

**M4 – FINANCIAL ACCOUNTING & CORPORATE REPORTING**
**MANAGERIAL LEVEL-2**
**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:

- Comprehend the structure and objectives of regulatory framework and setting of international financial reporting standards;
- Understand the meaning of conceptual framework and GAAP;
- Realize the ways in which IFRS can interact with local regulatory frameworks;
- Explicate the elements and qualitative characteristics of financial statements;
- Implement accounting policies changes in accounting estimates and errors;

- Learn the revenue recognition;
- Explicate related party disclosure;
- Elucidate operating segments;
- Understand non-current assets held for sale and discontinued operations;
- Identify the events after the reporting period;
- Comprehend provisions, contingent liabilities and contingent assets;
- Elucidate property, plant and equipment;
- Deal with government grants;
- Understand borrowing cost;
- Identify and comprehend intangible assets and impairment of assets;
- Record research and development expenditure cost;
- Apply accounting treatment of goodwill and its impairment;
- Perform adequate accounting treatment of leases;
- Prepare and interpret statement of cash flows;
- Prepare and present the financial statements according to international Accounting Standards (IAS) and International Reporting Standards (IFRS);
- Identify accounting treatment of inventories and WIP;
- Learn accounting treatment for financial instruments;
- Apply the accounting rules for current and deferred taxation, including calculation of deferred tax.
- Systems audit, control and security practices;

**INDICATIVE GRID**

PART	SYLLABUS CONTENT AREA	WEIGHTAGE
<b>REGULATORY AND CONCEPTUAL FRAMEWORK</b>		
A	1 The regulatory framework	5%
	2 The Conceptual Framework	
<b>SINGLE COMPANY FINANCIAL ACCOUNTS</b>		
B	3 IAS 1 (Revised) Presentation of Financial statements	85%
	4 Reporting Financial Performance	
	5 Other Reporting	
	6 Accounting for non-current assets	
	7 Intangible non-current assets	
	8 Impairment of Assets	
	9 Leases	
	10 Statements of Cash Flows	
	11 IAS 2 Inventories and Short term WIP	
	12 Share Based Transactions and Financial instruments	
<b>ACCOUNTING FOR TAXATION</b>		
C	13 IAS 12: Income taxes	10%
<b>TOTAL</b>		<b>100%</b>

**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**
**REGULATORY AND CONCEPTUAL FRAMEWORK**
**1. The regulatory framework**

- The International Accounting Standard Board (IASB)
- Setting of International Financial Reporting Standards

**2. The Conceptual Framework**

- Conceptual Framework and GAAP
- The IASB's Conceptual Framework
- Qualitative Characteristics of Financial Statements
- The elements of Financial Statements

**PART - B**
**SINGLE COMPANY FINANCIAL ACCOUNTS**
**3. IAS 1 (Revised) Presentation of Financial statements**

- General Features
- Structure and Detail Contents
- Preparation of Financial Statements
- Companies Act, 2017 Third, Fourth and Fifth schedules

**4. Reporting Financial Performance**

- IFRS 5: Non-Current Assets held for Sale and discontinued operations.
  - Scope and definitions:
  - Conditions of IFRS 5:

- Transfer from IAS 16 to IFRS 5
  - IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
  - IFRS 8 Operating Segments.
  - IFRS 15 Revenue from Contracts with Customers.
    - Five steps of Revenue Recognition.
    - Construction contracts.
  - IAS 24 Related Part Disclosures
- 5. Other Reporting**
- IAS 10 Events after the Reporting Period
  - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (IFRIC 1: Change in Existing Decommissioning, Restoration and Similar Liabilities.)
- 6. Accounting for non-current assets**
- IAS 16 Property, Plant and Equipment
    - Scope and definitions
    - Cost of NCA:
    - Cost model.
    - Disposal of NCA
    - Exchange of NCA.
    - Revaluation model.
    - Different movements in Revaluation.
    - Excess depreciation.
    - Disposal of Revalued Assets.
  - IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.
    - Scope and definitions:
    - Government grants and assistance:
    - Revenue grant:
    - Treated as income
    - Deducted from respective expense
    - Capital grants:
    - Treated as deferred income and deducted from non-current assets IAS 23 Borrowing Costs
  - IAS 40 Investment Properties.
    - Scope and definitions:
    - Investment properties.
    - Transfer from IAS 16 to IAS 40
- 7. Intangible non-current assets**
- IAS 38 Intangible Assets.
    - Internally and externally generated intangibles.
    - Infinite and indefinite intangible
    - SIC 32: Intangible assets – Website costs
  - Research & Development Cost
  - IFRS 3 Business Combinations
    - Describe the concept of a group as a single economic unit
    - Define subsidiary, parent and control by identifying simple examples
    - Describe situations when control is presumed to exist
    - Identify and describe the circumstances in which an entity is required to prepare and present consolidated financial statements
    - Prepare and present simple consolidated statements of financial position and simple
- consolidated statement of comprehensive income involving a single subsidiary
- 8. Impairment of Assets**
- IAS 36 Impairment of Assets
  - Cash Generating Units
  - Goodwill and the Impairment of Assets
  - Accounting treatment of an Impairment Loss.
  - Reversal of impairment losses.
- 9. Leases**
- Characteristics of Leases
  - IFRS 16 Lease
  - Operating leases
  - Finance leases
- 10. Statements of Cash Flows**
- IAS 7 Statement of Cash Flow
  - Preparing a Statement of Cash Flow
  - Interpretation of Statements of Cash Flows
- 11. IAS 2 Inventories**
- Definitions
  - Measurement of Inventories
  - Inventory Valuation Method
  - Net Realizable Value
  - Recognition as an Expense
  - Disclosures
- 12. Share based Transactions and Financial instruments**
- Definitions
  - Types of Transaction
  - Equity-Settled Share-Based Payment Transactions Disclosures.
  - Financial Assets and Financial Liabilities:
    - Scope and definitions of financial assets and financial liabilities:
    - Financial liabilities (Short term, long term, Convertible loan notes)
    - Indicate for the following categories of financial instruments how they should be measured and how any gains and losses from subsequent measurement should be treated in the financial statements:
      - i. Amortized cost
      - ii. Fair value through other comprehensive income (including where an irrevocable election has been made for equity instruments that are not held for trading)
      - iii. Fair value through profit or loss
- PART - C**  
**ACCOUNTING FOR TAXATION**
- 13. IAS 12 Income taxes**
- Current Tax
  - Deferred Tax
  - Taxation in Company Accounts
  - Presentation and Disclosure of Taxation
  - SIC-25 Income Taxes—Changes in the Tax Status of an Entity or its Shareholders