

ICSA International Qualifying Scheme (IQS): Professional Part 1

FINANCIAL ACCOUNTING

SYLLABUS

AIM

In professional practice, the Chartered Secretary has to be competent in Financial Accounting to a high standard, and in a number of different contexts.

Expertise is demanded in the boardroom setting to contribute to the analysis and interpretation of corporate financial performance and results. Corporate reporting in compliance with legal and stakeholder requirements, including financial statements, is a core responsibility of the Chartered Secretary.

In public practice, and in many organisations, the Chartered Secretary is also sometimes called upon to fulfil the role of Corporate Accountant. The aim of the module is to develop the knowledge and skills necessary for the Chartered Secretary to carry out these professional responsibilities.

LEARNING OUTCOME

At the conclusion of this module, the candidate will be able to:

- Understand the language, concepts and use of financial accounts and reports.
- Identify and utilise the sources of accounting data and information.
- Understand and apply standards of accounting practice.
- Prepare financial statements for different forms of organization in compliance with legal and regulatory requirements.
- Apply financial information and statements in corporate reporting.
- Undertake the corporate accounting role for employers and clients.
- Contribute to boardroom analysis of corporate financial performance.

PRE-REQUISITE LEARNING

This module is a component of the ICSA Bridging Programme. It is designed to enable aspiring Chartered Secretaries to (a) demonstrate required standards of competence for professional practice in a key discipline, and (b) acquire essential knowledge and skills to underpin the relevant components of the Professional Programme.

Evidence of assessed knowledge and understanding must be demonstrated through the Institute's examinations, or those of equivalent qualifications which have been approved as meeting the Institute's required curriculum and standards.

The module specification is based on the assumption of some relevant prior certificated knowledge, and candidates will find it helpful to have familiarised themselves particularly with:

- An introduction to the principles of book-keeping and accountancy.

LEARNING CONTENT

Methods of Financial Measurement

Financial goals; profit and surplus. The recognition of profit: matching revenue with expenditure; and increase in the value of the business. Profit measurement and asset valuation on the basis of historical cost, replacement (current) cost, fair value and current purchasing power, asset impairment and recoverable amount.

Accounting Regulations

Market imperfections and the need for regulations. Substance versus form. Sources of regulation. Requirements of the Companies Acts and other regulatory sources. Form and content of published accounts. Calculation of distributable profits. Maintenance of permanent capital. Capital reduction and reorganisation.

Accounting Reports

The preparation and presentation of cash flows statement; value added statement; segmental report; income statement; balance sheets. Operating and financial review. Related party disclosures. The limitations of published accounts.

Valuation of Assets, Liabilities and Business Transaction

Accounting concepts, base and policies. Treatment of: stock and long term contracts; revenue recognition; fixed assets and depreciation; impairment of assets; research and development; foreign currency transactions; leases and hire purchases contracts; goodwill and intangibles; provisions; contingent liabilities and contingent assets; financial instrument, pensions costs, income tax, events after balance sheet.

Consolidated Accounts

Definitions of holding, subsidiary and associated companies and joint ventures. The nature, purpose and preparation of group account. Acquisition and equity methods of account, business combination.

Interpretation of Accounts

The examination and analysis of financial information in relation to profitability, liquidity, gearing, asset utilisation and cash flows. Uses and limitations of ratio analysis. The preparation for reports in appropriate style for management, investors, creditors and other user groups.

RECOMMENDED READING

1. **MAICSA Study Manual** – Financial Accounting
2. Approved accounting standards and other pronouncements, exposure drafts and discussions documents issued by MASB (available at www.masb.org.my)
3. **Barry Elliott and James Elliott, (2005), *Financial Accounting & Reporting***, 9th edition, Pearson Prentice Hall, England
4. **Ng Eng Juan, (2004), *A Practical Guide to MASB Standards (Malaysia)*** CCH Asia Pte Ltd.
5. **Jane Lazar & Tan Lay Leng, (2003), *Company Accounts & Reporting***, 5th edition, Pearson Prentice Hall, Malaysia

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ADDITIONAL REFERENCES

1. **Barry J. Epstein, Abbas Ali, Mirza, Peter Walton (2005)**, Wiley 2005: *Interpretation and Application of International Accounting and Financial Reporting Standards (REV)*, Wiley
2. **Tan Liong Tong (2000)**, *Financial Accounting and Reporting in Malaysia, Volume 1*, 2nd edition, Kuala Lumpur, Professional Advancement Centre Sdn Bhd
3. **Tan Liong Tong (2001)**, *Financial Accounting and Reporting in Malaysia, Volume 2*, 2nd edition, Kuala Lumpur, Professional Advancement Centre Sdn Bhd
4. Periodicals of Professional Accounting Bodies

OTHER RECOMMENDED READING

1. MASB Standards
2. International Financial Reporting Standard (IFRSs)

FURTHER READING

1. **Accounting Standards Board**
Financial Reporting Standards and Board Financial Reporting Exposure Drafts as issued and published in 'Accountancy'
2. **Davies, Paterson R and Wilson A**
Generally Accepted Accounting Practice in the United Kingdom (Longman, 6th edition)
3. **Elliot B and Elliot J**
Financial Accounting and Reporting, (Prentice Hall Europe, 3rd edition, 1998)
4. **Patterson R, Watson A**
UK GAAP, Tolley Publishing, 6th edition, 1999 (Sept)
5. **Pizzey AB**
Accounting and Finance - A Firm Foundation, (Cassell, 4th edition, 1994)
6. **Choping D, Skerratt L**
Applying GAAP 1999/2000, (Accountancy Books, 1999)