BLACKBIRD FOR TRAINING

Integrating IFRS 18 into Central Bank Budget Formulation, Monitoring and Reporting Course

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Düsseldorf (Germany)

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Introduction:

Integrating IFRS 18 into Central Bank Budget Formulation, Monitoring and Reporting means aligning the internal budget cycle with IFRS 18 Presentation and Disclosure in Financial Statements, the international standard that replaces IAS 1 and sets new categories, subtotals and performance measure disclosures for the statement of profit or loss. This 1-week course is for central bank budget, reporting, control and audit professionals, and its deliverable is an IFRS 18 budget alignment pack. It is taught at intermediate to advanced practitioner level through case studies on budget and financial statement data.

Course Objectives:

- Distinguish the operating, investing and financing categories of IFRS 18 and classify central bank income and expense budget lines into each
- Compare the IAS 1 and IFRS 18 statement of profit or loss structures and interpret the effect on budget presentation and required subtotals
- Apply aggregation and disaggregation principles to design a budget chart of accounts that feeds IFRS 18 statements directly
- Select management-defined performance measures for budget and performance reports and reconcile them to IFRS 18 subtotals
- Interpret budget execution variances against IFRS 18-based actuals and reconcile the approved budget to the financial statements
- Justify a transition plan covering systems, data, controls and governance for moving the budget cycle to IFRS 18

Target Audience:

- Budget and financial planning professionals who prepare the annual central bank budget, deciding how each budget line maps to the IFRS 18 categories
- Financial reporting and accounting professionals who prepare the financial statements, judging how income and expenses are presented, aggregated and labelled
- Controllers and management accountants who track budget execution, deciding which variances reflect performance and which reflect reclassification
- Internal auditors who review budget and reporting controls, judging whether IFRS 18 mappings and performance measure reconciliations are reliable
- Finance team leads who coordinate budget and reporting work, choosing which performance measures enter internal and published reports

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Course Outline:

Day 1: Central Bank Budgets and the Shift from IAS 1 to IFRS 18

- IAS 1 vs IFRS 18: What Changes in the Statement of Profit or Loss
- Central Bank Budget Cycle: Formulation, Approval, Execution, Monitoring and Year-End Reporting
- Central Bank Income Structure: Reserve Returns, Lending Income and Operating Expenses
- Budget Basis vs Accounting Basis: Cash, Accrual and Commitment Views Compared
- Current-State Assessment: Gap Analysis of Existing Budget Lines Against IFRS 18

Day 2: IFRS 18 Categories, Subtotals and Disclosure Requirements

- Operating, Investing and Financing Categories: Classification Rules for Income and Expenses
- Specified Main Business Activities: Classifying Reserve Investment and Liquidity Provision Income
- Operating Profit vs Profit Before Financing and Income Taxes: Required Subtotals
- Management-Defined Performance Measures: Definition, Single-Note Disclosure and Reconciliation
- Aggregation and Disaggregation Principles: Labelling Other Items and Expenses by Nature

Day 3: Building and Monitoring an IFRS 18-Aligned Budget

- Budget Line Mapping Matrix: Linking Cost Centres to IFRS 18 Categories
- Chart of Accounts Redesign: Account Attributes for Category and Nature Tagging
- Expenses by Function vs by Nature: Budget Presentation Choices for Central Banks
- Budget Execution Reports: Monthly Monitoring Against IFRS 18 Operating Profit
- Variance Analysis Templates: Separating Volume, Price, Timing and Reclassification Effects

Day 4: Reconciliation, Controls and Transition Risks

- Budget-to-Financial-Statement Reconciliation: Bridging the Approved Budget and IFRS 18 Presentation
- Foreign Exchange and Valuation Gains vs Recurring Income: Budget Treatment Under IFRS 18
- MPM Governance Controls: Approval, Consistency Testing and Audit Trail for Measures
- Transition Planning: Comparative Restatement, Parallel Runs and Data Conversion Checks
- Internal Audit Review: Testing Mapping Accuracy and Reporting System Configuration

Day 5: Case Study: Producing the IFRS 18 Budget Alignment Pack

- Draft Mapping vs Peer-Reviewed Mapping: Classifying a Sample Central Bank Budget
- Budget Formulation Case: Preparing a Draft Budget in IFRS 18 Format
- Variance Report Case: Explaining Mid-Year Execution Gaps to the Budget Committee
- Performance Measure Note Case: Drafting MPM Disclosures and Subtotal Reconciliations
- IFRS 18 Budget Alignment Pack: Completing Mapping, Variance Template and Transition Plan

Skills You Will Gain:

- IFRS 18 Income Classification
- Budget Line Mapping
- Chart of Accounts Design
- Budget Variance Analysis
- MPM Reconciliation
- Budget-to-Statement Reconciliation
- Transition Risk Assessment
- Reporting Control Testing

Why Attend This Course:

- From classifying budget lines under IAS 1 headings to mapping each line to the IFRS 18 operating, investing and financing categories
- From reporting budget variances without regard to presentation changes to separating genuine execution gaps from reclassification effects
- From informal internal performance indicators to management-defined performance measures reconciled to IFRS 18 subtotals
- From an unplanned change to an IFRS 18 budget alignment pack with a mapped budget structure, variance template and transition plan

Conclusion:

IFRS 18 regroups a central bank's income and expenses, so a budget built on the old structure no longer matches the statements it is measured against. The course makes three distinctions clear: operating against investing and financing items, required subtotals against management-defined performance measures, and genuine budget variances against reclassification effects. It suits budget, reporting, control and audit professionals with working IFRS knowledge who must rebuild the budget cycle, rather than readers seeking a general introduction to the standard.

Frequently Asked Questions FAQ:

What should a delegate know before a course on integrating IFRS 18 into central bank budget formulation?

Delegates need working knowledge of IFRS financial statements and experience with budget preparation, execution reporting or budget audit. The first day reviews the central bank budget cycle and the main changes from IAS 1, so no prior IFRS 18 implementation work is assumed.

How does integrating IFRS 18 into central bank budget formulation differ from a general IFRS 18 adoption course?

A general adoption course covers the standard's requirements for the financial statements as a whole. This course applies them to the internal budget cycle: mapping budget lines, monitoring execution, analysing variances and reconciling the approved budget to IFRS 18 statements.

How are management-defined performance measures used in central bank budget monitoring and reporting under IFRS 18?

Management-defined performance measures are subtotals of income and expenses used in public communications outside the financial statements. Under IFRS 18 they are disclosed in a single note and reconciled to the nearest IFRS subtotal, so budget performance measures must be defined consistently with that reconciliation.

What does a delegate take back to work from a course on IFRS 18 central bank budget formulation, monitoring and reporting?

Delegates take back an IFRS 18 budget alignment pack: a budget line mapping matrix, a variance analysis template that separates reclassification effects, draft performance measure disclosures and a transition plan covering systems, chart of accounts, data and governance.