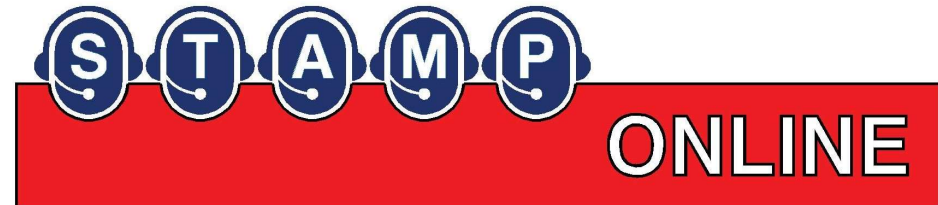


## Case 1

# Digitalization and IFRS



Erasmus+

WORK PLAN	STUDENTS' TASKS
<b>MONDAY</b>	
14.00 – 14.15	<b>Introduction to Delta Case and briefing on how to manage cryptocurrencies in the IFRS</b> - <i>Plenary session</i>
14.15 – 14.45	<b>Working on Case 1</b> – Getting familiar with the case – <i>Breakout rooms</i>
14.45 – 15.30	Working on Case 1 - Preparing the accounting entries for the case – <i>Breakout rooms</i>
15.30 – 16.00	Coffee break
16.00 – 17.30	<b>Working on Case 1</b> – Preparing the accounting entries for the case (continuation) – <i>Breakout rooms</i>
<b>TUESDAY</b>	
9.30 – 11.00	<b>Working on Case 1 – Task 1</b> - Preparing the financial statement extracts – <i>Breakout rooms</i>
11.00 – 11.30	Coffee break
11.30 – 12.30	<b>Working on Case 1 - Task 2</b> – Explore the processes and give recommendations - <i>Breakout rooms</i>
12.30 – 13.00	<b>Presentation of the groups about Delta case</b> - Present finding on processes and recommendations (cca. 3 slides or an infograph) - <i>Plenary session</i>

# Delta case



Delta Ltd. is a duly established company with a single owner (Mr. Delta) for the purpose of operating a webshop.

The company started operations on 1st March 2021.

The business documents of the first month are attached together with a guideline regarding what happened within the company (i.e., the “Delta case”).

# Delta case – Task 1



Please record the business transactions in the books of Delta Ltd. and prepare

- the **Income Statement** and
- the **Statement of Changes in Equity** for the period ending March 31 and
- the **Statement of Financial Position** as of March 31.

# Delta case – Task 2



Delta Ltd. is considering whether to outsource the bookkeeping activities to a third-party supplier or to keep this function within the company.

Please **design a digital document flow process** for both of these alternatives and **pay attention to creating the necessary control points** in order to minimize the risk of losing information.

# Cryptocurrency



Definition	<p>a. a digital or virtual currency recorded on a distributed ledger that uses cryptography for security.</p> <p>b. not issued by a jurisdictional authority or other party.</p> <p>c. does not give rise to a contract between the holder and another party.</p>
Applicable Standard(s)	<p>IAS 2 Inventories (if held for sale)</p> <p>IAS 38 Intangible Asset (if IAS 2 does not apply)</p>
Source	<p>Holdings of Cryptocurrencies; IFRS Interpretations Committee, 2019.</p>

# VAT Treatment of Cryptocurrency



Group on the Future of VAT  
12<sup>th</sup> meeting – 7 November 2014

taxud.c.1(2014)3931884 – EN

Brussels, 23 October 2014

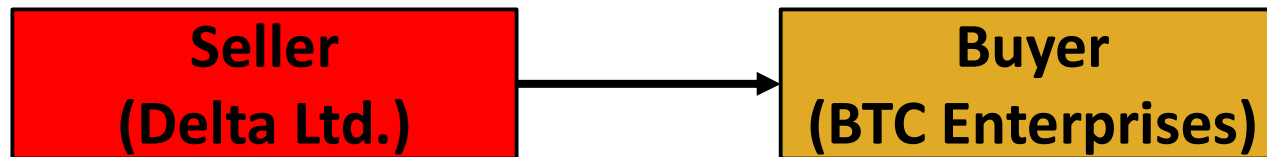
GROUP ON THE FUTURE OF VAT

GFV N° 049

VAT treatment of Bitcoin

As to supplies of any goods and services subject to VAT remunerated by way of Bitcoin, they should be treated in the same way as any other supplies for VAT purposes. When payment for goods or services is made in bitcoins, it is difficult to imagine that the payment itself constitutes a supply of services, because Bitcoin does not represent consumption but acts as a means of payment, i.e., its supply would fall outside the scope of VAT. Alternatively, if bitcoins were treated as a digital product, the transaction could become a barter. If bitcoins were seen as a negotiable instrument, the exemption under Article 135(1)(d) of the VAT Directive would apply.

# How BTC Payment Works



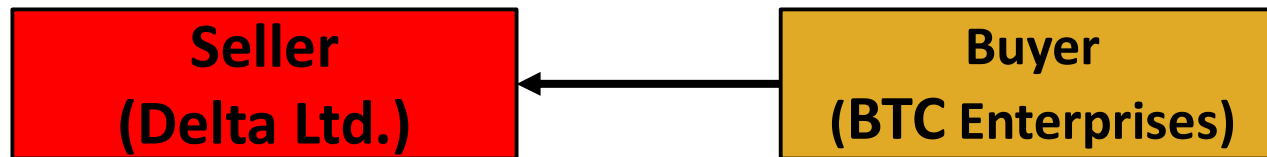
## Step 1

Seller sends the following to Buyer:

1. Invoice
2. Amount (e.g., 0.2 BTC)
3. Public Key generated by Seller's Wallet



# How BTC Payment Works

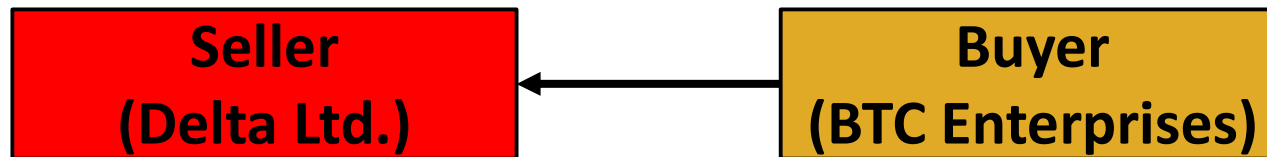


## Step 2

Buyer sends the following to Seller:

1. The Buyer's Public Key
2. Amount (e.g., 0.2 BTC)
3. Public Key provided by Seller

# How BTC Payment Works



## Step 3

Seller receives the BTC and reconciles the following with the accounting records:

1. Invoice
2. Amount (e.g., 0.2 BTC)
3. The date received.

# Definitions

- **Public Key**: Think of this as the bank account number that companies provide for receiving payments or that individual give to their employers for receiving their salaries. It is not secret. There can be multiple Public Keys associated with a specific Private Key. In fact, you can generate a unique Public Key for every transaction.
- **Private Key**: Think of this as a signature or complex Pin Code that authorizes payment from a bank account. Whoever has this key can initiate payments. There is a single Private Key.

# Definitions

- **Wallet**: The Bitcoin wallet is the proof that the owner has BTC. It provides the following functions:
  1. generate and store a user's public and private keys
  2. makes it possible to easily send and receive BTC
  3. provides a record of a users transaction history
  4. shows the balance of BTC available.