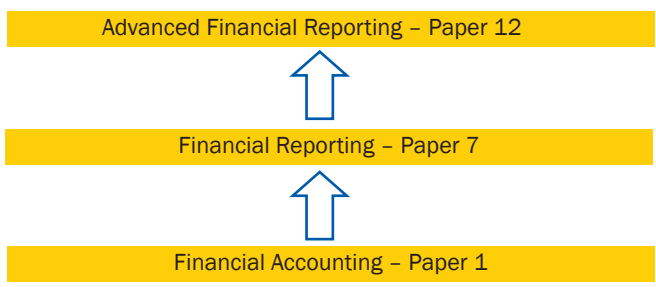


LEVEL II

FINANCIAL REPORTING

SYLLABUS CHART



OVERALL AIM

To equip the learner with skills to prepare and interpret financial information in accordance with the requirements of the regulatory framework for financial reporting and the international financial reporting standards

LEARNING OUTCOMES

On completion of this course, the learner will be able to:

	Learning outcomes	K	C	A	An	S	E
1.	Describe the financial reporting framework		✓				
2.	Measure the elements of financial statements		✓				
3.	Prepare accounting records			✓			
4.	Prepare financial statements for internal and external use			✓			
5.	Apply selected international financial reporting standards			✓			
6.	Analyse financial statements				✓		
7.	Interpret accounting information and financial statements				✓		
8.	Prepare consolidated financial statements of a simple group structure			✓			
9.	Prepare accounting records for entities under receivership and liquidation			✓			

LEVEL OF ASSESSMENT

The examination will test the learner's skills of preparation, presentation, interpretation and reporting of financial information

EXAMINATION STRUCTURE

There will be a three-hour examination made up of sections A and B. Section A will comprise one compulsory question of 40 marks. Section B will comprise four questions of 20 marks each, of which the candidate will be required to attempt any three

DETAILED SYLLABUS

A. CONCEPTUAL FRAMEWORK

1. The objective of general purpose financial reporting: Information about a reporting entity's economic resources and claims; changes in resources and claims; information about use of the entity's economic resources
2. Qualitative characteristics of useful financial information: Fundamental and enhancing qualitative characteristics
3. Financial statements and the reporting entity
4. Elements of the financial statements
5. Recognition and de-recognition
6. The Companies Act, 2012:
 - (a) Accounting and reporting requirements
 - (b) Impact of the Act on financial accounting and reporting
7. Measurement of the elements of financial statements-accounting bases (historical cost, modified historical cost, current cost, realisable/settlement value, present value)
 - (a) Advantages and disadvantages of each base
 - (b) Valuation of assets
 - (c) Measurement of profit: Financial and physical capital maintenance concepts
 - (d) Preparation of financial statements under historical cost, current cost, realisable value and present value bases
8. Presentation and disclosure

B. INTERNATIONAL ACCOUNTING STANDARD (IAS) 1, PRESENTATION OF FINANCIAL STATEMENTS

1. Objective and scope of the Standard
2. Complete set of financial statements
3. Key concepts of the Standard
4. Information to be presented on the face of each financial statement
5. Presentation and disclosure of assets and liabilities
6. Classification of assets and liabilities as current or non-current
7. Statement of profit or loss and other comprehensive income:
 - (a) Meaning of comprehensive income
 - (b) Reporting comprehensive income
 - (c) Results of operating activities
 - (d) Other comprehensive income
8. Statement of financial position:
 - (a) Disclosure of property, plant and equipment
 - (b) Non-current assets and current assets
 - (c) Non-current liabilities and current liabilities
 - (d) Equity
 - (e) Other disclosures
9. Statement of cash flows:
 - (a) Meaning of cash, cash equivalents, cash flows
 - (b) Disclosures under operating, investing and financing activities
 - (c) Preparation of statement of cash flows
10. Statement of changes in equity:
 - (a) Components
 - (b) Disclosure of changes in accounting policy, dividends, issue of share capital and transfers to and from reserves
11. Accounting policies and notes to financial statements; disclosure of the measurement basis (or bases) used, other accounting policies used and estimation of uncertainty

12. Preparation of financial statements in accordance with international financial reporting standards and the Companies Act, 2012:
 - (a) Presentation and analysis of expenses basing on their nature and function
 - (b) Disclosures required

C. INTERNATIONAL ACCOUNTING STANDARD (IAS) 7, STATEMENT OF CASH FLOWS

1. Objective of the Standard
2. Key concepts of the Standard
3. Usefulness of a statement of cash flows
4. Operating, investing and financing cash flows
5. Direct and indirect methods of reporting cash flows
6. Determination of cash flows
7. Presentation and disclosure
8. Interpretation of a statement of cash flows
9. Limitations of the Standard

D. INTERNATIONAL ACCOUNTING STANDARD (IAS) 33, EARNINGS PER SHARE (EPS)

1. Objectives/ issues addressed by the Standard
2. Scope of the Standard
3. Key concepts of the Standard:
4. Measurement:
 - (a) Basic EPS
 - (b) Weighted number of shares and consideration
 - (c) Diluted EPS
 - (d) Effect of changes in capital structure on EPS
 - (e) Capitalisation/ bonus issue of shares, rights issue of shares, share split/ reverse share split
 - (f) Conditions for restatement of EPS
5. Presentation and disclosure:
 - (a) Basic EPS and diluted EPS
 - (b) Basic and diluted profits/ losses

- (c) Disclosure notes in statements of profit or loss and other comprehensive income and statement of financial position
- (d) Significance of EPS

E. INTERNATIONAL ACCOUNTING STANDARD (IAS) 8, ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

1. Objective and scope of the Standard
2. Key concepts of the Standard
3. Treatment of accounting policies; selection and application of accounting policies, consistency of accounting policies; and changes in accounting policies
4. Accounting treatment and disclosure of changes in accounting estimates
5. Accounting treatment and disclosure of errors; limitations of retrospective restatement and disclosure of prior period errors
6. Impracticability in respect of retrospective application and retrospective restatement

F. INTERNATIONAL ACCOUNTING STANDARD (IAS) 2, INVENTORIES

1. Objective and scope of the Standard
2. Exceptions to the Standard
3. Key concepts of the Standard
4. Measurement of inventories at cost, net realisable value and fair value
5. Cost of inventory:
 - (a) Composition of cost; exclusions from the cost of inventory
 - (b) Cost formulas
 - (c) Techniques for measuring cost of inventory
6. Presentation and disclosure

G. INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 15, REVENUE FROM CONTRACTS WITH CUSTOMERS

1. Objective and scope of the Standard
2. Exceptions to the Standard
3. Key concepts of the Standard
4. Recognition (five steps of revenue recognition):
 - (a) Identification of the contract

- (b) Combination of contracts
 - (c) Contract modifications
 - (d) Identification of performance obligations
 - (e) Satisfaction of performance obligations
5. Measurement:
 - (a) Determination of transaction price
 - (b) Allocation of the transaction price to performance obligations
 - (c) Changes in transaction price
 6. Contract costs
 - (a) Incremental costs of obtaining a contract
 - (b) Costs to fulfil a contract
 - (c) Amortisation and impairment
 7. Presentation and disclosure requirements:
 - (a) Contracts with customers
 - (b) Disaggregation of revenue
 - (c) Contract balances
 - (d) Performance obligations
 - (e) Transaction price allocated to the remaining performance obligations
 - (f) Significant judgements in the application of the standard
 - (g) Assets recognised from the costs to obtain or fulfil a contract with customer
 - (h) The timing of satisfaction of performance obligations
 - (i) The transaction price and the amounts allocated to performance obligations
 - (j) Practical expedients
 8. Application of IFRS 15 to Islamic finance transactions
- H. INTERNATIONAL ACCOUNTING STANDARD (IAS) 12, INCOME TAXES**
1. Objective and scope of the Standard
 2. Key concepts of the Standard

3. Accounting treatment, recognition and measurement:
 - (a) Current tax assets and liabilities
 - (b) Deferred tax assets and liabilities

4. Presentation and disclosure

I. INTERNATIONAL ACCOUNTING STANDARD (IAS) 16, PROPERTY, PLANT AND EQUIPMENT

1. Objective and scope of the Standard
2. Exceptions to the Standard
3. Key concepts of the Standard
4. Accounting treatment:
 - (a) Recognition of assets
 - (b) Components of cost
 - (c) Disposal of assets
 - (d) Capitalisation
 - (e) Write-offs and expenses
 - (f) Revaluation surpluses/ deficits
 - (g) Reversal of revaluation surpluses
 - (h) De-recognition
5. Presentation and disclosure
6. The non-current assets schedule

J. INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 13, FAIR VALUE MEASUREMENT

1. Objective and scope of the Standard
2. Exceptions to the Standard
3. Key concepts of the Standard
4. Application to non-financial assets, liabilities, own equity instruments
 - (a) Valuation of non-financial assets, liabilities, own equity instruments
 - (b) Valuation techniques and inputs
 - (c) Fair value hierarchy
5. Non-performance risk
6. Presentation and disclosure

K. INTERNATIONAL ACCOUNTING STANDARD (IAS) 21, EFFECT OF CHANGE IN FOREIGN EXCHANGE RATES

1. Objective and scope of the Standard
2. Key concepts of the Standard
3. Translation methods (functional currency to presentation currency)
4. Recording and re-translation of monetary and non-monetary items at the reporting date
5. Recognition of exchange differences
6. Disclosure

L. INTERNATIONAL ACCOUNTING STANDARD (IAS) 40, INVESTMENT PROPERTY

1. Objective and scope of the Standard
2. Exceptions to the Standard
3. Key concepts of the Standard
4. Accounting treatment:
 - (a) Recognition criteria
 - (b) Initial measurement
 - (c) Subsequent measurement (fair value and cost models)
 - (d) Principles used to determine the fair value of investment property
 - (e) Transfers to and/ or from investment property
 - (f) De-recognition
5. Presentation and disclosure

M. INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 16, LEASES

1. Objective and scope of the Standard
2. Recognition exemptions
3. Key concepts of the Standard:
4. Lease identification; separating components of a lease contract
5. Lease term
6. Lessee:
 - (a) Recognition and measurement; initial measurement of right-to-use asset and lease liability
 - (b) Subsequent measurement of right-of-use asset and lease liability
 - (c) Reassessment of the lease liability
 - (d) Lease modifications
 - (e) Presentation and disclosure

7. Lessor: Classification of leases (finance and operating leases)
8. Accounting for leases by the lessee and the lessor:
 - (a) The five step model
 - (b) In an ordinary lease contract/ arrangement
 - (c) Where there is change in conditions of the lease during the course of the lease
 - (d) In a sale and lease back transaction
9. Presentation and disclosure
10. Application of IFRS 16 to Islamic finance transactions

N. INTERNATIONAL ACCOUNTING STANDARD (IAS) 20, ACCOUNTING FOR GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT ASSISTANCE

1. Objective and scope of the Standard
2. Key concepts of the Standard
3. Accounting treatment:
 - (a) Capital and income related grants and forgiven loans
 - (b) Capital and income approaches of accounting for government loans; arguments for and/ or against each approach
4. Presentation and disclosure

O. INTERNATIONAL ACCOUNTING STANDARD (IAS) 23, BORROWING COSTS

1. Objective and scope of the Standard
2. Key concepts of the Standard
3. Arguments for/ against capitalisation
4. Accounting treatment:
 - (a) Methods of accounting for borrowing costs
 - (b) Capitalisation: Commencement, cessation, eligible costs and eligible amounts
5. Presentation and disclosure
6. Accounting versus tax treatment of borrowing costs

P. INTERNATIONAL ACCOUNTING STANDARD (IAS) 36, IMPAIRMENT OF ASSETS

1. Objective and scope of the Standard
2. Exceptions to the Standard

3. Key concepts of the Standard
4. Identification of a potentially impaired asset
5. Accounting treatment:
 - (a) Estimation of recoverable amount of tangible and intangible assets
 - (b) Recognition and measurement of an impairment loss
 - (c) Determination of recoverable amounts for cash generating units
 - (d) Impairment of intangible assets
6. Presentation and disclosure

Q. INTERNATIONAL ACCOUNTING STANDARD (IAS) 37, PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

1. Objective and scope of the Standard
2. Key concepts of the Standard
3. Accounting treatment:
 - (a) Conditions for recognition of a provision
 - (b) Legal and constructive obligations
 - (c) Recognition and measurement principles
4. Presentation and disclosure

R. INTERNATIONAL ACCOUNTING STANDARD (IAS) 38, INTANGIBLE ASSETS

1. Objective and scope of the Standard
2. Exceptions to the Standard
3. Key concepts of the Standard
4. Accounting treatment:
 - (a) Conditions for recognition of intangible asset
 - (b) Initial recognition of intangible asset
 - (c) Cost and revaluation models
 - (d) Conditions for recognition of research and development expenditure
 - (e) Impairment of intangible assets
5. Presentation and disclosure

S. INTERNATIONAL ACCOUNTING STANDARD (IAS) 41, AGRICULTURE

1. Objective and scope of the Standard
2. Exceptions to the Standard

3. Key concepts of the Standard
4. Accounting treatment:
 - (a) Recognition of biological asset or agricultural produce
 - (b) Measurement of biological asset; fair value less estimated cost to sell
 - (c) Determination of fair value; gain or loss on initial recognition of biological asset or agricultural produce
 - (d) Government grants related to biological assets

5. Presentation and disclosure

T. INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 6, EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

1. Objective and scope of the standard
2. Key concepts of the Standard
3. Recognition of exploration and evaluation assets
4. Measurement:
 - (a) At recognition
 - (b) After recognition
5. Changes in accounting policy
6. Presentation of exploration and evaluation assets
7. Classification and reclassification
8. Impairment
9. Disclosure

U. ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS.

1. Meaning, purpose/ need for and techniques of computation and interpretation of ratios
2. Computation and interpretation of profitability, liquidity, growth, assets, gearing, activity and investment ratios
3. Advantages and disadvantages/ limitations of ratios

V. INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 3, BUSINESS COMBINATIONS

1. Objective and scope of the Standard
2. Exceptions to the Standard
3. Basic principles of the Standard

4. Preparation of group financial statements (simple structure)
 - (a) Consolidated statement of profit or loss and other comprehensive income
 - (b) Consolidated statement of financial position
 - (c) Consolidated statement of cash flow
5. Measurement principles relating to fair values of the consideration and net assets acquired
6. Disclosures

W. INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 10, CONSOLIDATED FINANCIAL STATEMENTS

1. Objective and scope of the Standard
2. Exceptions to the Standard
3. Key concepts of the Standard
4. Accounting treatment:
 - (a) Consolidation procedure
 - (i) Treatment of non-controlling interests
 - (ii) Combination of like items of assets, liabilities, incomes and expenses
 - (iii) Elimination of carrying amounts of the parent investments in subsidiary
 - (iv) Elimination, in full, of intergroup assets and liabilities, equity and other intergroup transactions
 - (v) Loss of control
 - (b) Use of uniform accounting policies for similar transactions and necessary adjustments to conform to group accounting policies
 - (c) Disclosures

X. LIQUIDATION AND RECEIVERSHIP

1. Meaning of liquidation, receivership
2. Circumstances under which an entity may be liquidated voluntarily or involuntarily
3. Process of liquidation and receivership
4. Transactions and preparation of financial statements:
 - (a) Receiver: Preparation of the receiver's account

- (b) Liquidation:
- (i) Statement of net assets in liquidation
 - (ii) Statement of changes in net assets in liquidation
 - (iii) Statement of affairs
 - (iv) Liquidator's final statement of account

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4. Greuning H.V., Darrel S. and Terblanche S., 2011. International Financial Reporting Standards - A practical guide, 6th ed, World Bank Publications.
5. International Financial Reporting Standard Foundation, current edition. International Financial Reporting Standards, London: International Accounting Standards Board.
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