Analysis
8. Depreciation
9. Strategic Management Accounting
10. Analysis on Cash Flow
11. Budgeting and it's Structure
12. Strategic Control Systems
13. Cost Management
14. Capital Investment Decisions

Each partner had a specific role in the development of the training modules, under the coordination of P1 - **Technical University of Gabrovo** - the project promoter, namely:

- 1<sup>st</sup> Module: TU-Gabrovo (P1) and KTC (P6)
- 2<sup>nd</sup> module: ASKANA Ltd. (P2) and COFIMP (P5)
- 3<sup>rd</sup> Module:
  - i. Part I: TU-Gabrovo (P1) and Luton Business School (P8)
  - ii. Part II: VUSTE ENVIS Ltd. (P4) and CNIPMMR (P7)

The final versions of these modules, in English and in the national languages, will be available after review and testing them by each partner organisation. The process of testing is being carried out now by the partners.

[P1. Economic Faculty, Technical University of Gabrovo \(TU-Gabrovo\)](#), [P2. ASKANA Ltd.](#), [P3. ZALLI Ltd.](#)

198 training materials of second module were distributed by Bulgarian partners among the representatives of accounting personnel from SMEs. Two 2-day courses for pilot testing of this training module were organized in Bulgaria in May. 122 trainees took part in the on-site training courses. 90 printed and CD copies of the first training module were disseminated among the accountants from micro-enterprises and 80 copies of the third module were handed out to the managers from SMEs. 51 persons participated in the pilot training course for the first module and 43 participants took part in the course for the third module. These courses were carried out in the beginning of June.

[P4. VUSTE ENVIS Ltd.](#)

Testing of the second module from the Czech partner was realized during April and May 2005. From 50 enterprises selected on the whole territory of the Czech Republic, 18 SMEs took part in testing. 23 persons both managers and financial, administrative and accounting personnel participate in this testing. Testing of the other training modules is forthcoming.

#### P5. COFIMP - Consortium for Training & Development of SMEs

COFIMP have realized their first testing experience for the training modules in April 2005 with a group of seven persons: administrative personnel from local SMEs that has already participate to our courses on accounting themes. Then, in May 2005, COFIMP have carried out another step of the testing phase presentation of the materials realized (by e-mails and, after, through the delivery of printed training modules) to the target group that has been involved in the training needs analysis at the beginning of the Project.

Finally, all the participants of COFIMP new courses of accounting and administration contents which are working for local SMEs are involved in the experimental phase of the FMFIAS training modules. At the moment, they are waiting for the completed evaluation questionnaires of about 40 persons for adding them to the results already collected, for a total of about 60 persons involved in the Italian testing phase.

#### P6. Kaunas University of Technology Regional Business Incubator (KTC)

Pilot training of the three training modules in Lithuania will be held in June 2005.

#### P7. National Council of Private SMEs in Romania (CNIPMMR)

Two training courses were planned to test the training modules in Romania.

The first pilot course took place on 2 – 4 Feb., 2005, addressed for SMEs managers, concerning mainly financial management aspects, “translated” into the language understood by managers without an advanced education in the economic and financial issues. 10 managers participated to this course and the main findings refer to the need for a “plain” language in approaching financial aspects within small companies (up to 100 employees) and the need to create opportunities for interaction between trainees, providing real experiences and actual case studies.

A second training course, approaching accountants and personnel from accounting departments of SMEs took place in 23-24 May 2005, with 11 participants. The results of the testing phase referred mainly to the need of continuous training especially for accounting personnel, in an ever changing business environment. The modules 1 and 2 were considered as very useful, but the time was not sufficient to clarify all aspects of interest for accounting personnel.

Additionally, in the testing phase, the persons involved in the training tools development participated to the review of these tools, based on the results of the testing phase. Also, a team of 7 translators, with prior education in economics, helped to review the products and to assure a terminology easy to be used and understood by the main categories of persons involved: managers and accounting personnel.

The Romanian version of the training tools is to be available also on [www.smeprojects.ro](http://www.smeprojects.ro) – under the FMFIAS project heading, to be accessible to Romanian SMEs.

#### P8. Luton Business School, University of Luton

The pilot testing in the training modules was carried out in the United Kingdom among the university lecturers and representatives of SMEs. 9 persons expressed your opinion on the quality of the first and second modules and 7 persons - for the third module.

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### 3. Dissemination activities

Dissemination throughout the project life-cycle is not only a prerequisite of the Leonardo da Vinci programme, but also a must for reaching the objectives of all partners involved in the FMFIAS project. In this respect, the following activities were planned and performed in the period Jan. – June 2005:

P2. Economic Faculty, Technical University of Gabrovo (TU-Gabrovo), P2. ASKANA Ltd., P3. ZALLI Ltd.

Information about the current situation of training modules development was sent to the target groups' representatives in Bulgaria periodically by e-mails. The main dissemination activity for the period was distribution of the printed and CD copies of the version 1 of the modules among the accounting personnel and managers from SMEs. Additional information about the project aims, results and project web site was spread among the participants of the pilot testing in the information sheet that was sent them along with the training materials. Short oral presentation about the project was made during the training courses.

#### P4. VUSTE ENVIS Ltd.

VUSTE ENVIS, spol. s r.o. took the opportunity of the participation of the project team members in meetings, seminars and conferences to another projects both on national and international level for the presentation of the FMIAS project objectives, progress and partial results. An information leaflet, and verbal information were used as dissemination tools. During the promotion campaign to the testing of the third training module about 50 SMEs received both verbal and e-mail information about FMIAS project.

#### P5. COFIMP - Consortium for Training & Development of SMEs

COFIMP has informed periodically by e-mails, phone calls and direct encounters the target groups' representatives in Italy, about the steps and results of the project and the present situation of training modules development. The main dissemination activity for this period has been the distribution of the printed copies of the first version of the three modules among the accounting personnel and managers of local SMEs. Additional information about the project aims, results and web site has been sent among the participants of the pilot testing through a brochure together with the training materials. Short oral presentation about the project has been made during the training course and during transnational meetings of other Leonardo Projects.

#### P6. Kaunas University of Technology Regional Business Incubator (KTC)

Dissemination activities included discussions with SMEs and e-mailing information about the project results.

#### P7. National Council of Private SMEs in Romania (CNIPMMR)

Monthly meetings with SMEs representatives, organised by CNIPMMR, included a presentation of the status of developing the training modules, in order to increase the expectations and demand for such knowledge at the level of SMEs managers. Additionally, direct mailing of the project newsletter contributes to the increase awareness on availability of such training modules.

#### P8. Luton Business School, University of Luton

Dissemination was assured during group discussions realized for obtaining feedback on training tools quality.

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## 4. Activities for the Next Months

In the next 6 months the work of refinement of the training modules will continue. The efforts of the partners will be directed to the completion of the training modules in all partners' national languages and to use feedback from relevant stakeholders for the improvement of the training tools, both in English and the national versions. TU-Gabrovo will develop the e-version of the training modules. Pilot implementation of the modules will be held in each project participating country and continuous feedback analysis and dissemination of project results will be assured by each project partner.

## 6. Partners' contact information



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

