

# CONTENTS I

## I. ACCOUNTING SYSTEM IN THE CZECH REPUBLIC

|                                                        |    |
|--------------------------------------------------------|----|
| 1. FINANCIAL ACCOUNTING .....                          | 3  |
| 2. FINANCIAL STATEMENTS .....                          | 3  |
| 3. ACCOUNTING CYCLE .....                              | 4  |
| 4. BALANCE SHEET (POSITION STATEMENT) .....            | 7  |
| 5. INCOME STATEMENT (PROFIT / LOSS ACCOUNT) .....      | 10 |
| 6. FIXED ASSETS (LONG-TERM ASSETS) .....               | 13 |
| 6.1. ACQUISITION OF FIXED ASSETS .....                 | 13 |
| 6.1.1. Acquisition by Purchase .....                   | 13 |
| 6.1.2. Acquisition by Own Means .....                  | 14 |
| 6.1.3. Other Kinds of Acquisition .....                | 15 |
| 6.1.4. Acquisition by Lease .....                      | 15 |
| 6.2. DEPRECIATION OF FIXED ASSETS .....                | 21 |
| 6.3. DISPOSAL OF FIXED ASSETS.....                     | 25 |
| 6.4. ADJUSTMENTS TO FIXED ASSETS .....                 | 27 |
| 7. CURRENT ASSETS (SHORT-TERM ASSETS) .....            | 28 |
| 7.1. INVENTORY (STOCK) .....                           | 28 |
| 7.1.1. Purchased Inventory .....                       | 28 |
| 7.1.2. Inventory of Own Products .....                 | 29 |
| 7.1.3. Shortages and Surpluses of Inventory .....      | 30 |
| 7.1.4. Closing the Books Accounting Transactions ..... | 30 |
| 7.1.5. Inventory Pricing (Costing) .....               | 36 |
| 8. RECEIVABLES AND PAYABLES .....                      | 38 |
| 8.1. TRADE RECEIVABLES AND PAYABLES .....              | 38 |
| 8.2. ACCRUALS AND DEFERRALS .....                      | 41 |
| 8.3. EMPLOYEES .....                                   | 42 |
| 8.4. VALUE ADDED TAX – VAT .....                       | 45 |
| 9. EQUITY .....                                        | 50 |
| 9.1. REGISTERED CAPITAL .....                          | 50 |
| 9.2. FUNDS .....                                       | 51 |
| 9.3. PROFIT OR LOSS .....                              | 52 |
| 10. PROVISIONS .....                                   | 53 |
| 11. INCOME TAX .....                                   | 55 |
| 12. DEFERRED TAX .....                                 | 60 |

## II. IAS/IFRS

### Reporting and Recording Possibilities Following from IAS/IFRS - Comparison with Czech Accounting Standards

|                                                     |    |
|-----------------------------------------------------|----|
| 1. LONG-TERM ASSETS .....                           | 61 |
| 1.1. VALUATION OF LONG-TERM ASSETS .....            | 61 |
| 1.2. DEPRECIATION OF LONG-TERM ASSETS .....         | 70 |
| 1.3. ACQUISITION OF LONG-TERM ASSETS BY LEASE ..... | 77 |
| 2. INVENTORY (INVENTORIES) .....                    | 82 |
| 2.1. PURCHASED INVENTORY .....                      | 82 |
| 2.2. INVENTORY OF OWN PRODUCTS .....                | 87 |
| 3. LIABILITIES .....                                | 90 |
| 4. INCOME STATEMENT (PROFIT / LOSS ACCOUNT) .....   | 92 |
| LITERATURE LIST .....                               | 94 |

## III. APPENDIXES:

Appendix A: BALANCE SHEET

Appendix B: PROFIT / LOSS ACCOUNT

Appendix C: CZECH ACCOUNTING STANDARDS

Appendix D: MANDATORY CHART OF ACCOUNTS

Appendix E: CHART OF ACCOUNTS (for all exercises)

## CONTENTS II