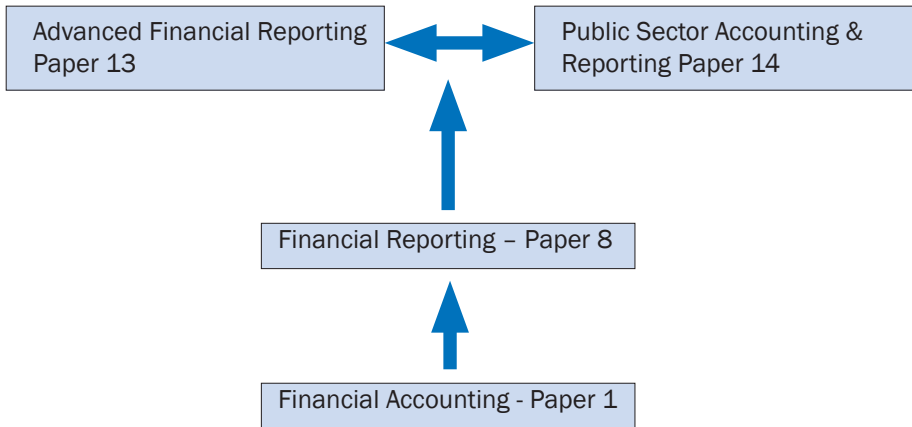


ADVANCED FINANCIAL REPORTING - PAPER 13

SYLLABUS CHART



Knowledge acquired at lower level papers is assumed and is applicable in this paper

OVERALL AIM

To enable the learner consolidate and apply knowledge in matters of financial reporting in the business sectors of the economy

LEARNING OUTCOMES

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

1. Discuss and apply international and local corporate reporting framework
2. Prepare group financial statements
3. Prepare complete sets of statutory financial statements with complete disclosures
4. Interpret financial statements and assess their usefulness to various stakeholders



5. Demonstrate knowledge current reporting issues and developments
6. Exercise judgment on reporting issues
7. Apply requirements of all the International Financial Reporting Standard (IFRS) IFRSs in issue

LEVEL OF ASSESSMENT

The examination will be designed to test the learner's ability to integrate knowledge and skills acquired in earlier papers and in the preparation of consolidated financial statements as well as business combinations and interests in joint ventures.

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 50 marks. Section B will comprise of four questions of 25 marks each, of which the candidate will be required to attempt any two.

DETAILED SYLLABUS

A. REPORTING CONCEPTUAL FRAMEWORK

1. The Conceptual Framework for financial reporting under IFRSs:
 - (a) Problems addressed by the framework
 - (b) Scope and authority of the framework
 - (c) Structure of the standards setting process:
 - (i) Setting the agenda
 - (ii) Project planning
 - (iii) Development and publication of a discussion paper
 - (iv) Development and publication of an exposure draft
 - (v) Development and publication of an IFRS
 - (vi) Procedures after an IFRS are issued
 - (d) Effects of the framework on the preparation and presentation of financial statements
 - (e) Recognition and measurement of the elements of financial statements
2. Major influences on standards: factors considered in development of standards
3. Institute of Certified Public Accountants of Uganda (ICPAU):
 - (a) Roles of ICPAU as enshrined in the Accountants Act, 2013
 - (b) Relationship between ICPAU and other professional accountancy bodies
4. The Regulatory Framework:
 - (a) Importance of regulating financial reporting



- (b) Roles of:
 - (i) International Accounting Standards Committee Foundation
 - (ii) International Accounting Standards Board (including its membership)
 - (iii) Standards Advisory Council
 - (iv) Financial Reporting Interpretations Committee
 - (c) Factors that have shaped financial accounting and reporting to current/ present state
 - (d) Main influences on possible future developments of financial accounting/ reporting
 - (e) Role of IFRSs
5. Forms of Regulation:
- (a) The Companies Act:
 - (i) Accounting and reporting requirements
 - (ii) Impact of the Act on financial accounting and reporting
 - (iii) Non-financial statements required by the Act: directors' report, auditor's report, chairman's report, operating and financial review (listed companies)
 - (b) Accounting Standards:
 - (i) Purpose
 - (ii) The standards setting process
 - (c) Financial Institutions Act
 - (d) Insurance Act
 - (e) The Microfinance Deposit Taking Institutions Act
 - (f) Reconciliation of different IFRSs with the above Acts
6. The Role of other regulatory bodies like Bank of Uganda, Insurance Regulatory Authority, Capital and Financial Markets Authority:
- (a) Objectives and functions of each regulatory body
 - (b) Legal and Compliance-guidelines
 - (c) Financial reporting requirements and reconciliation with the requirements of IFRSs
 - (d) Institutions that must comply with each regulatory body
 - (e) Purpose and contents of an accountant's report for listing

B. PREPARATION OF AND DISCLOSURES IN GROUP FINANCIAL STATEMENTS

1. Acquisition accounting:

- (a) Recognition of the acquiree and the acquirer

- (b) Establishing the acquisition date
 - (c) Recognition and measurement of the acquired assets and liabilities
 - (d) Recognition and accounting for non-controlling interest in the acquiree
 - (e) Recognition, measurement and accounting for goodwill or a gain on a bargain purchase
2. Preparation of group financial statements:
 - (a) Profit or loss and other comprehensive income
 - (b) Financial position
 - (c) Changes in equity
 3. Measurement principles relating to fair values of the consideration and net assets acquired
 4. Acquisitions:
 - (a) Nature
 - (b) Stages
 5. Preparation of a consolidated financial statement where control is achieved in stages
 6. Disclosures

C. ADVANCED GROUP FINANCIAL STATEMENTS (IFRS 3, IFRS 10, IFRS 12, IAS 27)

1. Objectives of the standards
2. Scope of the standards
3. Identification of business combination
4. Changes in group structures where control is:
 - (a) Lost
 - (b) Retained
5. Principles relating to the disposal of group companies
6. Treatment of goodwill on disposal
7. Principles of accounting for partial and deemed disposals
8. Creation of a new holding company
9. Changes in the ownership of companies within a group
10. Nature and accounting for mergers and demergers, and divisionalisation
11. Principles and preparation of financial statements after group re-organisation and



reconstruction

D. ACCOUNTING FOR ASSOCIATES AND JOINT VENTURES (IAS 28, IFRS 11, IFRS 12)

1. Problems addressed by the standards
2. Scope of the standards
3. Meaning of key terms:
 - (a) Associate
 - (b) Significant influence
 - (c) Equity method
 - (d) Joint:
 - (i) Arrangements
 - (ii) Control
 - (iii) Operation
 - (iv) Venture
4. Accounting treatment
5. Principles and methods of accounting for associates and joint ventures
6. Preparation of group financial statements with associates and joint ventures

E. PREPARATION OF GROUP STATEMENTS OF CASH FLOWS (IAS 7)

1. Usefulness and limitations of group financial statements
2. Preparation of group statements of cash flows including elements of acquisition and disposal of subsidiaries
3. Preparation of group statements of cash flows incorporating associates, joint ventures and foreign interests

F. SEPARATE FINANCIAL STATEMENTS (IAS 27)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms
4. Preparation of separate financial statements
5. Disclosures

G. RELATED PARTY DISCLOSURES (IAS 24)

1. Objective of the standard



2. Scope of the standard: Identification of related parties and disclosure requirements
 - (a) Management compensation
 - (b) Related party disclosures in separate financial statements
 - (c) Key Management Personnel
 - (d) Joint Control
 - (e) Government related entities
3. Purpose of related party disclosures
4. Definition of a related party and other concepts:
 - (a) Related party transactions
 - (b) Control
 - (c) Significant influence
 - (d) Joint control
 - (e) Close members of the family of an individual
5. Disclosure requirements when the exemption applies
6. Significant adjustments and assumptions
7. Interest in subsidiaries
8. Interest in joint arrangements and associates
9. Interest in unconsolidated structured entities
10. Effectiveness of the current standards

H. ACCOUNTING FOR DISCLOSURE OF “OFF-BALANCE SHEET” TRANSACTIONS

1. Meaning of ‘off-balance sheet’ problem
2. ‘Substance over form’ and ‘off-balance sheet’ problems
3. Common forms of ‘off-balance sheet’ arrangements
4. Current attempts to deal with the ‘off-balance sheet’ problem

I. OPERATING SEGMENT (IFRS 8)

1. Core principle of the standard
2. Scope of the standard
3. Operating segments
4. Problem areas addressed by operating segments
5. Aggregation of operating segments
6. Determining reportable segments
7. Quantitative thresholds



8. Disclosure of segmental information

J. FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES (IAS 29)

1. Scope of the standard
2. Treatment of financial statements at the year end
 - (a) Historical cost financial statements
 - (b) Current cost financial statement
3. Taxes
4. Statement of cash flows
5. Making adjustments
6. Consolidated financial statements
7. Economies ceasing to be hyperinflationary
8. Disclosures

K. FOREIGN CURRENCY REPORTING (IAS 21)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms
4. Accounting for foreign entities: subsidiaries, associates, joint ventures, investments, other similar arrangements
5. Accounting for net investment in a foreign operations/ entity
6. Preparation of consolidated financial statements involving foreign subsidiaries/ associates and
7. Discussion of problem areas in foreign currency transactions for individual and group entities
8. Disposal or partial disposal of a foreign operation/ entity
9. Preparation of financial statements in hyperinflationary economies
10. Disclosures

L. INSURANCE CONTRACTS (IFRS 4)

1. Objective of the standard
2. Scope of the standard
 - (a) Embedded derivatives



- (b) Unbundling of deposit components
- 3. Recognition and measurement
 - (a) Temporary exemption from other IFRSs
 - (b) Changes in Accounting Policies
 - (c) Insurance contracts acquired in a business combination or portfolio transfer
- 4. Disclosures

M. FINANCIAL INSTRUMENTS (IAS 32, IFRS 7, IAS 39/ IFRS 9)

- 1. Objectives of the standards
- 2. Scope of the standards
- 3. Definition of key terms for all the standards
- 4. Exceptions to the standards where applicable
- 5. Classification of financial instruments as liabilities/ equity
- 6. Measurement rules for financial instruments:
 - (a) Initial measurement
 - (b) Subsequent measurement
 - (c) Impairment of financial assets
- 7. Accounting:
 - (a) Debt instruments
 - (b) Equity instruments
 - (c) Allocation of finance costs
- 8. Accounting for fixed interest rate and convertible bonds
- 9. Recognition and de-recognition of financial instruments
- 10. Embedded derivatives:
 - (d) (a) Host contracts versus embedded derivative
 - (e) (b) Accounting treatment of embedded derivatives
- 11. Current values, treatment of gains and losses, and derivatives
- 12. Hedge accounting:
 - (a) Basic definitions (hedging, hedged item, hedging instrument, hedge effectiveness, fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation)
 - (b) Conditions for hedge accounting



- (c) Accounting treatment
13. Presentation:
- (a) Liabilities and equity
 - (b) Compound financial instruments
 - (c) Treasury shares
 - (d) Interest, dividends, losses and gains
 - (e) Offsetting a financial asset and a financial liability
14. Classes of financial instruments and levels of disclosure on statement of:
- (a) Financial position
 - (b) Profit or loss & other comprehensive income
 - (c) Other disclosures
15. Significance of financial instruments for financial position and performance
16. Nature and extent of risks arising from financial instruments:
- (a) Credit risk
 - (b) Currency risk
 - (c) Interest rate risk
 - (d) Liquidity risk
 - (e) Loans payable
 - (f) Market risk
 - (g) Other price risk
 - (h) Past due
17. Transfer of financial assets

N. EARNINGS PER SHARE (EPS - IAS 33)

1. Objectives/ issues addressed by the standard
2. Scope of the standard
3. Definition of key concepts of the standard:
4. Measurement:
 - (a) Basic EPS: measurement and determination
 - (b) Determination of weighted number of shares and consideration
 - (c) Diluted EPS; adjustments made to weighted number of shares
 - (d) Effect of changes in capital structure on EPS
 - (e) Capitalisation/ bonus issue, rights issue and share split/ reverse share split



- (f) Conditions for restatement of EPS
- 5. 5. Presentation and disclosure:
 - (a) Basic EPS and diluted EPS disclosure
 - (b) Basic and diluted profits/ losses
 - (c) Disclosure notes in statements of profit or loss and other comprehensive income and statement of financial position as required by the standard
 - (d) Significance of EPS

0. SHARE-BASED PAYMENT (IFRS 2)

- 1. Objective of the standard
- 2. Scope of the standard
- 3. Definition of key terms
- 4. Recognition: the basic principles/ requirements for share-based payments:
 - (a) Equity-settled share-based payment transactions
 - (b) Cash-settled share-based payment transactions
 - (c) Choice of either equity or cash-settled share-based payment transactions
- 5. Measurement: General principle
- 6. Deferred tax implications
- 7. Disclosure requirements
- 8. Effectiveness of the current standards

P. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (IFRS 5)

- 1. Objectives of the standard
- 2. Scope of the standard
- 3. Definition of key concepts of the standard
- 4. Accounting treatment:
 - (a) Measurement of non-current assets held for sale:
 - (i) Criteria of classifying an asset or disposal group as held for sale
 - (ii) Impairment losses on non-current assets held for sale
 - (b) Presentation and disclosure:
 - (i) Amount recognised in statements of profit or loss and other comprehensive income



- (ii) Capitalisation rates
- (iii) Disclosure notes in the statements of profit or loss and other comprehensive income and statement of financial position as required by the standard

Q. INCOME TAX (IAS 12)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms
4. Recognition of current tax liabilities and current tax assets
5. Recognition of deferred tax liabilities and deferred tax assets:
 - (a) Taxable temporary differences
 - (b) Deductible temporary differences
 - (c) Unused tax losses and tax credits
6. Measurement of:
 - (a) Current tax liability
 - (b) Current tax asset
7. Recognition of current tax and deferred tax
 - (a) Items recognised in profit or loss
 - (b) Items recognised outside profit or loss
 - (c) Deferred tax arising from business combination
 - (d) Current & deferred tax arising from share-based payment transactions
8. Presentation:
 - (a) Tax assets and tax liabilities
 - (b) Tax expense
9. Taxation in financial statements
10. Disclosure

R. EMPLOYEE BENEFITS (IAS 19)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms
4. Categories of employee benefits:
 - (a) Short-term employee benefits:
 - (i) Recognition & Measurement (All short-term employee benefits, Short-term paid absences & profit-sharing and bonus plans)
 - (ii) Disclosures
 - (b) Post-employment benefits:
 - (i) Defined contribution plans: Recognition, Measurements and Disclosure)



- (ii) Defined benefit plans: Recognition and measurement, accounting for the constructive obligation, statement of financial position, present value of defined benefit obligation and current service cost
 - (iii) Actuarial present value of promised retirement benefits
 - (iv) Frequency of actuarial valuations
 - (v) Financial statement content
 - (vi) All plans: valuation of plan assets; disclosure
 - (vii) Other long-term employee benefits: Recognition and measurement; disclosures
 - (viii) Terminal Benefits: Recognition; measurement and disclosure
5. Past service cost, gains and losses on settlement
 6. Recognition and measurement: plan assets
 7. Components of defined benefit cost
 8. Presentation (offset, current/ non-current distinction, components of defined benefit cost)

S. INTERIM FINANCIAL REPORTING (IAS 34)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms/ concepts
4. Minimum components (form and content) of an interim financial report
5. Recognition and measurement:
 - (a) Revenues received occasionally
 - (b) Costs incurred unevenly during the year
 - (c) Payroll taxes or insurance contribution paid by employees
 - (d) Costs of planned major periodic maintenance or overhaul
 - (e) Depreciation
 - (f) Tax on income
 - (g) Inventory evaluation
6. Disclosure in annual financial statements

T. REPORTING FOR SMALL AND MEDIUM-SIZED ENTITIES (SMEs) USING IFRSs

1. Objective of the standard
2. Define key concepts/ terms
3. Scope of the standard
 - (a) Cover all sections of the standard
 - (b) Requires an understanding of the primary sources of each section of IFRS for SMEs in the full IFRS
 - (c) Basis for conclusions of SMEs



(d) Understand the presentation and disclosures of financial statements of SMEs

4. Recognition & measurement-Simplifications
 - Goodwill
 - Investment in associates & joint ventures
 - Research & development costs
 - Borrowing costs
 - PPE & intangible assets
 - Assets held for sale
 - Biological assets
 - Share-based payment expense

U. EVENTS AFTER THE REPORTING PERIOD (IAS 10)

1. Objective of the standard
2. Scope of the standard
3. Definition of key concepts
4. Recognition and measurement
 - (a) Process of authorisation:
 - (i) Adjusting
 - (ii) Non-adjusting events
 - (b) Presentation and disclosure:
 - (i) Date of authorisation for issue
 - (ii) Disclosure relating to non-adjusting events
 - (iii) Disclosure relating to the conditions that existed at the reporting period

V. ACCOUNTABILITY: THE IMPACT OF ENVIRONMENTAL, SOCIAL AND CULTURAL FACTORS ON CORPORATE REPORTING

1. Sustainability: environmental and social reporting:
 - (a) Importance
 - (b) Avoidance of fraudulent reporting
2. Current reporting requirements and guidelines for environmental reporting
3. Current impact of social and cultural influence on corporate reporting
4. Current issues that influence or might influence socially oriented disclosures in corporate reporting
5. Evaluation of ethical conduct in the context of corporate reporting
6. Corporate governance:
 - (a) Concept of corporate governance
 - (b) Corporate governance effect on corporate behaviour
 - (c) Pressure on good corporate governance
 - (d) Types of unethical behaviour



- (e) Awareness of how and why governance mechanisms may differ from jurisdiction to jurisdiction
- (f) The effects of good corporate governance on capital markets
- (g) Appreciation of the role of accounting in corporate governance
- (h) External audits in corporate governance
- (i) Corporate governance in relation to the board of directors
- (j) Risk management
- (k) Have a greater sensitivity to areas of potential conflict of interest

W. INTERNATIONAL HARMONISATION

1. The benefits and need for one set of reporting requirements
2. Barriers to international harmonisation
3. Benefits of international harmonisation
4. Assessment of the progress of international harmonisation
5. The composition and work of IASB, FASB and ASB views

X. CURRENT AND INTERNATIONAL ISSUES AND DEVELOPMENTS

1. Reasons for major differences in accounting practices
2. Restatement of financial statements of foreign entities in line with IFRS
3. Ways of improving communication of corporate performance, current proposals relating to yearend financial statements and business reporting on the internet
4. Current issues relating to improvement of corporate reporting

Y. INTEGRATED REPORTING

1. Meaning of an integrated report
2. Purpose, objectives and users of an integrated report
3. The International Integrated Reporting Framework
4. Components/ elements of an integrated report:
 - (a) Accountability
 - (b) Sustainability reporting
 - (c) Corporate governance
 - (d) Integrated reporting in the global context
5. Relationship between sustainability reporting and integrated reporting
6. Integrated reporting under the Companies Act, 2012
7. Triple bottom line reporting



Applicable International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs)

S/N		Title
1		The Conceptual Framework
	IASs	
2	IAS 1	Presentation of Financial Statements
3	IAS 7	Statement of Cash Flows
4	IAS 10	Events After the Reporting Period
5	IAS 12	Income Tax
6	IAS 17	Leases
7	IAS 19	Employee Benefits
8	IAS 21	Foreign Currency Translation
9	IAS 24	Related Party Disclosures
10	IAS 26	Accounting and Reporting by Retirement Benefit Plans
11	IAS 27	Separate Financial Statements
12	IAS 28	Investments in Associates
13	IAS 29	Financial Reporting in Hyperinflationary Economies
14	IAS 32	Financial Instruments: Presentation
15	IAS 33	Earnings Per Share
16	IAS 34	Interim Reporting
17	IAS 37	Provisions, contingent liabilities and contingent Assets
18	IAS 39	Financial Instruments: Recognition & Measurement
	IFRSs	
1	IFRS 2	Share-Based Payment
2	IFRS 3	Business Combinations
3	IFRS 4	Insurance Contracts
4	IFRS 5	Non-Current Assets Held For Sale
5	IFRS 7	Financial Instruments: Disclosures
6	IFRS 8	Segment Reporting
7	IFRS 10	Consolidated Financial Statements
8	IFRS 11	Joint Arrangements
9	IFRS 12	Disclosure of Interest in other entities
10	IFRS 13	Fair Value Measurement
11		IFRS for SMEs



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3. International Financial Reporting Standards – International Accounting Standards Board, International Accounting Standards Board
4. Handbook of International Auditing, Assurance and Ethics Pronouncements – IFAC, International Federation of Accountants
5. Handbook of International Public Sector Pronouncements – International Federation of Accountants

