

Course Title

Advanced Financial Reporting (AFR)

Knowledge Pillar	Level	Course Title	Course Code	Total Marks
Financial Accounting & Corporate Reporting [FACR]	Advanced Level I	Advanced Financial Reporting (AFR)	FR342	100

Syllabus Structure

The syllabus comprises the following main topics with the relative study weightings:

Segment	Segment Title	Weight
A	Financial reporting regulations and ethics	10%
B	Group financial statements	45%
C	Other financial reporting standards	25%
D	Financial statements analysis and interpretation	10%
E	Integrated reporting	10%

Course Description

Advanced Financial Reporting is the third course of the three courses designed for the Financial Accounting and Corporate Reporting (FACR) pillar. Primarily focus of the course is the preparation and reporting of financial statements in a group scenario for varied entities accommodating ethical codes for a professional accountant and the relevant accounting standards. This course also covers investments in joint arrangements, translating financial statements, financial instruments, issues related to employee benefits and payments, fair value measures, operating segments and interim reporting and the concept of integrated reporting. Learners will also be exposed to the analysis and interpretation of financial statements to evaluate business performance. Contents of this course are subject to a high level of ambiguity, complexity and uncertainty.

Course Objectives

This course aims to enable candidates in applying technical knowledge, analytical techniques and professional skills to resolve financial reporting issues that arise in the context of the preparation and evaluation of corporate reports. It is expected that the learners of the course will use technical knowledge and professional judgment in identifying, explaining and evaluating alternatives in a global context. The commercial context and impact of recommendations and ethical issues will also need to be considered in making such judgments. With the successful completion of this module, candidates will be able to account for complex transactions and issues for single entities and group scenarios in a variety of industries.

Course Learning Outcomes

On successful completion of this paper, the aspiring professional accountants shall be able to:

1. apply professional judgments in ethical dilemmas;
2. build arguments for the financial reporting framework and accounting regulations;
3. practice accounting in compliance with the relevant standards and regulations;

4. report the financial status of a range of entities;
5. prepare the financial statements of a group of entities;
6. interpret financial statements for different stakeholders; and
7. understand the significance of going beyond traditional reporting practices.

DETAILED CONTENTS

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
A. Financial reporting regulations and ethics (10 Marks)	A1. Regulating accounting and financial reporting	U, AP	<ul style="list-style-type: none"> • Need for regulation of published accounts; • Varying regulatory regimes over countries; • Potential elements in a national regulatory framework for published accounts; • Role and structure of the IASB; • IASB's Framework for the Financial Statements; • Promulgation of an IFRS; • IFRSs and local regulatory frameworks; • External audit/auditor; • Audit reports; • measurement principles and bases in corporate reporting. 	<p>Upon successful completion, students shall be able to:</p> <ol style="list-style-type: none"> 1. describe the role of different regulatory agencies on financial reporting; 2. explain the need for an external audit; 3. illustrate the impact of measurement base on corporate reporting. 	50%
	A2. Code of Ethics for Professional Accountants	R, AP	<ul style="list-style-type: none"> • Ethical principles in reporting and assessing information; • Sources of ethical codes for those involved in the reporting or taxation affairs of an organization, including the external auditors; • Code of Ethics for Professional Accountants ; • Requirements for consolidated financial statements. 	<ol style="list-style-type: none"> 4. demonstrate the ethical practice in evaluating situations with an ethical dilemma; 5. outline the requirements for financial reporting in a group scenario. 	50%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
B. Group Financial Statements (45 Marks)	B1. Investment in subsidiaries	U, AP, AN	<ul style="list-style-type: none"> • Introduction of a group; • Conditions to be a subsidiary or an associate of another company; • Concept of control and consolidated financial statements; • Underlying provisions of IAS 1, IAS 27, IFRS 3, IFRS 10; • pre-acquisition and post-acquisition reserves; • Intragroup transactions; • Groups with two or more subsidiaries with direct and indirect control; • Partial disposal (Subsidiary status remains after disposal, the subsidiary becomes an associate, subsidiary becomes a general investment); • Consolidated statements. 	6. identify the circumstances that require consolidated financial statements; 7. discuss the parent-subsidiary relationship; 8. analyze and account for intra-group transactions; 9. prepare consolidated financial statements.	60%
	B2. Investment in other forms	AP, E	<ul style="list-style-type: none"> • Investment in associates; • Concept of significant influence; • Underlying provisions of IAS 28, IFRS 11, IFRS 12; • Investment in a joint arrangement; • Concept of joint control; • Accounting for joint operations; • Accounting for joint ventures-equity method. 	10. contrast different forms of investments; 11. account investments under the equity method.	20%
	B3. Other issues for group accounts	U, AP	<ul style="list-style-type: none"> • Underlying provisions of IAS 21, IAS 24, IAS 33; • Translating financial statements; • Additional disclosure issues related to the group accounts; • Disclosure requirements for transactions between related parties; • Group earnings per share. 	12. describe the need for translating financial statements; 13. identify disclosures required for related parties and EPS; 14. compute EPS in a single entity and group scenario.	20%
C. Other Financial reporting standards (25 Marks)	C1. Fair Value Measurement	U, AP, E	<ul style="list-style-type: none"> • Underlying provisions of IFRS 13; • Definitions of 'fair value' measurement and 'active market'; • 'Fair value hierarchy'; • Principles of highest and best use, most advantageous and principal market; 	15. evaluate and select appropriate valuation technique under different contexts.	20%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
			<ul style="list-style-type: none"> • Circumstances where an entity may use a valuation technique. 		
	C2. Financial Instruments	U, AP	<ul style="list-style-type: none"> • Underlying provisions of IAS 32, IAS 39, IFRS 7, IFRS 9; • Initial recognition and measurement; • Subsequent measurement; • Derecognition; • Reclassification of financial assets; • Derivative financial instruments and simple embedded derivatives; • Impairment; • Credit risk credit-impaired financial assets. 	16. illustrate the requirements to account for financial instruments.	20%
	C3. Employee benefits and payments	U, AP	<ul style="list-style-type: none"> • Underlying provisions of IAS 19, IAS 26, IFRS 2; • Types of Employee Benefit; • Post-Employment Benefit Plans; • Asset Ceiling Disclosures; • Other Employee Benefits; • Share-based payments; • Types of Transaction; • Equity-Settled Share-Based Payment Transactions; • Cash-Settled Share-based Payment Transactions; • Disclosures; • Modifications, Cancellations and Settlements; • Recent Developments. 	17. explain different forms of employee benefits; 18. account share-based payments as per IFRS 2.	20%
	C4. Operating segments and interim reporting	U, AP	<ul style="list-style-type: none"> • Underlying provisions of IAS 34, IFRS 8; • Form and content of interim financial statements; • Significant events and transactions; 	19. describe how to account for operating segments; 20. identify the forms and components of an interim report.	20%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
D. Financial Statements analysis and interpretation (10 Marks)			<ul style="list-style-type: none"> • Identification of operating segments and reportable segments; • Recognition, measurement and reconciliations; • Disclosures. 		
	C5. Other standards	R, U	<ul style="list-style-type: none"> • Scope, recognition, measurement, presentation and disclosure provisions of IAS 20, IAS 29, IAS 40, IAS 41, IFRS 1, IFRS 4, IFRS 6, IFRS 14; • First-time Adoption of International Financial Reporting Standards; • Investment Property; • Financial Reporting in Hyperinflationary Economies; • Insurance Contracts; • Accounting regulations for SMEs. 	21. recognize whether an entity qualifies as a first-time adopter of IFRS; 22. understanding of accounting treatment for an investment property, of insurance contracts and in a hyperinflationary economy.	20%
	D1. Analysis	U, AP, AN	<ul style="list-style-type: none"> • Status over time and across industries; • Profitability ratio; • Liquidity ratio; • Asset management/ efficiency ratio; • Debt management or gearing; • Du Pont analysis; 	23. describe the relationship of different elements of the financial statements; 24. compute accounting ratios to evaluate a business status.	40%
	D2. Interpretation	AN, E, C, D	<ul style="list-style-type: none"> • evaluate performance and position; • segmental analysis with interfirm and international comparisons taking account of possible aggressive or unusual accounting policies and pressures on ethical behavior; • discuss the results of the advantages and limitations of the analysis of financial statements. 	25. evaluate entities financial status; 26. formulate a plan for the strategic course of actions.	60%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
E. Integrated reporting (10 Marks)	E1. <IR> Framework	U, C	<ul style="list-style-type: none"> Context of integrated reporting; Role of IIRC; Integrated thinking; International <IR> Framework; Environmental, social and ethical factors on performance measurement. 	27. argue for the need for a broader form of reporting.	60%
	E2. Six Capitals	U	<ul style="list-style-type: none"> Define six capitals; Explain six capitals; Measurement and disclosure issues of financial capital, manufactured capital, intellectual capital, human capital, social and relational capital and natural capital. 	28. describe different capitals of an integrated report framed by IIRC.	40%

Here, R = Remembering; U = Understanding; AP = Applying; AN = Analyzing; E = Evaluating; C = Creating; D = Decision making; are the seven levels of learning developed based on the Bloom's Taxonomy.

Recommended Books and Learning Materials

Primary Textbook

1. ICMAB. (2021). ICMAB Learning Manual for Advanced Financial Reporting.

Recommended Textbook (Latest Edition)

1. Kieso, D. E., Weygandt, J. J. & Warfield, T.D. (2020). *Intermediate accounting: IFRS edition*. (4th ed.). John Wiley & Sons, Inc.
2. Tan, P., & Lee, P. (2009). *Advanced financial accounting: An IAS and IFRS approach*. (Updated ed.). McGraw-Hill Education
3. Tan, P., Lim, C. Y. & Kuah, E. W. (2020). *Advanced financial accounting*. (4th ed.). McGraw-Hill Education.

Reference Books/Other Learning Materials (Latest Edition)

1. Larsen, E. J. (2006). *Modern advanced accounting*. (10th ed.). Richard D. Irwin, Inc.
2. Baker, R., Christensen, C. & Cottrell, D. (2011). *Advanced financial accounting*. (9th ed.). McGraw-Hill Education.
3. International Federation of Accountants. (2020). *Handbook of the international code of ethics for professional accountants*.
4. International Integrated Reporting Council. (2021). *The international framework*.

AFR Course Mapping

PrOs	POs	POs	CLOs	CLOs	TLOs
PrO1	5	PO1	2	CLO1	2, 4, 27, 28
PrO2	1, 4	PO2	1	CLO2	1, 3, 5, 23, 26, 27
PrO3	2	PO3	4	CLO3	6, 9, 11, 13, 14, 15, 16, 18, 19, 20, 21, 22
PrO4	-	PO4	3	CLO4	7, 10, 11, 14, 15, 16, 17, 19, 20, 21, 22
PrO5	3, 5	PO5	4, 5	CLO5	5, 6, 7, 8, 9, 12, 14
PrO6	6	PO6	6	CLO6	23, 24, 25, 26
PrO7	6, 7	PO7	1, 7	CLO7	3, 4, 26, 27, 28

Here, PrOs = Program Objectives; POs = Pillar Objectives; CLOs = Course Learning Outcomes; TLOs = Topic Learning Outcomes.

AFR Content Mapping

