

Pharma Accounting & Financial Reporting

4 Modules | 23-26 November 2020 | 1:30pm-5:30pm (SGT) | Live Online Learning

2+1 Offer!

See registration page for details!



Delivered in **Live Online Learning** Format

Course Directors



Chetan Hans, Director – Financial Reporting Advisory Services, **Grant Thornton (Singapore)**

Chetan has more than 12 years' experience servicing large multinational clients in the areas of Assurance, GAAP and IFRS technical accounting advisory. His international clients in India, US, UK, Middle East, Romania, Singapore range from healthcare, pharmaceutical services to general manufacturing, real estate, financial services.



Ashish Gupta (FCA), Partner, **Grant Thornton (India)**

Ashish has over 20 years' experience servicing large multinational clients in the areas of Audit, Accounting, Ind-AS, US GAAP, IFRS advisory. He has special interest in pharmaceutical, manufacturing, Agri & Food and technology companies including Cipla, Glenmark Pharmaceuticals, Pfizer, Mankind Pharma, Cadila Healthcare, Ranbaxy Laboratories.

Key Learning Outcomes

- ▶ In-depth analyses of revenue recognition (IFRS 15) in pharma & life science sectors
- ▶ Covid-19 particular considerations on accounting & financial reporting
- ▶ Accounting and reporting issues relating to pharma manufacturing & contract manufacturing
- ▶ Accounting for revenue sharing, profit sharing and milestone payments contracts
- ▶ Issues relating to asset acquisition and mergers/acquisitions
- ▶ Accounting for sale returns – saleable vs expired goods
- ▶ Issues relating to research, development activities and clinical trials
- ▶ IFRS 16 (Lease standard) and IFRS 9 (Financial Instruments) and impacts on pharmaceutical industry
- ▶ IAS 12, deferred taxes and recognition of taxes in pharma industry
- ▶ Issues relating to leasing of pharma manufacturing facilities
- ▶ Hedge accounting for pharmaceutical industry

Case Studies & Discussions Include

- ▶ Covid-19 particular considerations on accounting & financial reporting
- ▶ Accounting of chargebacks, rebates, promotion schemes etc.
- ▶ Accounting for intangible assets (e.g. in-licensing arrangements, R&D expenditure, options over IP, research upfront payments) Challenges with goodwill/asset impairment testing
- ▶ Identify the performance obligations in the contract
- ▶ Identification of principal and agent, in case of arrangement with distributors
- ▶ Contingencies and Loss Recoveries

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WHY LIVE ONLINE LEARNING

The current Covid-19 pandemic has put strains on various areas of business, especially when it comes to deriving commercial value from new initiatives. During this phase of self-isolation and working from home, we can help you meet your professional development needs and you can still take your professional development plans to the next level.

To support your learning goals we have converted our face-to-face trainings to LIVE Online Sessions. This way you can continue to attend live and interactive training sessions within the virtual classroom space where you can see and speak, with your Subject Matter Expert and other participants.

- Progress through the course with fellow participants as you would in a classroom
- 20% price advantage, plus travel budget savings
- Controlled environment with speaker managing the Q&A and discussions
- Module based approach to help manage your time
- Earn your Digital Certification and broadcast your achievements to your peer

Trainer/Participant Interaction

- Conduct Q&A with course directors in real time
- Interactive format including breakouts, group discussions, real-time collaborative exercises and sharing of results
- Engage in live tests & polling, get immediate results and evaluations
- Chat with your fellow participants with text messages or by voice
- Follow online presentations or whiteboards in real-time
- Virtually "raise hand" to put forward Q&As with trainers
- Seamlessly receive case studies, video, documents

Learning Platform

GoToTraining

Hardware/Software Requirements

- Desktop or mobile device manufactured no earlier than 2016
- WiFi Connection, Cable or Fibre Broadband with minimum 1 Mbps of bandwidth available
- A USB headset with microphone, or a microphone and speakers built into your device

Participant Onboarding

1. Book a demo **here:** <https://www.goto.com/training>
2. Alternatively, request a personal onboarding session with Informa (only for confirmed participants) by contacting: register@informa.com

ABOUT THE COURSE

The pharma & biotech industry is capital-intensive, rapidly-evolving and heavily regulated. It also comprises a vast network of entities researching, developing, promoting, collaborating & distributing medicinal & medical products. Amid economic uncertainty and continuous growths in R&D activities, the Finance & Accounting professionals require informed judgements to answer a wide range of complex questions

This masterclass offers advanced analyses of accounting & financial reporting practices crucial to Pharma & Biotech sectors, highlighting key considerations in relation to current economic climate. Discussions on latest standard developments and scenario-setting exercises will encompass practical topics including joint arrangement (e.g. collaborative research, codevelopment, copromotion); Revenue recognition (e.g. sale & outlicensing of IPs), use of financial instruments; Covid-19 related impairments; Asset acquisition & diverstitures; Tax planning; Lease contracts; as well as specific issues relating to manufacturing & clinical research.

COURSE DIRECTORS



Chetan Hans, Director – Financial Reporting Advisory Services, **Grant Thornton (Singapore)**

Chetan has more than 12 years' experience servicing large multinational clients in the areas of Assurance, Indian GAAP, US GAAP and IFRS technical accounting advisory. His international clients in India, US, UK, Middle East, Romania, Singapore range from healthcare, pharmaceutical services to general manufacturing, real estate, financial services. He's trained finance teams in the areas such as

- Financial instruments, leases, consolidation, revenue recognition and business combinations, joint ventures, service concession arrangements
- Major corporates on topics including IFRS 15, IFRS 9 and IFRS 16



Ashish Gupta (FCA), Partner, **Grant Thornton (India)**

Ashish has over 20 years' experience servicing large multinational clients in the areas of Audit, Accounting, Ind-AS, US GAAP, IFRS advisory. He has special interest in pharmaceutical, manufacturing, Agri & Food and technology companies. He works on engagements that involve complex accounting and auditing, inter-alia, advising large groups at various stages of their financial journey (acquisitions, restructuring and divestments), debt restructuring, auditing large multinational companies having global presence. Key clients include:

- Lead Audit Partner for global audit of Cipla Limited, Glenmark Pharmaceuticals
- Audit Partner Pfizer Inc. (Indian subsidiary)
- Lead accounting advisory projects for Mankind Pharma, Cadila Healthcare Limited
- Audit leader for the global audit of Ranbaxy Laboratories Limited

WHAT PAST PARTICIPANTS SAID

"The coverage of topics is very relevant to my job, the programme was kept highly interactive; trainer and other attendees provided many different point of views" **Emily Chin**, Revenue Manager, **Sanofi-Aventis**

"The course enabled me to improve general understanding, as well as participate in active discussion with other trainees."

Chng Kien Peng, Executive Director, **Xepa-Soul Pattinson (S) Pte Ltd**

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- Module Commencement: 1:30pm (SGT)
- Module Conclusion: 5:30pm (SGT)

Timing is based in Singapore Time (GMT+8) unless otherwise stated. These timing schedules act as a guide and may be modified slightly on the depth of class discussion and whether assessments are being conducted.

4-Module Course Syllabus

MODULE 1

REVENUE RECOGNITION

Understanding of the 5-step model of recognising revenue

a. Identify the contract(s) with the customer (Step 1)

- Collaborative arrangements/Partnership agreement
 - ❖ Codevelopment & comarketing agreements
 - ❖ Copromotion agreements
- Contract combinations
- Contract modifications

b. Identify the performance obligations in the contract (Step 2)

- Customer options for additional goods or services - Material right
- Shipping and handling activities

c. Determine the transaction price (Step 3)

- Variable consideration - Accounting of typical schemes, free goods, chargebacks, non-cash incentives, discounts, rebates, price protection, liquidated damages
- Accounting of sale returns – saleable v/s expired
- Determine transaction price
- Subsequent changes in the transaction price
- Significant financing component
- Non-cash consideration
- Consideration payable to customer
- Price protection arrangements
- Price appreciation rights

d. Allocate the transaction price to the performance obligations (Step 4)

- Methods of estimating Variable consideration
- Estimating standalone selling price
- Accounting for non-refundable upfront fees

e. Recognise revenue when (or as) each performance obligation is satisfied (Step 5)

- Over time or point in time revenue recognition
- Timing of revenue recognition – dispatch/shipment/delivery/acceptance
- Timing of revenue recognition – stock transfer v/s sale – role of depo/intermediary/customer

f. Contract Costs:

- Contract acquisition cost
- Contract fulfilment cost
- Amortization of contract costs

g. Sale or out licensing of IP rights

- Future milestone payments, royalty
- Sale, out-license of nonfinancial assets
- Accounting model

h. Others

- Principal and agent considerations – Gross v/s Net accounting
- Arrangement involving medical devices consumables
- Embedded derivative – Billing in third currency
- Typical issues relating to government procurement contracts
- Accounting of joint development contracts
- Accounting for IPD arrangements
- Accounting for CRO arrangements – identification of performance obligations, success payments, integrated services, application of constraint

Issues relating to Pharma manufacturing & contract manufacturing

- Dossier/out-licensing arrangements with (or without) manufacturing obligations
- Identification of the distinct performance obligations
- Pattern of revenue recognition for milestone payments
- Accounting for revenue sharing v/s profit sharing v/s milestone payments – implications of floors, tiered pricing, delays in receiving revenue reports, allocation in case of multiple performance obligations
- Assessment of Principal and agent in case of contract with distributors

MODULE 2

INTANGIBLE ASSETS (INCLUDING R&D):

- R&D funding arrangements
 - ❖ R&D funding arrangements involving new legal entities
 - ❖ R&D funding arrangements involving a sponsor of a new company
- R&D cost classification
- Non-refundable advance payments
- Refundable Tax credits for qualifying R&D expenditures
- FDA priority review vouchers
- Issues relating to accounting for in-licensing arrangements
- Accounting of options over IP
- 'In process R&D' in case of business combinations
- Upfront payments to conduct research

PROPERTY, PLANT & EQUIPMENT INCLUDING EMBEDDED LEASES

- Issues relating to leasing & construction of Pharma manufacturing facilities:
 - ❖ greenfield v/s brownfield
 - ❖ enabling assets
 - ❖ temporary structures
 - ❖ shared utilities
 - ❖ phased commissioning
 - ❖ captive facilities
 - ❖ borrowing cost
- Issues relating to acquisition of assets:
 - ❖ Insurance costs
 - ❖ Maintenance/warranty costs
 - ❖ Embedded software
 - ❖ Spares taken with purchase
 - ❖ Future commitments for spares, along with initial purchase
 - ❖ Componentization
- Spares/replacements/repairs accounting:
 - ❖ Change parts
 - ❖ Regulatory software upgrades
 - ❖ Maintenance for compliance for regulatory inspections etc.
 - ❖ Relocation/rearrangements
 - ❖ Foreign currency issues relating to asset purchases
 - ❖ Typical embedded lease issues for pharma facilities

IMPAIRMENT

- Determination of CGUs
- Assessment of impairment indicators
 - ❖ Expiry of patents or changes in legislation covering patents;
 - ❖ Development of a drug by a competitor with a superior potential;
 - ❖ General advances in the manner of treating particular diseases;
 - ❖ National health care reforms impacting reimbursement policies of insurance companies, etc
- Impairment of patents, trademarks, know-how, marketing tie ups, goodwill
- Typical challenges with goodwill/asset impairment with products in gestation period

COVID-19 PARTICULAR CONSIDERATIONS

- Identifying impairment of assets
 - ❖ Drug development cycle and approval delays; sales; Lab & site closures; fair value, etc
 - ❖ API supply disruption
 - ❖ Unavoidable liability or loss-making contracts
 - ❖ Non-financial assets
- Revenue-cycle accounting
- Lease contracts
- Government grants
- Collectability and revenue recognition
- Cash flow models for non-financial assets
- Liquidity
- Inventory
- Contingencies and Loss Recoveries

MODULE 3

FINANCIAL INSTRUMENTS

- Overview of the standard
- Debt v/s equity issues on R&D financing structures.
- Classification and measurement: financial asset and financial liabilities
 - ❖ Amortised cost
 - ❖ Fair value through profit or loss

- Fair value through OCI
- Accounting for derivatives
- Expected credit loss model (Impairment)
- Derivatives
 - ❖ Considerations related to embedded derivatives
 - ❖ Contracts on entity's own equity
- Hedge accounting in pharma
 - ❖ Fair value hedge
 - ❖ Cash flow hedge
 - ❖ Net investment hedge
- Accounting for debt modifications
- Fair value measurement disclosures

INCOME TAXES

- Overview of the standard
- Intra entity transfers of IP
- Research and development
 - ❖ R&D cost sharing arrangements
 - ❖ R&D assets acquired in a business combination
- Valuation allowance and tax planning strategies
- Prescription drug fees
- Recognition of Current Tax and deferred taxes
- Recognition of deferred tax asset for loss making companies
- Presentation and Disclosures

MODULE 4

IFRS 16

- Identifying lease contracts
- Components of a contract
 - ❖ Lease and non-lease components
 - ❖ Multiple lease components
- Embedded leases
 - ❖ Determining Whether a Service Arrangement Contains a Lease
 - ❖ Accounting for an Embedded Lease with Lease and Non lease Components
- Low value asset and short term lease exemptions
- Assessment of lease term
- Rebates/deferral because of Covid-19
- Variable lease payments
- Lease modifications
 - ❖ Modification Resulting in a Separate Contract
 - ❖ Modification not Resulting in a Separate Contract
- Subleases
- Sale and leaseback transaction

BUSINESS COMBINATION

- IPR&D intangible assets acquired in a business combination
 - ❖ Whether to Recognize Intangible Assets Apart from Goodwill for IPR&D Activities Acquired in a Business Combination
- Identifying IPR&D
- Defensive IPR&D acquired in a business combination
 - ❖ Recording and Subsequent Measurement of Acquired IPR&D Assets Held for Defensive Purposes
- Out licensing arrangement
- Determining the unit of account for IPR&D
- Subsequent accounting for acquired IPR&D assets
- IPR&D impairment considerations
- Settlement of Preexisting Relationships
- Initial and subsequent accounting for contingent consideration

DIVESTITURE

- Due diligence
- Carve-out financial statement
- Spin-off
- Discontinued operations
- Divestiture strategy
- Tax

CONSOLIDATION

- Understanding and applying IFRS 10 Consolidated
 - ❖ Concept of de facto control, voting and other rights
- Joint arrangements under IFRS 11 Joint Arrangements
 - ❖ Joint operations - parties involved with joint control have rights to the assets and obligations for the liabilities
 - ❖ Joint ventures - parties involved with joint control have rights to the overall assets of the arrangement
- Initial accounting for new subsidiaries

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<input type="checkbox"/> 4-Module Live Online Learning	SGD 3,395 SGD 2,716 (20% Learning Fee Discounted)	SGD 3,595 SGD 2,876 (20% Learning Fee Discounted)

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