

**EXAMINATION INFORMATION GUIDE**  
**FINANCIAL REPORTING**

**Structure of examination paper**

The syllabus will be assessed in a 3 hours paper plus a 15 minutes reading time. The questions will be in two sections as follows:

**Section A:**

Section A will be a compulsory 40 marks scenario-based/case study question taken from section C of the syllabus which is preparation and presentation of general purpose financial statements and section E, analyses and interpretation of financial statements, and limitations of analyses and interpretation of financial statements.

**Section B:**

Section B will be five (5) questions of 20 marks each, out of which candidates will be required to attempt three (3) questions. The five (5) questions will be from sections A (Conceptual and regulatory framework for financial reporting), B (Accounting standard and policies relating to specific transactions in financial statements), D (Preparing and presenting financial statements of simple group, i.e. parent, one subsidiary and an associate, and F (Ethics and current development in financial reporting) of the syllabus, based on the weight attached to each section in the syllabus.

**Detailed contents of the syllabus**

**A Conceptual and regulatory framework for financial reporting**

**1) Conceptual framework**

- (a) Describe what is meant by conceptual framework and need for it.
- (b) Qualitative and quantitative characteristics and limitation of financial statements.
- (c) Discussion of underlying assumptions in preparing financial statement.
- (d) Users of financial statements and their information needs
- (e) Components of financial statement
- (f) Concept of capital maintenance
- (g) Differences between principle-based and rule-based financial reporting framework.
- (h) Concepts of accrual, cash and breakup basis of accounting

**2) Regulatory Framework**

- (a) Legal, regulations and accounting standards required from preparation of financial statements.
- (b) Discussion of relevant provisions of the law CAMA, Cap C20 LFN 2004, procurement of the following bodies (CBN, NDIC, FRCN, NAICOM, NSE PENCOR etc).
- (c) Standard setting process for International Bodies and national standards settles.

- (d) Process of adopting IFRS and Local standards
- (e) Peculiar nature of IFRS, national standards and IPSAS

**B. Accounting standard and policies relating to specific transactions in financial statements.**

- (1) Tangible non-current assets.**
  - (a) Accounting for tangible non-current assets in accordance with IAS 16, IAS 23, IAS 40 and IFRS 5.
- (2) Intangible non-current assets**
  - (a) Accounting for intangible non-current assets in accordance with IAS 38
- (3) Impairment of tangible and non-tangible assets**
  - (a) In accordance with the provisions of IAS 36.
- (4) Fair value measurement of financial assets and liability**
  - (a) Differentiate between debt and equity financial instruments.
  - (b) Accounting for measurement of assets, liabilities, using IFRS 9 and IFRS 13.
- (5) Inventories and accounting for revenue from contract with customers**
  - (a) Accounting for inventories, (IAS 2) accounting for revenue from contract with customers (IFRS 15).
- (6) Provision, contingent liabilities and assets and events after reporting period**
  - (a) Accounting for provisions, contingent liabilities contingent assets and events after reporting period in accordance with IAS 10 and IAS 37.
- (7) Income Tax**
  - (a) Accounting for current and deferred taxes in accordance IAS 12.
- (8) Earnings Per Share**
  - (a) Calculation and interpretation of earnings per share (EPS) in accordance with IAS 33.

**C. Preparation and presentation of general purpose financial statement**

- (1) Preparation of financial statement**
  - (a) Accounting policies, estimates and correction of errors in accordance with IAS 8.
  - (b) Preparation of the following financial statements, profit or loss and other comprehensive income, statement of changes in equity, statement of financial position and relevant notes in accordance with IAS 1.
  - (c) Preparation of statement of cash flows of single entities using direct or indirect methods in accordance with IAS7.

**D. Preparing and presenting financial statement of simple group (parent one subsidiary and an associates)**

- (1) Understanding simple group concept.**
  - (a) Objectives and framework of preparing group financial statements.
  - (b) Relevant accounting standard, provisions for preparing simple group financial statements in accordance with IAS 27, IAS 28, IFRS 3 and IFRS 10.

- (c) Calculation of non-controlling interest using alternative methods including adjustments necessary to prepare financial statement of simple group.

**(2) Preparation and presentation of simple group financial statements**

- (a) Prepare simple group financial statements to include the subsidiary and an associate making use of the relevant accounting standards provisions IAS 1, IAS 27, IAS 28, IFRS 3, IFRS 10.
- (b) Preparation of consolidated statements of profit or loss and other comprehensive income, statement of financial position and relevant notes.
- (c) Preparation and presentation of statement of cashflow of a simple group in accordance with the provisions of IAS 7.

**E. Analyses and Interpretation of Financial Statements**

**(1) Analyses of Financial Statements**

- (a) Type of analyses and interpretation of financial statements
- (b) Analysis of financial statement based on profitability, liquidity/solvency gearing and investors return etc.
- (c) Definition and calculation of ratios by types and for assessment of financial position and performance of business.
- (d) Analysis and interpretation of ratios calculated by:  
Comparison to prior period, another entity for some period and making use of industrial averages.
- (e) Analysis and interpretation of financial statement via prior period comparison, or comparison with another simple group and interpretation of the ratios
- (f) interpretation of statement of cashflows for assessing liquidity and comparison with statement of profit or loss and assessing going concern of an entity.
- (g) Explanation and use of EPS for interpretation purposes.
- (h) Writing reports based on interpretation of financial statements drawing conclusion and making recommendation based on analysis and interpretation.

**(2) Limitation of analyses and interpretation of Financial Statements.**

- (a) Limitation of historical financial information for purpose of interpretation.
- (b) Discussion of manipulations of financial statements impact of window dressing, creative accounting on calculated ratios and interpretation.
- (c) Analyses and interpretation of specialized and not for profit organization and areas of differences with profit-oriented organization.
- (d) Limitation and importance of using EPS as a basis for interpretation compared to trend of profit performance over the years.
- (e) Limitations of use of consolidated financial statements for interpretation purposes.
- (f) Discussion of use of other information including non-financial information for the purpose of assessing financial statements and their limitations.

**(F) Ethics and current development in financial reporting.**

- (1) Discuss and apply ethical issues in financial reporting
- (2) Discuss development around the inclusion of non-financial information in financial reporting.
- (3) Discuss new accounting standards in issue.

**(G) Applicable Accounting Standards**

- (1) Preface of IFRS
- (2) Conceptual framework for financial reporting
- (3) Accounting Standards
  - (a) IAS 1-Presentation of Financial Standards
  - (b) IAS 2-Inventories
  - (c) IAS 7-Statement of Cashflow
  - (d) IAS 8-Accounting Policies, change in accounting estimates and errors
  - (e) IAS 10-Event after reporting period
  - (f) IAS 12-Income Tax
  - (g) IAS 16-Property, Plant & Equipment
  - (h) IAS 20-Accounting for Government grant disclosure of government assistance
  - (i) IAS 23-Borrowing Cost
  - (j) IAS 27-Separate Financial Statements
  - (k) IAS 28-Investment in Associates
  - (l) IAS 32-Financial Instrument: Presentation

- (m) IAS 33-Earnings per share
- (n) IAS 36-Impairment of Assets
- (o) IAS 37-Provisions, contingent liabilities and contingent assets
- (p) IAS 38-Intangible Assets
- (q) IAS 40-Investment Property
- (r) IFRS 3-Business Combination
- (s) IFRS 5-Non-current assets held for sale and discontinued operations
- (t) IFRS 7-Financial Instrument: Disclosure
- (u) IFRS 9-Financial Instrument
- (v) IFRS 10-Consolidated Financial Statements
- (w) IFRS 13-fair Value Measurement
- (x) IFRS 15-Revenue from contract with customers

Candidates should understand that new standards may be examined after six months from the date of issue. All applicable laws may be examined after six months from the date of amendment or enactment.

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