

Advanced Financial Accounting
Professional - II

OBJECTIVES:

To provide the students with a in-depth knowledge of accounting principles, concepts and techniques to enable them to:

- a) Select and apply appropriate accounting techniques and procedures to specific circumstances.
- b) Prepare financial statements of companies in accordance with the statutory requirements.
- c) Analyse and interpret accounting statements and comment on their compliance with statutory, professional and conventional requirements.

ABILITY REQUIRED:

Professional knowledge and skills.

<u>WEIGHTAGE</u>	<u>CONTENTS</u>
10	1. AMALGAMATION, ABSORPTION, LIQUIDATION AND RECONSTRUCTION: Recapitalisation of companies, recognition, reconstruction of companies, amalgamation of companies, amalgamation by forming a new company, amalgamation by absorption, amalgamation by forming a holding company, legal provisions, meaning and salient features, order of payment, preferential payments, statement of affairs and deficiency/surplus account, liquidator's final statement of account (IAS 22).
5	2. ACCOUNTING FOR TAXATION: (IAS 12).
10	3. ACCOUNTING TREATMENT OF INVESTMENT AND LONG TERM LIABILITIES: Short term or temporary investments, long-term investments, investments in shares, investments in bonds/debentures, investments in funds effects of changes in foreign exchange rate, nature of long term liabilities, financial instruments, debenture payable, recording the debenture issue, debenture interest payments, premium and discount amortisation procedures, accounting for debenture payable, debenture requisition prior to maturity, debenture retirement at maturity, debenture conversion, debenture refunding, deferred revenue/redeemable capital, TFC/PTC, (IAS 21, 25, 28 & 32).
15	4. COMPANY ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS OF GROUP OF COMPANIES: Preparation of companies accounts and consolidated financial statements, consolidated profit and loss account, consolidated balance sheet, consolidated cash flow statement and retained earnings statement (IAS 27).

- 10 5. **ACCOUNTING FOR LEASES, INSTALMENT SALES AND HIRE PURCHASES:**
Accounting for leases: definition, accounting for operating and finance leases, complications in lease accounting; importance of instalment sales, income recognition in instalment sales, entries for sale of merchandise on instalment basis, procedures for calculating realised gross profit, trade-instalments, defaults and repossessions; hire purchase: definition, difference between hire purchase and instalment sale, accounting entries in the books of hirer and owner, (IAS - 17.)
- 10 6. **ACCOUNTS OF BANKS AND FINANCIAL INSTITUTIONS:**
Legal provisions, prudential regulations, accounts and books, final accounts (IAS 30), financial analysis (IFAC).
- 10 7. **ACCOUNTING FOR CONSTRUCTION CONTRACTS:**
Work-in-progress, work certified and payment, work-in-progress uncertified, profit on incomplete contract, preparation of a contract account, profit and loss account and balance sheet (IAS 11).
- 10 8. **ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS:**
Comparative statement - horizontal analysis, comparative statement - vertical analysis, common-size statement, ratio analysis, interpretation of analysis, earnings per share (IAS 33).
- 10 9. **CASH FLOW STATEMENT:**
Meaning of cash flow statement, preparation of cash flow statement, difference between fund flow analysis and cash flow analysis, utility of cash flow analysis, treatment of provision for taxation and proposed dividend, IAS 7.
- 5 10. **ACCOUNTING FOR REVALUATION AND INFLATION:**
Nature and purpose, type of accounting, valuation of financial factors of property, plant and equipment, treatment of surplus on revaluation of property plant and equipment Sec. 235 of Companies Ordinance 1984 (IAS 15, 16, 29).
- 5 11. **ETHICS:**
The nature of ethics; difference between philosophical and professional approach, concepts of integrity, obligation, independence, public expectations, ethics and the professions: social responsibility, ethics and the law, consequences of unethical behaviour to the individual, to the profession and to society at large, ethics in business.
- 5 12. **INTERNATIONAL ACCOUNTING STANDARDS AND DISCLOSURE REQUIREMENT UNDER COMPANIES ORDINANCE 1984: (4TH & 5TH SCHEDULE).**

Institute of Cost & Management Accountants of Pakistan

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CORE READINGS:

Intermediate Accounting

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PUBLISHER :

John Willey & Sons Ltd.
Baffins Ltd. Baffins Lance Chickester
West Sussex
PO19 1UD England.

Modern Advanced Accounting

E. John Larsen &
A. N. Mosich

McGraw-Hill Book Co. Europe,
Shoppenhangers Road,
Maidenhead, Berkshire,
SL6 2QL,
England

Advanced Accounting

R.L. Gupta & M. Radha Swamy

Sultan Chand & Sons
Daryenganje,
New Delhi 110002

International Accounting Standards

International Accounting Standard
Committee,
166 Fleet Street,
London EC4A 2DY.

International Federation of
Accountants, 114 West 47th Street,
Suite 2410
New York 10036.

ADDITIONAL READINGS:

Advanced Accounting

S. P. Jain & K. L. Narang

Kalyani Publishers,
1/1, Rajinder Nagar,
Ludhiana-141008

Advanced Accounting

Harry Simons &
Wilbert E. Karrenbrock

South Western Publishing Co.
Cincinnati,
Ohio,
U.S.A.

Readings in Financial Analysis

Qaiser P. Mufti

Royal Book Company,
232 Saddar Cooperative Market,
Abdullah Haroon Road,
Karachi-7400

Companies Ordinance 1984 &
Companies Rules 1985

Govt. of Pakistan

Govt. of Pakistan

Securities & Exchange Ordinance
1969 Rules

Govt. of Pakistan