

STRATEGIC LEVEL-1
S1 - ADVANCED FINANCIAL ACCOUNTING & CORPORATE REPORTING
INTRODUCTION

This course is designed to focus on preparing, analysing financial statements and developing reports thereon, for management decisions. The students are expected to use knowledge and understanding of more advanced financial accounting, for preparing and interpreting financial statements in context of practice.

OBJECTIVE

To provide the students with an in-depth knowledge of financial reporting enabling them to:

- Analyse and interpret financial statements and prepare financial reports, and
- Submit recommendations to the management for taking decision.

LEARNING OUTCOMES

On completion of this course, students will be able to:

- Understand the principle of substance over form applied to a range of transactions;
- Comprehend the accounting treatment of Financial instruments;
- Understand Employee benefits and Share-based payments;

- Elucidate Asset valuation and Changing prices;
- Prepare the full consolidated statements of a single company and the consolidated statements of financial position and comprehensive income for a group;
- Apply the concept of a joint venture and its accounting treatment
- Learn foreign currency translation principles,
- Realize pressures for extending the scope and quality of external reports to include prospective and non-financial matters, and narrative reporting generally;
- Learn how information concerning the interaction of a business with society and the natural environment can be communicated in the published accounts;
- Comprehend social and environmental issues which are likely to be most important to stakeholders in an organization;
- Execute the process of measuring, recording and disclosing the effect of exchanges between a business and society-human resource accounting;

INDICATIVE GRID

PART	SYLLABUS CONTENT AREA	WEIGHTAGE
A	MATTERS RELATED TO RECOGNITION AND MEASUREMENT	20%
	1. Substance over form	
	2. Financial instruments (IAS 32, IFRS 7 & IFRS 9)	
	3. Employee benefits (IAS 19)	
	4. Share-based payments (IFRS 2)	
B	GROUP FINANCIAL STATEMENTS	30%
	5. Asset valuation and Changing prices	
	6. Introduction to group accounting	
	7. Consolidated statement of financial position	
	8. Consolidated statement of comprehensive income	
	9. IAS 27, IFRS 10, IFRS 3 (Revised), IFRS 13	
	10. Effect of Non-controlling interests	
	11. Acquisition of a Subsidiary during its accounting period	
	12. Consolidated Statement of changes in Equity	
C	COMPLEX GROUP TOPICS	25%
	13. Associates and Joint ventures	
	14. Changes in group structures	
	15. Complex group structures	
D	PERFORMANCE REPORTING	15%
	16. Foreign currency	
	17. Group statements of cash flows	
	18. Ratios and trend analysis	
E	EXTERNAL REPORTING	10%
	19. Earnings per share (IAS 33)	
	20. Segment reporting (IFRS 8)	
	TOTAL	100%

Note: The weightage shown against each section indicates, study time required for the topics in that section. This weightage does not necessarily specify the number of marks to be allocated to that section in the examination.

DETAILED CONTENTS
PART - A
MATTERS RELATED TO RECOGNITION AND MEASUREMENT
1. Substance over form

- Reporting the Substance of Transactions

- Examples Where Substance and Form may Differ

2. Financial instruments (IAS 32, IFRS 7 & IFRS 9)

- Definitions
- Classification of Financial Instruments
- Recognition and Measurement of Financial Assets
- Recognition and Measurement of financial Liabilities
- De-recognition of Financial Instruments
- Derivatives
- Hedge Accounting
- Disclosure of Financial Instruments
- Disclosures
- Hybrid Instrument

3. Employee benefits (IAS 19)

- Types of Employee Benefit
- Post-Employment Benefit Plans
- Accounting for Post-Employment Benefit Plans
- The Asset Ceiling Disclosures
- Other Employee Benefits

4. Share-based payments (IFRS 2)

- Types of Transaction
- Equity-Settled Share-Based Payment Transactions
- Cash-Settled Share-based Payment Transactions
- Modifications, Cancellations and Settlements
- Recent Developments
- Disclosures

5. Asset valuation and Changing prices

- Definitions
- Impairment of Financial Assets
- Accounting Treatment

PART - B

GROUP FINANCIAL STATEMENTS

6. Introduction to group accounting

- Concept of Group Accounts
- Definitions
- Exemption from Preparation of Group Financial Statements
- Non-Coterminous Year Ends

7. Consolidated statement of financial position

- Principles of the Consolidated Statement of Financial Position
- Pre and Post-Acquisition Profits
- Non-Controlling Interest
- Fair Values
- Fair Value of Net Assets Acquired Intra-Group Trading
- Unrealized Profit
- Mid-Year Acquisitions

8. Consolidated statement of comprehensive income

- Principles of the Consolidated Statement of Comprehensive Income
- Format of Consolidated Statement of Comprehensive Income
- Intra-Company Trading
- Other Consolidated Income Statement Adjustments Mid year Acquisitions
- Preparation of Consolidated Statement of Comprehensive Income

9. IAS 27, IFRS 10, IFRS 3 (Revised), IFRS 13

- Definitions
- Separate Financial Statements
- Preparation of Consolidated Financial Statements Treatment of Goodwill
- The basis of a Fair Value Measurement
- Fair Value Hierarchy
- Specific Application Principles Disclosures

10. Effect of Non-controlling interests

- Effects of Non-Controlling Interest on:
- On Statement of financial position
- Intra-group trading
- Intra-group sales of non-current assets
- Fair Values

11. Acquisition of a Subsidiary during its accounting period

- Step Acquisitions
- Disposal Scenarios
- Investing Entity's Accounts
- Group Accounts
- Group Accounts - Entire Disposal
- Group Accounts Disposal - Subsidiary to Associate
- Disposal where Control is not Lost (Increase in NCI) Subsidiaries Acquired Exclusively with a View to Subsequent Disposals
- Further Purchase by Group after Control Obtained (Decrease in NCI)

12. Consolidated Statement of changes in Equity

- Format of Consolidated Statement of Changes in Equity
- Preparation of Consolidated Statement of Changes in Equity

13. Associates and Joint ventures

- IAS 28 Investments in Associates and Joint Ventures
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities

PART - C

COMPLEX GROUP TOPICS

14. Changes in group structures

- Business Combination achieved in Stages
- Changes in direct ownership

15. Complex group structures

- Complex group
- Consolidating sub-subsidiaries
- Direct holding in sub-subsidiaries
- Indirect associates

16. Foreign currency

- Foreign Currency translation
- IAS 21: Individual company stage
- IAS 21: Consolidated financial statements stage

17. Group statements of cash flows

- IAS 7 Statement of Cash Flows of Single Company
- Consolidated Statements of Cash Flows
- Foreign Exchange and Statement of Cash Flow

PART - D

PERFORMANCE REPORTING

18. Ratios and trend analysis

- Interpreting Financial Information
- Profitability Ratios
- Return on Capital Employed
- Net Asset Turnover
- liquidity and Working Capital Ratios
- Long-Term Financial Stability
- Investor Ratios
- limitations of Financial Statements and Ratio Analysis

19. Earnings per share (IAS 33)

- The Scope of IAS 33
- Diluted Earnings per Share (DEPS)
- The Importance of EPS

20. Segment reporting (IFRS 8)

- Defining Reportable Segments Disclosing
- Reportable Segments

- Problem Areas in Segmental Reporting

**PART - E
EXTERNAL REPORTING**
21. Advancement in Financial Reporting

- International harmonization
- Accounting around the World i.e current issues in financial reporting
- Financial Reporting in USA
- IFRS vs US GAAP

22. Advancement in Non-Financial Reporting

- Management Commentary
- Environmental Reporting
- Sustainability
- Social and Ethical Environment
- Social Responsibility
- Human Resource Accounting

Recommended Books:

CORE READINGS		
TITLE	AUTHOR	PUBLISHER
Gripping: IFRS Pakistan Edition	Cathryune Sowden-Service	ICAP / Lexis Nexis
IFRSs/IASs	IASB	IFRS Foundation
Intermediate Accounting	Donald E. Kieso / Jerry J. Weygandt & Terry D. Warfield	John Willey & Sons