

## Diploma in International Financial Reporting Standards. Syllabus December 21 – December 22

### Intellectual levels

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension

Level 2: Application and analysis

Level 3: Synthesis and evaluation and formulating professional judgements

### SYLLABUS

The aim of the syllabus is to develop knowledge and skills in understanding and applying accounting standards and the theoretical framework in the preparation of financial statements of entities, including groups.

The syllabus is organized into main subject area headings which are further broken down to provide greater detail on each area.

No	Subject	Hours		
		With tutor	Self-studying	Total
<b>1</b>	<b>The conceptual and regulatory framework for financial reporting</b>			
1	The need for a conceptual framework and the characteristics of useful information	4	6	10
2	Recognition and measurement	4	6	10
3	Regulatory framework	4	6	10
<b>2</b>	<b>Accounting for transactions in financial statements</b>			
1	Tangible non-current assets	2	3	5
2	Intangible assets	2	3	5
3	Impairment of assets	4	6	10
4	Financial instruments	4	6	10
5	Leasing	2	3	5
6	Provisions and events after the reporting period	4	6	10

7	Taxation	4	6	10
8	Revenue	6	9	15
9	Government grants	2	3	5
10	Foreign currency transactions	6	9	15
<b>3</b>	<b>Preparation of financial statements</b>			
1	Preparation of single entity financial statements	6	9	15
2	Preparation of consolidated financial statements including an associate	6	9	15
	<b>Total</b>	<b>60</b>	<b>90</b>	<b>150</b>

### Detailed syllabus:

#### 1. The conceptual and regulatory framework for financial reporting

##### *The need for a conceptual framework and the characteristics of useful information*

- Describe what is meant by a conceptual framework for financial reporting
- Discuss whether a conceptual framework is necessary and what an alternative system might be
- Discuss what is meant by relevance and faithful representation and describe the qualities that enhance these characteristics
- Discuss what is meant by understandability and verifiability in relation to the provision of financial information

##### *Recognition and measurement*

- Define what is meant by 'recognition' in financial statements and discuss the recognition criteria.
- Apply the recognition criteria to:
  - assets and liabilities.
  - income and expenses.
- Explain and compute amounts using the following measures :
  - historical cost
  - current cost
  - value in use
  - fair value

##### *Regulatory framework*

- Explain why a regulatory framework is needed including the advantages and disadvantages of IFRS over a national regulatory framework
- Explain why accounting standards on their own are not a complete regulatory framework
- Describe the IASB's Standard setting process including revisions to and interpretations of Standards

## 2. Accounting for transactions in financial statements

### ***Tangible non-current assets***

- Define and compute the initial measurement of a non-current asset (including borrowing costs and an asset that has been self-constructed)
- Identify subsequent expenditure that may be capitalised, distinguishing between capital and revenue items
- Discuss the requirements of relevant accounting standards in relation to the revaluation of non-current assets
- Account for revaluation and disposal gains and losses for non-current assets
- Compute depreciation based on the cost and revaluation models and on assets that have two or more significant parts (complex assets)
- Discuss why the treatment of investment properties should differ from other properties
- Apply the requirements of relevant accounting standards to an investment property.

### ***Intangible assets***

- Discuss the nature and accounting treatment of internally generated and purchased intangibles
- Distinguish between goodwill and other intangible assets
- Describe the criteria for the initial recognition and measurement of intangible assets
- Describe the subsequent accounting treatment, including the principle of impairment tests in relation to goodwill
- Indicate why the value of purchase consideration for an investment may be less than the value of the acquired identifiable net assets and how the difference should be accounted for
- Describe and apply the requirements of relevant accounting standards to research and development expenditure

### ***Impairment of assets***

- Define, calculate and account for an impairment loss
- Account for the reversal of an impairment loss on an individual asset
- Identify the circumstances that may indicate impairments to assets
- Describe what is meant by a cash generating unit
- State the basis on which impairment losses should be allocated, and allocate an impairment loss to the assets of a cash generating unit

### ***Financial instruments***

- Explain the need for an accounting standard on financial instruments
- Define financial instruments in terms of financial assets and financial liabilities
- Explain and account for the factoring of receivables
- 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:
  - amortised cost
  - fair value through other comprehensive income ( including where an irrevocable election has been made for equity instruments that are not held for trading)
  - fair value through profit or loss

### ***Leasing***

- Account for right of use assets and lease liabilities in the records of the lessee
- Explain the exemption from the recognition criteria for leases in the records of the lessee
- Account for sale and leaseback agreements

### ***Provisions and events after the reporting period***

- Explain why an accounting standard on provisions is necessary
- Distinguish between legal and constructive obligations
- State when provisions may and may not be made and demonstrate how they should be accounted for
- Explain how provisions should be measured
- Define contingent assets and liabilities and describe their accounting treatment and required disclosures
- Identify and account for:
  - warranties/guarantees
  - onerous contracts
  - environmental and similar provisions
  - provisions for future repairs or refurbishments.
- Events after the reporting period
- Distinguish between and account for adjusting and non- adjusting events after the reporting period
- Identify items requiring separate disclosure, including their accounting treatment and required disclosures

### ***Taxation***

- Account for current taxation in accordance with relevant accounting standards
- Explain the effect of taxable temporary differences on accounting and taxable profits
- Compute and record deferred tax amounts in the financial statements

### ***Revenue***

- Explain and apply the principles of recognition of revenue:
  - Identification of contracts
  - Identification of performance obligations
  - Determination of transaction price
  - Allocation of the price to performance obligations
  - Recognition of revenue when/as performance obligations are satisfied.
- Explain and apply the criteria for recognising revenue generated from contracts where performance obligations are satisfied over time or at a point in time
- Describe the acceptable methods for measuring progress towards complete satisfaction of a performance obligation
- Explain and apply the criteria for the recognition of contract costs
- Apply the principles of recognition of revenue, and specifically account for the following types of transaction:
  - principal versus agent
  - repurchase agreements

- bill and hold arrangements
- consignments
- Prepare financial statement extracts for contracts where performance obligations are satisfied over time

### ***Government grants***

- Apply the provisions of relevant accounting standards in relation to accounting for government grants

### ***Foreign currency transactions***

- Explain the difference between functional and presentation currency and explain why adjustments for foreign currency transactions are necessary
- Account for the translation of foreign currency transactions and monetary/non-monetary foreign currency items at the reporting date.

## **3. Preparation of financial statements**

### ***Preparation of single entity financial statements***

- Prepare an entity's statement of financial position and statement of profit or loss and other comprehensive income in accordance with the structure and content prescribed within IFRS and with accounting treatments as identified within syllabus areas A, B and C
- Prepare and explain the contents and purpose of the statement of changes in equity
- Prepare a statement of cash flows for a single entity (not a group) in accordance with relevant accounting standards using the indirect method

### ***Preparation of consolidated financial statements including an associate***

- Prepare a consolidated statement of financial position for a simple group (parent and one subsidiary and associate) dealing with pre and post acquisition profits, non-controlling interests and consolidated goodwill
- Prepare a consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for a simple group dealing with an acquisition in the period and non-controlling interest
- Explain and account for other reserves (e.g. share premium and revaluation surplus)
- Account for the effects in the financial statements of intra-group trading
- Account for the effects of fair value adjustments (including their effect on consolidated goodwill)
- Account for goodwill impairment
- Describe and apply the required accounting treatment of consolidated goodwill
- Explain and illustrate the effect of the disposal of a parent's investment in a subsidiary in the parent's individual financial statements and/or those of the group (restricted to disposals of the parent's entire investment in the subsidiary)

## **IFRS to learn**

IAS 1 Presentation of Financial Statements

IAS 7 Statement of Cash Flows

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS 10 Events after the Reporting Period

IAS 12 Income Taxes

IAS 16 Property, Plant and Equipment

IAS 19 Employee Benefits

IAS 21 The Effects of Changes in Foreign Exchange Rates

IAS 24 Related Party Disclosures

IAS 32 Financial Instruments: Presentation

IAS 33 Earnings Per Share

IAS 36 Impairment of Assets

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

IAS 38 Intangible Assets

IAS 40 Investment Property

IFRS 1 First-time Adoption of International Financial Reporting Standards

---

IFRS 3 Business Combinations

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

IFRS 7 Financial Instruments: Disclosures

IFRS 8 Operating Segments

IFRS 9 Financial Instruments

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IFRS 15 Revenue from contracts with customers

IFRS 16 Leases