

## S1 - ADVANCED FINANCIAL ACCOUNTING & SUSTAINABILITY REPORTING (Strategic Level-1)

### 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:

- Understand the principle of substance over form applied to a range of transactions;
- Comprehend the accounting treatment of financial instruments;

- Understand Employee benefits and Share--based payments;
- Elucidate Asset valuation and Changing prices;
- Prepare the full consolidated statements of a single company and the consolidated statements of financial position and comprehensive income for a group;
- Apply the concept of a joint venture and its accounting treatment
- Learn foreign currency translation principles,
- Realize pressures for extending the scope and quality of external reports to include prospective and non-financial matters, and narrative reporting generally;
- Learn how information concerning the interaction of a business with society and the natural environment can be communicated in the published accounts;
- Comprehend social and environmental issues which are likely to be most important to stakeholders in an organization;
- Learn about preparation and presentations of financial statements of specialized companies

### SYLLABUS CONTENTS



### PART - A MATTERS RELATED TO RECOGNITION AND MEASUREMENT

#### 1. Substance over form

- Reporting the Substance of Transactions
- Examples Where Substance and Form may Differ

#### 2. Financial instruments (IAS 32, IFRS 7 & IFRS 9)

- Definitions
- Classification of Financial Instruments
- Recognition and Measurement of Financial Assets
- Recognition and Measurement of financial Liabilities

- De-recognition of Financial Instruments
- Derivatives
- Hedge Accounting
- Disclosure of Financial Instruments
- Disclosures
- Hybrid Instrument
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

#### 3. Employee benefits (IAS 19)

- Types of Employee Benefit
- Post-Employment Benefit Plans
- Accounting for Post-Employment Benefit Plans

- The Asset Ceiling Disclosures
  - Other Employee Benefits
  - IFRIC 14 IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- 4. Share-based payments (IFRS 2)**
- Types of Transaction
  - Equity-Settled Share-Based Payment Transactions
  - Cash-Settled Share-based Payment Transactions
  - Modifications, Cancellations and Settlements
  - Recent Developments
  - Disclosures
- 5. Asset valuation and Changing prices**
- Definitions
  - Impairment of Financial Assets
  - Accounting Treatment
- 6. Earnings per share (IAS 33)**
- The Scope of IAS 33
  - Diluted Earnings per Share (DEPS)
  - The Importance of EPS
- 7. Other Financial Reporting standards**
- IFRS 6 Exploration for and evaluation of Mineral Resources
  - IFRS 14: Regulatory Deferral Accounts
  - IAS 26: Accounting and Reporting by Retirement Benefit Plans
  - IAS 29: Financial Reporting in Hyperinflationary Economies with IFRIC 7 - Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
  - IAS 34 Interim Financial Reporting with IFRIC 10: Interim Financial Reporting and Impairment
- 10. Consolidated statement of comprehensive income**
- Principles of the Consolidated Statement of Comprehensive Income
  - Format of Consolidated Statement of Comprehensive Income
  - Intra-Company Trading
  - Other Consolidated Income Statement Adjustments Mid-Year Acquisitions
  - Preparation of Consolidated Statement of Comprehensive Income
- 11. IAS 27, IFRS 10, IFRS 3 (Revised), IFRS 13**
- Definitions
  - Separate Financial Statements
  - Preparation of Consolidated Financial Statements Treatment of Goodwill
  - The basis of a Fair Value Measurement
  - Fair Value Hierarchy
  - Specific Application Principles Disclosures
- 12. Effect of non-controlling interests**
- Effects of Non-Controlling Interest on:
    - On Statement of financial position
    - Intra-group trading
    - Intra-group sales of non-current assets
    - Fair Values
- 13. Acquisition of a Subsidiary during its accounting period**
- Step Acquisitions
  - Disposal Scenarios
  - Investing Entity's Accounts
  - Group Accounts
  - Group Accounts - Entire Disposal
  - Group Accounts Disposal - Subsidiary to Associate
  - Disposal where Control is not Lost (Increase in NCI) Subsidiaries Acquired Exclusively with a View to Subsequent Disposals
  - Further Purchase by Group after Control Obtained (Decrease in NCI)

**PART - B  
 GROUP FINANCIAL STATEMENTS**

- 8. Introduction to group accounting**
- Concept of Group Accounts
  - Definitions
  - Exemption from Preparation of Group Financial Statements
  - Non-Coterminous Year Ends
- 9. Consolidated statement of financial position**
- Principles of the Consolidated Statement of Financial Position
  - Pre- and Post-Acquisition Profits
  - Non-Controlling Interest
  - Fair Values
  - Fair Value of Net Assets Acquired Intra-Group Trading
  - Unrealized Profit
  - Mid-Year Acquisitions

- 14. Consolidated Statement of changes in Equity**
- Format of Consolidated Statement of Changes in Equity
  - Preparation of Consolidated Statement of Changes in Equity
- 15. Associates and Joint ventures**
- IAS 28 Investments in Associates and Joint Ventures
  - IFRS 11 Joint Arrangements
  - IFRS 12 Disclosure of Interests in Other Entities

**PART - C  
 COMPLEX GROUP TOPICS**

- 16. Changes in group structures**
- Business Combination achieved in Stages
  - Changes in direct ownership

**17. Complex group structures**

- Complex group
- Consolidating sub-subsidiaries
- Direct holding in sub-subsidiaries
- Indirect associates

**18. Foreign currency**

- Foreign Currency translation
- IAS 21: Individual company stage
- IAS 21: Consolidated financial statements stage
- IFRIC 22- Foreign Currency Transactions and Advance Consideration

**19. Group statements of cash flows**

- IAS 7 Statement of Cash Flows of Single Company
- Consolidated Statements of Cash Flows
- Foreign Exchange and Statement of Cash Flow

**PART - D  
FINANCIAL STATEMENTS OF SPECIALIZED COMPANIES**

**20. Preparation and presentation of financial statements of specialized companies**

- Small and medium-sized entities

**PART - F  
SUSTAINABILITY REPORTING  
INTRODUCTION TO SUSTAINABILITY REPORTING**

**21. Key Concepts:**

- Definition of sustainability (Brundtland concept)
- ESG framework components
- Financial vs. impact materiality
- Double materiality perspective

**22. Reporting Frameworks & Standards**

**Key Standards Covered:**

- IFRS S1: General sustainability disclosure requirements
- IFRS S2: Climate-specific disclosures
- IFRS S1/S2: 2025 implementation guidelines.
- GRI Standards: Comprehensive sustainability reporting
- SASB Standards: Industry-specific material topics

- TCFD Recommendations: Climate-related financial disclosures

**23. Core Reporting Components**

**Governance:**

- Board oversight of sustainability
- Policies and management systems

**Strategy:**

- Business model alignment
- Risk and opportunity assessment

**Metrics & Targets:**

- Environmental (GHG, water, waste)
- Social (diversity, labor practices)
- Governance (ethics, anti-corruption)

**24. Climate-Related Disclosures**

- Climate risk governance
- Scenario analysis applications
- GHG emissions measurement (Scope 1-3)
- Transition planning
- Carbon footprint analytics

**25. Implementation Approach**

- Materiality assessment process
- Data collection and validation
- Regulatory compliance requirements
- Digital reporting solutions
- Banks
- Insurance companies ((including IFRS 4 Insurance Contracts)

**26. International Public Sector Accounting Standards (IPSASs)**

- IPSAS 1 Presentation of Financial Statements
- IPSAS Financial Reporting under the Cash Basis of Accounting

**27. Advancement in Non-Financial Reporting**

- Management Commentary
- Introduction and scope of Climate Reporting
- Climate Reporting Frameworks:
- Climate related risk and opportunities
- Climate reporting standards
- Climate related disclosure in the Financial Statements
- Sustainability
- Social Responsibility
- Human Resource Accounting