

CONTENT

I. LECTURES	1
1. ACCOUNTING – FINANCIAL ACCOUNTING	3
1.1 Objective of Financial Accounting.....	4
1.2 Participants in Financial Reporting System	4
1.3 Information Cycle	5
1.4 Accounting (Financial) Reports	6
1.5 Financial Accounting Process	6
2 REGULATION OF FINANCIAL ACCOUNTING	8
2.1 Accounting Harmonization	8
2.1.1 Instruments of accounting harmonization	9
2.1.2 International Financial Reporting Standards IFRS	9
2.2 Accounting Legal Frame in the Czech Republic.....	10
2.3 The Czech Republic Recording Duty.....	11
3. FINANCIAL STATEMENTS	12
4. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	13
4.1 Structure of Balance Sheet	13
4.2 Balance Sheet Items	14
4.2.1 Fixed assets (Non-current assets).....	14
4.2.2 Current assets	15
4.2.3 Equity	16
4.2.4 Liabilities.....	17
4.3 Accounting Equation (Balance Sheet Equation).....	19
4.4 Continuity of Annual Balance Sheets	19
5. FINANCIAL ACCOUNTING SYSTEM – Part I	20
5.1 Transaction Effects.....	20
5.2 Accounting Documents	21
5.3 Accounts.....	21
5.4 Double Entry System	22
5.5 Accounting Cycle.....	23
5.6 Accounting Books (Ledgers)	24
5.7 Accounting Procedure	25
5.8 Financial Accounting - Conclusion.....	26
6. INCOME STATEMENT (PROFIT/LOSS ACCOUNT)	27
6.1 Relation between Balance Sheet and Income Statement.....	27
6.2 Profit or Loss	27
6.2.1 Profit or Loss Calculation	28
6.2.2 Revenues and Expenses	28
6.2.3 Retained Earnings	30
6.3 Income Statement Structure	30
7. FINANCIAL ACCOUNTING SYSTEM – Part II	31
7.1 Accounts Classification.....	31
7.2 Accounts (Books) Closing	31
7.3 Accrual Accounting.....	32
7.4 Chart (List) of Accounts.....	32

8. INVENTORIES (STOCK)	33
8.1 Purchased Inventories	34
8.1.1 Perpetual Inventory System - Method A	34
8.1.2 Periodic Inventory System - Method B	35
8.2 Produced inventories	35
8.3 Taking a Physical Inventory (Physical Count).....	36
8.3.1 Inventory Differences.....	36
8.3.2 Recording of Inventory Differences.....	37
9. FIXED ASSETS (NON-CURRENT ASSETS)	39
9.1 Classification of Fixed Assets	39
9.2 Measurement of Fixed Assets	39
9.3 Acquisition of Fixed Assets	40
9.4 Depreciation of Fixed Assets	41
9.4.1 Depreciation in Financial Accounting.....	41
9.4.2 Depreciation for Tax Purposes.....	43
9.5 Disposal of Fixed Assets	43
10. TAXES	44
10.1 Direct Taxes	44
10.2 Indirect taxes - Value Added Tax (VAT).....	45
10.2.1 Characteristics of VAT.....	45
10.2.2 VAT Registration	45
10.2.3 VAT Rates.....	46
10.2.4 Taxable Person Records	47
10.2.5 Function Mechanism of VAT	48
10.2.6 VAT within the European Union	49
10.2.7 VAT within the 'Third Countries'	49
11. EMPLOYEES PAYROLL	50
11.1 Social Security and Health Insurance (Social Security Contributions).....	50
11.2 Personal Income Tax (Taxation of Individuals).....	51
11.3 Employees Payroll Recording in Employer Records.....	52
12. INCOME STATEMENT STRUCTURE	53
12.1 Structure of Income Statement - the Czech Republic	53
12.2 Structure of Income Statement - IFRS	55
12.3 Format of Income Statement	55
13. CORPORATE INCOME TAX	57
14. PROFIT DISTRIBUTION AND LOSS COVERING	60
14.1 Profit Distribution	60
14.2 Loss Covering	61
15. ACCOUNTING PRINCIPLES	62
15.1 Underlying Assumptions.....	62
15.2 Accounting Principles and Characteristics.....	62
15.2.1 Basic Accounting Principles	62
15.2.2 Qualitative Characteristics of Information in Financial Statements	63
15.3 Notes (Footnotes) to Financial Statements.....	65
15.4 Accruals and Prepayments (Temporary Items - CR)	66
15.5 Legal Regulations.....	67
15.5.1 Structure of Accounting Act	67
15.5.2 Czech Accounting Standards for Entrepreneurs	67
15.5.3 Sorts of Decree on Double-entry Accounting	68
15.6 Bookkeeping Policies.....	68

II. SEMINARS	69
Exercise 1: Opening Balance Sheet I.....	71
Exercise 2: Balance Sheet Items Classification I.....	72
Exercise 3: Opening Balance Sheet II	73
Exercise 4: Balance Sheet Items Classification II	74
Exercise 5: Changes in Balance Sheet Items.....	76
Exercise 6: Accounting Documents, Journal, General Ledger	77
Exercise 7: Transactions Recognition	81
Exercise 8: Revenues and Expenses I.....	84
Exercise 9: Revenues and Expenses II.....	88
Exercise 10: Merchandise (Goods)	93
Exercise 11: Methods of Purchased Inventory Recording	96
Exercise 12: Finished Products	99
Exercise 13: Young Animals.....	102
Exercise 14: Tangible Fixed Assets – Acquisition, Depreciation and Write-off.....	105
Exercise 15: Intangible Fixed Assets – Acquisition, Amortisation and Write-off.....	108
Exercise 16: Tangible Fixed Assets – Acquisition, Depreciation and Sale	113
Exercise 17: Tangible Fixed Assets – Disposal, Write-off	117
Exercise 18: Direct Taxes.....	119
Exercise 19: Value Added Tax I.....	119
Exercise 20: Value Added Tax II.....	124
Exercise 21: Employees Payroll	125
Exercise 22: Income Statement I.....	128
Exercise 23: Income Statement II	130
Exercise 24: Corporate Income Tax I	132
Exercise 25: Corporate Income Tax II.....	135
III. SOLUTIONS OF EXERCISES	137
Exercise 1: Opening Balance Sheet I.....	139
Exercise 2: Balance Sheet Items Classification I	140
Exercise 3: Opening Balance Sheet II	141
Exercise 4: Balance Sheet Items Classification II	142
Exercise 5: Changes in Balance Sheet Items.....	144
Exercise 6: Accounting Documents, Journal, General Ledger	145
Exercise 7: Transactions Recognition	148
Exercise 8: Revenues and Expenses I.....	152
Exercise 9: Balance Sheet Account, Profit/Loss Account.....	157
Exercise 10: Merchandise (Goods)	162
Exercise 11: Methods of Purchased Inventory Recording	165
Exercise 12: Finished Products	168
Exercise 13: Young Animals.....	171
Exercise 14: Tangible Fixed Assets – Acquisition and Depreciation.....	174
Exercise 15: Intangible Fixed Assets	176
Exercise 16: Tangible Fixed Assets – Acquisition, Depreciation and Sale.....	180
Exercise 17: Tangible Fixed Assets – Disposal, Write-off	185
Exercise 18: Assessed (Direct) Taxes	186
Exercise 19: Value Added Tax I.....	187
Exercise 20: Value Added Tax II.....	191
Exercise 21: Employees Payroll	192

Exercise 22: Income Statement I.....	195
Exercise 23: Income Statement II.....	197
Exercise 24: Corporate Income Tax I.....	199
Exercise 25: Corporate Income Tax II.....	201
REFERENCES.....	203
LIST OF SCHEMES.....	205
LIST OF ABBREVIATIONS.....	207
LIST OF APPENDIXES.....	208