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THE PRINCIPLES-BASED INTERNATIONAL ACCOUNTING STANDARDS TRAINING MODEL – THE NEW PARADIGM FOR LEARNING COMPETENCIES IN A CHANGING ECONOMIC ENVIRONMENT¹

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ABSTRACT

The effort to achieve harmonization in the accounting practices of different countries requires that the content of International Financial Reporting Standards (IFRS) implies interpretability in their application. This feature, combined with the dynamics of economic processes at the national and global level, makes the study of IAS/IFRS a challenge for both teachers and students. The purpose of this paper is to systematize the approaches in training in the IFRS with a view to achieving sustainability and the possibility of upgrading the acquired knowledge, skills and competences. As a result of studies, the principles of the training process under IFRS have been defined. Based on them, a training model based on modules has been developed and presented in order to ensure consistency and flexibility in learning knowledge related to the theo-

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retical statements and practical application of IFRS. As a result of the application of the model, a basic foundation of acquired skills and knowledge has been derived, which build the trained students as highly qualified specialists in this field.

Keywords: *international accounting standards; training; educational model; modular training; accounting*

1. INTRODUCTION

The purpose of this paper is to systematize the approaches in training in the IFRS with a view to achieving sustainability and the possibility of upgrading the acquired knowledge, skills and competences. To achieve the stated goal, a critical analysis of the literature in this area was performed.

Knowledge management allows better planning of the IFRS training process. The peculiarities of the cognitive process and the essence of the teaching material under IFRS are a prerequisite for the presence of a number of factors that may affect the nature of training under IFRS. The dynamics in the development of social and economic processes have a significant impact on the application of IFRS. The practical knowledge and skills that learners acquire should be in line with their increased requirements and the ability to navigate the significant amount of economic and accounting information. The role of the trainer must take into account the change in the expectations of the learners, the increase of the scientific knowledge and the accelerated development in the competence model for the application of the acquired knowledge and skills.

2. PRINCIPLES IN IFRS TRAINING

The organization of the learning process should be based on certain initial rules and bases, the so-called principles. The main goal in defining these principles is to meet them as much as possible on the one hand to the requirements for the learning process, and on the other hand to be consistent with the semantics of the subject matter, which is included in the program. The content of IFRS is based on principles, which in turn creates specifics in the structuring and arrangement of this content for educational purposes. Therefore, the specifics of the content of IFRS also determine the principles on which the model of their teaching should be based.

In addition to the general (basic) principles that are inherent in the general theory of pedagogy, specific principles should be defined, which are based on the specifics of the subject matter related to IFRS.

These principles are the starting point of the educational process. They determine the organization of the educational process on both sides - trainers

on the one hand and students on the other. The benefits of having principles as a basis for the proposed educational model are expressed in the following directions:

First. The principles achieve selection and systematization of the educational content to be taught;

Second. Choice of methods and means for presenting the educational content in the respective discipline;

Third. The formation of a clear criteria base of requirements for assessing the knowledge of students;

Fourth. Determining the expected competencies and skills that are acquired after completing the course, in view of the needs of the business.

For the purposes of IFRS training, the following specific principles can be defined:

- **Comprehensibility and clarity** - the content of the standards is distinguished by the use of a specific conceptual apparatus. This, in turn, requires trainers to present the material in the simplest possible way, which implies not only its mechanical learning, but its understanding. Clarity, as a principle of IFRS training, is expressed in the use of examples related to the application of specific formulations.

- **Consistency and interconnectedness** - this principle of IFRS training is a consequence of the fact that the content of the studied accounting standards is characterized by interdependence between the individual standards (a concept in a standard is given as a definition in a preceding standard, as the numbering of this standard). When developing the curriculum, the existence of specific concepts that are not characterized should not be allowed.

- **Practical applicability** - according to the principle of flexibility, the learning content should be mainly practical. Avoid too long and unnecessary theoretical explanations that make it difficult to understand the matter related to the standards. The main purpose of this principle in building the learning process is to teach what will actually be useful in the future professional realization of students.

- **Developing analytical skills** - certain standards imply an alternative in the reporting of specific operations - usually related to the subsequent valuation of certain assets. The presentation of the cases that give rise to an alternative in the reporting should be accompanied by an analysis of the specific situations in which the use of one or another approach is appropriate;

- **Creativity** - this principle can be defined as one of the most important. It is expressed in the development of the ability of learners to be creative in solving specific cases related to the application of IFRS.

- **Teamwork (Communicativeness)** - the training process should involve teamwork of trainees related to the application of IFRS. Teamwork helps to unite the group of trainees, as well as to develop other qualities necessary for their future professional realization, namely: tolerance, compliance with the opinion of other members of the group.

This group of specific principles is open and transitional. It should be amended, both in terms of the number of principles and in terms of the name and essential characteristics of each of them, in order to bring them into line with the specific socio-economic conditions.

3. ELEMENTS OF THE PRINCIPLES -BASED MODEL FOR TEACHING AND LEARNING - CHARACTERISTICS AND GOALS

The emphasis in the principle-based learning model is the relation between the specific learning toolkit and the competency model, which will help learners to seek answers to the “why” question using the conceptual framework for financial reporting. The model makes it possible to understand and critically examine inspections even after the application of IFRS. The aim is for students to form lasting knowledge that will allow them in their professional realization to make more informed financial judgments. Students will learn the features of IFRS, through which to justify financial reporting and clearly apply economic concepts. Hodgdon et al. asserted that accounting educators can enhance the ability of students to apply the professional judgment by relating the concepts in the IASB Framework to specific IFRS requirements. (Hodgdon, Hughes, Street, 2011, p. 415-439) ²

The methods of teaching through lectures and the passive, mechanical perception of information by students cannot fully cover the requirements of the business in terms of trained personnel in the field of accounting. (Siskos, 2019, p. 54) ³

Teaching of IFRS should upgrade on the memorization of current standards and requirements and be related with the promotion of the adoption of approaches through which students can develop a deeper understanding of the economic nature underlying the accounting transactions and the framework concepts on which they are based.

Emphasis of the proposed model of education is placed on the development of analytical and creative abilities of students in the digital environment, in combination with the ethical norms of the accounting profession.

² Hodgdon, C., Hughes, S. B., & Street, D. L. *Framework - based teaching of IFRS® judgements. Accounting Education: An International Journal*, 2011, 415-439.

³ Siskos, Dimitrios V. *Accounting Education in Greece During the GFC (2009-2016)*, 2019. EMRY-RIDDLE Aeronautical University, *Scholarly commons*, p. 54. Retrieved [13.12.2021] from <https://commons.erau.edu/>

In this way, students will have a better understanding of the nature and objectives of financial reporting.

The development of the model follows the logic of **The Revised Two Factor Study Process Questionnaire**. Its essence is the ability of trainers to evaluate, on the one hand, their own teaching and the learning of students on the other.⁴ (Dong, Bai, Zhang, Zhang, 2019)

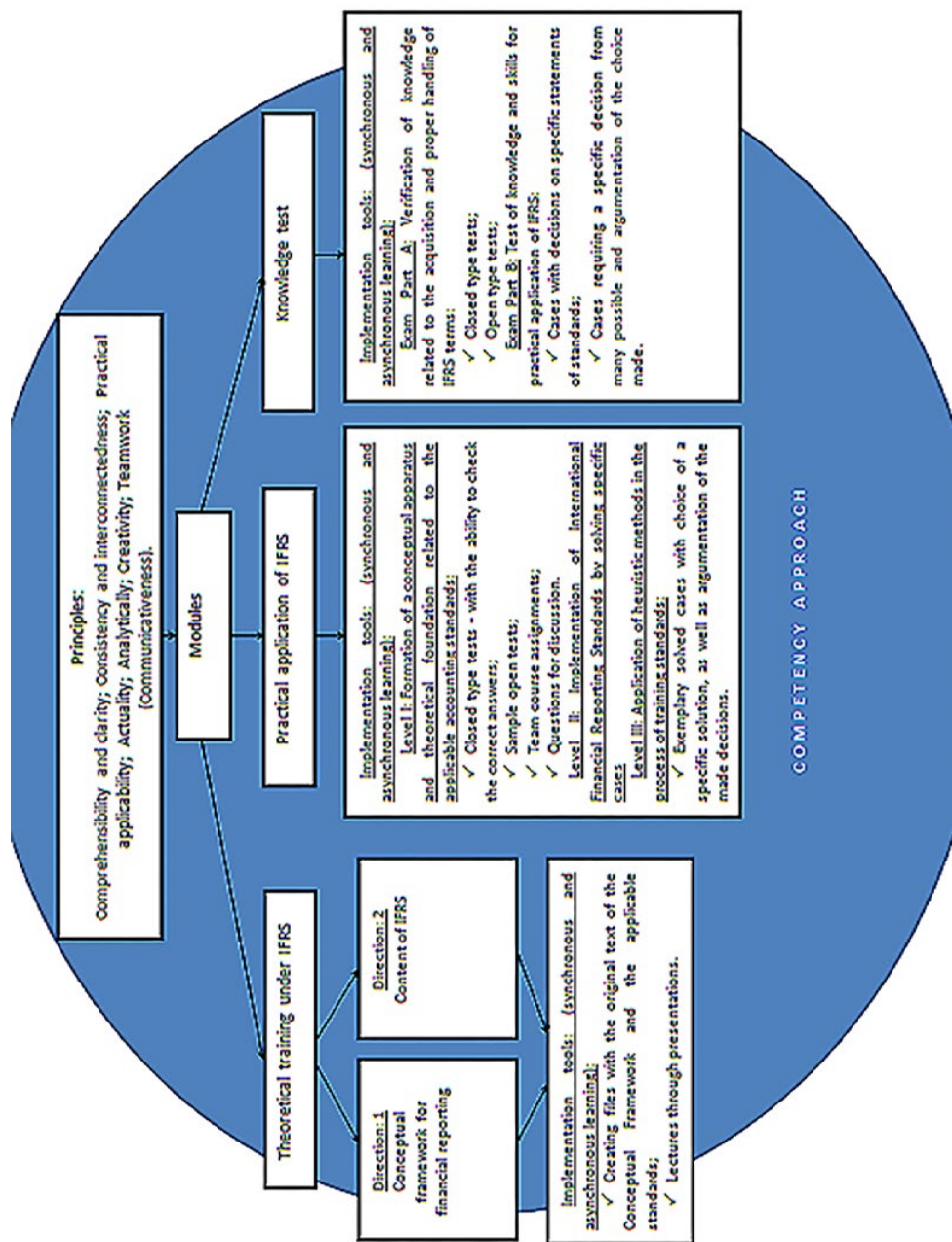
When proposing a specific structure of the IFRS training model, the following are used as starting points and guidelines:

- ✓ Standards and guidelines for quality assurance in the European Higher Education Area (ESG).
- ✓ The set of knowledge, skills and competencies - personal and professional, corresponding to levels 6B, 7 and 8 of the European Qualifications Framework.
- ✓ Higher modern requirements of the users of staff regarding the knowledge, skills and competencies that the candidates for accounting profession must have.

The structure of the principle-based learning model we propose can be schematically presented as follows (see **Figure 1**):

⁴ Dong, Nanyan & Bai, Meng & Zhang, He & Zhang, Junrui. *Approaches to learning IFRS® by Chinese accounting students. Journal of Accounting Education. 2019. (Abstract) Retrieved [14.12.2021] from <https://www.researchgate.net/>*

Figure 1 Principle-based model



Modular training is envisaged, consisting of the following three modules:
First module: Theoretical training. This module contains:

1. Presentation of the conceptual framework for financial reporting on which IFRS are based.

The framework addresses the concepts underlying the information presented in general purpose financial statements. It is a "coherent system of interrelated objectives and principles on the basis of which it is possible to develop consistent accounting standards"⁵ (Bozhkov, Simeonova, Ivanova-Kuzmanova, 2020). Students who understand the conceptual framework will be able to make more informed judgments about financial reporting because they will understand what financial reporting is trying to achieve and how to achieve it. As Barth stated "The accounting profession needs persons who are well grounded in economic concepts and who want to make well-founded professional judgments." ⁶ (Barth, 2008, p. 1159-1179) Incorporating these competencies into the IFRS course will make it possible to restore the importance of accounting education programs and to fill the existing gap between accounting **education and professional practice.**

2. Presentation of the main theoretical positions in the specific IAS / IFRS

IAS / IFRSs are a "set of professional rules for identifying, classifying, recognizing, measuring, revaluing and presenting elements of financial statements, as well as disclosure requirements"⁷ (Bozhkov, Simeonova, Mihaylova, 2016). The relation of the main business operations, the accounting of which is regulated in the respective standard, with the separate components of the financial statements should be clearly traced here. Larson and Street also state that the IFRS Foundation emphasizes and promotes approaches to teaching IFRS that encourage students to develop a deeper understanding of the economic substance underlying accounting transactions and the IASB framework concepts upon which IFRS are based.⁸ (Larson, Street, 2011, p. 317-338) The conclusion that can be drawn is that when financial reporting requirements are taught in the context of the conceptual framework, accounting students have a better understanding of the nature and objectives of financial reporting. As Persons argues, the principle-based approach to teaching IFRS emphasizes the question of "why" rather than just "what" and "how"; using a conceptual framework for understanding and as a basis for critically examining the advantages and disadvantages of standards. ⁹ (Persons, 2014, p. 1-13)

⁵ Bozhkov, V., Simeonova, R., & Ivanova-Kuzmanova, G. *Schetovodni kontseptsii i standarti*. Svishtov: AI "Tsenov", 2020.

⁶ Barth, M. E. *Global financial reporting: Implications for U.S. academics. The accounting Review*, 2008, 1159-1179.

⁷ Bozhkov, V., Simeonova, R., & Mihaylova, R. *Standarti za predstavayane na finansovi otcheti*. Svishtov: AI "Tsenov", 2016.

⁸ Larson, R. K., & Street, D. L. IFRS® teaching resources: Available and rapidly growing. . *Accounting Education: An International Journal*, 2011, 317-338.

⁹ Persons, O.. *A Principles-Based Approach for Teaching International Financial Reporting Standards (IFRS®)*. *Journal of Instructional Pedagogies (AABRI)*, 2014, 1-13.

Second module: Practical application of the provisions related to the IAS / IFRS, by solving various practical cases. The aim of the case studies should be to emphasize both the technical requirements of the standards and the conceptual foundations (principle-based logic)¹⁰. (Saito, Hiramatsu, Mayangsari, 2012, p. 1-12)

It is planned to solve two groups of cases:

- cases where direct application of the provisions of the applicable IFRS is required. The purpose of these cases is to acquire skills for practical application of the provisions of the applicable accounting standards. For example, practical cases are developed on: initial valuation, subsequent valuation and depreciation of property, plant and equipment and other cases. The solution of the practical cases requires, along with the specific value calculations, to reflect the interrelation of the value effects of the specific business operations (purchase, sale, revaluation, etc.) in the separate components of the financial statements;
- simulation cases, the main purpose of which is based on an alternative of solutions, the students to choose the best solution in their opinion, arguing for the choice made. The purpose of these cases is based on the formed theoretical knowledge and practical skills regarding the application of IFRS students to find the best solution for the company in view of its current financial statement.

Examples of cases from the second group are the presentation of different possible depreciation methods, different approaches to revaluation. Students should analyse their effects on the components of the financial statements and, on this basis, analyse the financial condition arising from these effects in order to select the most appropriate method / approach to apply. According to Sunder, alternative accounting for business events enables students to understand the importance of judgment while developing their critical thinking skills.¹¹ (Sunder, 2010, p. 99-114) This module is related to the development of creative training techniques, such as teamwork, case analysis, etc. It is also appropriate to use the 'out-of-classroom experience' approach here, such as internships, fieldwork, etc. These two modules should apply active learning, which means that the student is engaged, actively involved and invests time and energy in their learning.

¹⁰ Saito, M., Hiramatsu, K., & Mayangsari, S. Accounting Education for the Implementation of IFRS® in Indonesia . *International review of business*, 2012, p. 1-21.

¹¹ Sunder, S. Adverse Effects of Uniform Written Reporting Standards on Accounting Practice, Education, and Research. Sunder, S. 2010. "Adverse Effects of Uniform Written Reporting S*Journal of Accounting and Public Policy* , 99-114.

There are many ways to achieve this. Learning activities include learning practical examples, group projects, discovery tasks, problem solving, practice, assessment and self-assessment, fieldwork, creativity and criticism.

Third module: Assessment of the formed knowledge and skills

The process, the degree of participation and the achieved expected results are evaluated, and the evaluation is complex. Various approaches, methods and tools are used to measure the learning outcomes - not only tests, but also open discussions, game methods, individual tasks, project-based learning, presentation approaches, independent solving of cases from the two groups described above and others.

Active feedback is of paramount importance in bringing these three modules together. There needs to be effective, dynamic and transparent feedback between trainers and students. Students should be provided with feedback - reviews, comments, notes and recommendations from the trainer, which, if necessary, should be related to consultations on the learning process.

4. APPLIED ASPECTS OF THE PRINCIPLE-BASED MODEL OF TEACHING AND LEARNING

4.1. DIMENSIONS OF THE COMPETENCE APPROACH

The dynamics of the development of modern society brings to the fore the growing need for socially and technologically educated individuals who are able to construct their personal and professional behaviour and make decisions for the benefit of society. All this requires a change of attitudes from subject-oriented to competency-oriented teaching and learning, moving from the static concept of "learning content" and encyclopaedic knowledge to the dynamic perception of competencies as a set of knowledge, skills and attitudes that develop at university and enrich throughout life. The aim is to build in the young person skills that will serve him for full personal, social and professional realization.

The change of focus in training from teaching knowledge to mastering key competencies and solving problem-solving skills brings to the fore the main features of the competency approach¹² (Za prehoda ot znaniya kam umeniya, 2023):

- **integrated interdisciplinary interaction** - The whole educational process is related with separate global topics and concepts, which, in order to be understood, must be taught interconnectedly. Emphasizing the integrity of the studied means using different interdisciplinary relations

¹² Za prehoda ot znaniya kam umeniya Retrieved [18.12.2021] from <https://www.mon.bg/upload/II-book>

in clarifying terms, processes and occurrences. Interdisciplinary training facilitates the formation of individual key competencies and ultimately leads to their integrated acquisition. And this contributes to the multi-layered thinking and formation of integrative qualities of the personality, which mobilize its personal potential;

- **practical orientation of the training** - in the competence approach, education is associated with the ability on the basis of the acquired knowledge to demonstrate skills to solve problems of varying complexity and in unknown everyday situations. This requires providing a real practical context for learning purposes and developing learning tasks in a way that stimulates critical thinking, teamwork, creativity, entrepreneurship, emotional intelligence, decision making - skills that are becoming essential in the 21st century. When students see the practical significance of each acquired competence, it motivates them to participate, creates confidence in them to cope, provokes them to seek positive solutions;
- **results orientation** - The competency approach focuses on the result, but the result not as a sum of learned information, but as a set of skills for action in various non-standard situations;
- **application of innovative approaches and practices in the process of teaching and learning** - The competency approach is based on interactive methods and new learning technologies that contribute to the form of independence, initiative, creativity, critical thinking in students and guide them to the specific effective result. This approach emphasizes the variety of forms of assessment and the ways of forming adequate and positive self-assessment. The use of innovations in the teaching and learning process, including technological ones, contributes greatly to increasing the motivation for active work. Creative and innovative approaches require the development of learning tasks in a way that stimulates critical thinking skills, teamwork, creativity, entrepreneurship, social and emotional intelligence and decision making.

4.2. ACQUIRED SKILLS AND COMPETENCIES

The application of the proposed principle-based model of IFRS training, based on competencies, leads to the formation of the following knowledge, skills and professional competencies in students:

The training provides students with:

- a wide range of theoretical and practical knowledge of IFRS - (the conceptual basis of financial reporting, theoretical statements, approaches, concepts, and methods related to specific IAS / IFRS);

- the ability to critically learn and express various theories, concepts and patterns necessary for the development and implementation of original ideas and solutions in practice.

In the process of training students acquire basic skills for:

- applying the accounting rules relating to the initial measurement and initial recognition of assets and liabilities, income and expenses, subsequent valuation, derecognition, presentation and disclosure in the financial statements, etc.;
- comparison of the recommended and admissible alternative approaches in the accounting treatment of similar transactions and events;

Interpretation and application of IAS / IFRS in accounting for the activities of enterprises and the preparation of their financial statements;

- use of practical and cognitive approaches and strategies for understanding and diagnosing abstract problems in the professional field in situations characterized by uncertainty;
- application of modern research, integration of knowledge from interdisciplinary fields and generation of new knowledge in order to solve specific problems arising in the professional field.

The training forms in the students the following main competencies:

- independence and responsibility - initiating processes of change, policy formulation, organization of activities and manifestation of leadership qualities in the management of teams for their implementation;
- learning skills - identification of the need to update and / or expand the professional qualification, ability to independently train and acquire new knowledge and skills in the field of accounting standards; application of abstract thinking and various methods and approaches for creative acquisition of new knowledge;
- communication and social competencies - argumentation and presentation of ideas, problems and solutions (regarding the development of the respective professional field) to a specialized and non-specialized audience;
- professional competencies - ability to apply IAS / IFRS in their professional activity; ability to work with information, to discover, evaluate and use information from different sources to solve various professional and scientific tasks; processing of specialized financial and non-financial data and interpretation of the created information in order to solve complex problems in the professional field; ability for adequate professional judgments and interaction.

5. CONCLUSION

The main factor in the practical application of this approach is the trainer with his knowledge, skills and competences.

The role of the trainer is expressed in:

- changing the focus from teaching to active learning;
- orientation the content of education towards mastering key competencies and developing problem-solving skills;
- establishing relationships with specialists from the practice, with a view to continuous assessment of the sought-after skills for the accounting profession and researching the labor market;
- conducting applied research that supports the profession and the learning process and maintains a high level of competence and expertise of trainers;
- encouraging the motivation to learn in their students;
- purposeful application of information technologies to support training;
- mediator of the information flow.

To realize this new role, the modern trainer has considerable freedom - to organize the learning environment, to plan learning activities, to select methods, approaches and educational resources, to enrich the educational process with situations close to the real ones. This enables him to create a "developmental environment" compliant to the specifics of specific students, dynamic and changing according to their level of ability, to include as much as possible modern teaching aids, to apply innovative practices to make their lesson creative, so that the main result of the training is not the knowledge received by the student, but the experience gained from systematic activities.

Purposefully application of technology can support learning without automating it, using programs and applications that support student research and provide opportunities for creative activities, if digital methods of collaboration and communication are offered within and outside the university.

As a result of the application of proposed model, a basic foundation of acquired skills and knowledge has been derived, which build the trained students as highly qualified specialists in this field.

IFRS changes as a result of objective economic conditions. This, in turn, creates a need for periodic revision of the developed training models and testing of specific changes in the training process.

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OBRAZOVNI MODEL UTEMELJEN NA NAČELIMA MEĐUNARDNIH RAČUNOVODSTVENIH STANDARDA – NOVA PARADIGMA STJECANJA KOMPETENCIJA U PROMIJENJENOM EKONOMSKOM OKRUŽENJU

SAŽETAK RADA

Napor da se postigne usklađenost računovodstvenih praksi različitih zemalja zahtijeva da sadržaj Međunarodnih standarda financijskog izvješćivanja (IFRS) implicira interpretabilnost u njihovoj primjeni. Ova karakteristika, u kombinaciji s dinamikom ekonomskih procesa na nacionalnoj i globalnoj razini, čini proučavanje IAS/IFRS izazovom kako za nastavnike tako i za studente. Svrha ovog rada je sistematizirati pristupe u edukaciji u IFRS-u s ciljem postizanja održivosti i mogućnosti unapređenja stečenih znanja, vještina i kompetencija. Rezultat istraživanja su definirani principi obrazovnog procesa u skladu s IFRS-om. Na temelju njih, razvijen je model edukacije temeljen na modulima, koji je predstavljen kako bi osigurao dosljednost i fleksibilnost u učenju znanja vezanih za teorijske izjave i praktičnu primjenu IFRS-a. Kao rezultat primjene ovog modela, izgrađena je temeljna osnova stečenih vještina i znanja koja izgrađuju educirane studente kao visoko kvalificirane stručnjake u ovom području.

***Ključne riječi:** međunarodni računovodstveni standardi; obuka; obrazovni model; modularna obuka; računovodstvo.*

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