



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

MICPA Conversion Programme

Module Outline

Financial Accounting 2

FINANCIAL ACCOUNTING 2

AIM

To ensure that students are able to:

1. Apply appropriate accounting principles to account for revenue, changes in accounting policies, estimates and correction of errors
2. Apply appropriate accounting principles to account for share capital and debentures
3. Apply appropriate accounting principles to account for property, plant and equipment
4. Apply appropriate accounting principles to account for current assets
5. Apply appropriate accounting principles to account for investments
6. Apply appropriate accounting principles to account for current assets and current liabilities
7. Apply appropriate accounting principles to account for financial instruments
8. Prepare the Statement of Cash Flows according to the requirements of MFRS108

INTRODUCTION

This course builds on accounting principles that was developed in Financial Accounting 1. Students will be introduced to the requirements of financial reporting, particularly, International Financial Reporting Standards (IFRS) and Malaysian Financial Reporting Standards (MFRS) in Malaysia.

This course emphasises on financial reporting for companies. Students are required to prepare financial statements and related disclosures in accordance with the approved accounting standards in Malaysia.

EXAMINATION FORMAT

A 3-hour written paper comprising 5 – 6 compulsory questions

SYLLABUS WEIGHTING

| SYLLABUS CONTENT AREA | WEIGHTING |
|---|-----------|
| Accounting Policies, Changes in Accounting Estimates and Errors (MFRS 108) | 15% |
| Revenue (MFRS 118) Construction Contracts (MFRS 111) | 20% |
| Leases (MFRS 117) Borrowing Costs (MFRS 123) | 15% |
| Property, Plant and Equipment (MFRS 116) Intangible Assets (MFRS 138) Investment Property (MFRS 140) Impairment of Assets (MFRS 136) | 20% |

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| Provisions, Contingent Liabilities and Contingent Assets (MFRS 137) Income Taxes (MFRS 112) | 15% |
| The Effects of Changes in Foreign Exchange Rates (MFRS 121) Financial Instruments: Recognition and Measurement (MFRS 139) | 15% |
| Total | 100% |

SYLLABUS CONTENT

| NO | TOPIC |
|----|--|
| 1. | Accounting Policies, Changes in Accounting Estimates and Errors (MFRS 108) <ul style="list-style-type: none"> a) Applicable standard and scope b) Accounting policy and accounting estimate c) Selection and application of accounting policies d) Changes in accounting policies e) Changes in accounting estimates f) Prior period errors g) Impracticability in respect of retrospective application and retrospective restatement |
| 2. | Revenue (MFRS 118) <ul style="list-style-type: none"> a) Applicable standard and scope b) What is revenue? c) Measurement of revenue d) Identification of transactions e) Sale of goods f) Rendering of services g) Customer loyalty programs h) Interest, royalties and dividends i) Disclosure |
| 3. | Construction Contracts (MFRS 111) <ul style="list-style-type: none"> a) Applicable standard and scope b) Combining and segmenting construction contracts c) What Are contract revenue? d) What Are contract costs? e) Recognition of contract revenue and expenses f) Recognition of expected losses g) Changes in estimates |

| NO | TOPIC |
|----|---|
| | h) Disclosure |
| 4. | Leases (MFRS 117) <ul style="list-style-type: none"> a) Applicable standard and scope b) Classification of leases c) Classification of leases of land and of buildings d) Leases in the Financial Statements of Lessees e) Leases in the Financial Statements of Lessors f) Sale and leaseback transactions |
| 5. | Borrowing Costs (MFRS 123) <ul style="list-style-type: none"> a) Applicable standard and scope b) Transitional arrangement c) Recognition d) Borrowing costs eligible for capitalisation e) Commencement of capitalisation f) Suspension of capitalisation g) Cessation of capitalisation h) Excess of carrying amount i) Disclosure |
| 6. | Property, Plant and Equipment (MFRS 116) <ul style="list-style-type: none"> a) Meaning of property, plant and equipment b) Applicable standard and scope c) Recognition d) Measurement at recognition e) Measurement after recognition f) Depreciation g) Impairment h) Derecognition i) Disclosure |
| 7. | Intangible Assets <ul style="list-style-type: none"> a) Applicable standard and scope b) Meaning of intangible asset c) Recognition and measurement d) Recognition of internally generated intangible assets e) Recognition of an expense f) Measurement after recognition g) Useful life |

| NO | TOPIC |
|-----|--|
| | <ul style="list-style-type: none"> h) Intangible asset with finite useful life i) Intangible asset with indefinite useful life j) Impairment loss k) Retirement and disposal l) Disclosure |
| 8. | <p>Investment Property (MFRS 140)</p> <ul style="list-style-type: none"> a) Applicable standard and scope b) Property classified as investment property c) Recognition d) Measurement at recognition e) Measurement after recognition f) Transfers g) Derecognition h) Disclosure |
| 9. | <p>Impairment of Assets (MFRS 136)</p> <ul style="list-style-type: none"> a) Applicable Standard and Scope b) General Approach in Assessing Impairment c) Identifying Any Indication of Impairment d) Measuring Recoverable Amount e) Recognising an Impairment Loss f) Cash-generating Units g) Reversing an Impairment Loss h) Disclosure |
| 10. | <p>Provisions, Contingent Liabilities and Contingent Assets (MFRS 137)</p> <ul style="list-style-type: none"> a) Applicable standard and scope b) Provisions and other liabilities c) Recognition of provisions d) Contingent liabilities e) Contingent assets f) Measurement g) Reimbursements h) Changes in provisions i) Use of provisions j) Application of the recognition and measurement rules k) Disclosure |

| NO | TOPIC |
|-----|---|
| 11. | Income Taxes (MFRS 112) <ul style="list-style-type: none"> a) Applicable standard and scope b) Recognition and measurement of current tax assets and liabilities c) Balance sheet liability method and tax base d) Temporary differences e) Recognition of deferred tax liabilities f) Recognition of deferred tax assets g) Measurement of deferred tax h) Recognition of current and deferred tax i) Presentation j) Disclosure |
| 12. | The Effects of Changes in Foreign Exchange Rates (MFRS 121) <ul style="list-style-type: none"> a) Applicable standard and scope b) Summary of the approach required by MFRS 121 c) Determining functional currency d) Translating foreign currency transactions e) Use of a presentation currency other than the functional currency f) Tax effects of all exchange differences g) Disclosure |
| 13. | Financial Instruments: Recognition and Measurement (MFRS 139) <ul style="list-style-type: none"> a) Applicable standard and scope b) Meaning of financial instruments c) Initial Recognition of financial assets and financial liabilities d) Initial measurement of financial assets and financial liabilities e) Compound financial instruments and embedded derivatives |

RECOMMENDED REFERENCE TEXTS

| AUTHOR | TITLE | PUBLISHER |
|-----------------------------------|---|-------------|
| Lazar, J. and Huang, C.C. (2012). | Financial Reporting Standards for Malaysia, Revised Third Edition | McGraw-Hill |

OTHER REFERENCES

Financial Reporting Standards (MFRS) issued by MASB; available at www.masb.org.my

Last updated: May 2015