ICAEW DIPLOMA IN IFRSs
SYLLABUS 2014
EXAMINABLE DOCUMENTS

The version of each document examinable at the February 2014 and July 2014 sittings is the version issued at 1 January 2013, the cut-off date of the open book, the IASB’s International Financial Reporting Standards 2013 (the 2013 IFRS 'red book'). However, current developments will be examined in the final examination to a later cut-off date (see ‘Assessment cut-off dates’ below).

1. Conceptual framework
   The Conceptual Framework for Financial Reporting

2 International Financial Reporting Standards
   IFRS 1 First-time Adoption of IFRSs
   IFRS 2 Share-based Payment
   IFRS 3 Business Combinations
   IFRS 4 Insurance Contracts
   IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
   IFRS 6 Exploration for and Evaluation of Mineral Resources
   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

3 International Accounting Standards
   IAS 1 Presentation of Financial Statements
   IAS 2 Inventories
   IAS 7 Statement of Cash Flows
   IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
   IAS 10 Events After the Reporting Period
   IAS 11 Construction Contracts
   IAS 12 Income Taxes
   IAS 16 Property, Plant and Equipment
   IAS 17 Leases
   IAS 18 Revenue
   IAS 19 Employee Benefits
   IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
   IAS 21 The Effects of Changes in Foreign Exchange Rates
   IAS 23 Borrowing Costs
   IAS 24 Related Party Disclosures
   IAS 26 Accounting and Reporting by Retirement Benefit Plans
   IAS 27 Separate Financial Statements
   IAS 28 Investments in Associates and Joint Ventures
   IAS 29 Financial Reporting in Hyperinflationary Economies
   IAS 32 Financial Instruments: Presentation
   IAS 33 Earnings Per Share
   IAS 34 Interim Financial Reporting
   IAS 36 Impairment of Assets
   IAS 37 Provisions, Contingent Liabilities and Contingent Assets
   IAS 38 Intangible Assets
   IAS 39 Financial Instruments: Recognition and Measurement
   IAS 40 Investment Properties
   IAS 41 Agriculture
4 **IFRIC and SIC Interpretations**

IFRIC 1  Changes in Existing Decommissioning, Restoration and Similar Liabilities
IFRIC 4  Determining whether an Arrangement contains a Lease
IFRIC 10 Interim Financial Reporting and Impairment
IFRIC 13 Customer Loyalty Programmes
IFRIC 15 Agreements for the Construction of Real Estate
IFRIC 17 Distributions of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers

SIC-10  Government Assistance – No Specific Relation to Operating Activities
SIC-15  Operating Leases – Incentives
SIC-32  Intangible Assets – Web Site Costs

5 **Exposure Drafts and Review Drafts**

The following Exposure Drafts and Review Drafts, which were in issue at the 1 January 2013 cut-off date for the assignments, are examinable in terms of their key principles:

ED/2011/6  Revenue from Contracts with Customers (November 2011)
ED/2012/1  Annual Improvements to IFRSs (2010-2012 cycle)
ED/2012/2  Annual Improvements to IFRSs (2011-2013 cycle)
ED/2012/3  Equity Method - Share of Other Net Asset Changes (November 2012)
ED/2012/4  Classification and Measurement - Limited Amendments to IFRS 9 (November 2012)
ED/2012/6  Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (December 2012)
ED/2012/7  Acquisition of an Interest in a Joint Operation (December 2012)
IFRS 9 Chapter 6 Hedging Review Draft (September 2012)

Significant standard changes and Exposure Drafts issued since the 1 January 2013 cut-off date of the 2013 IFRS 'red book' up to 30 September 2013 (for the February 2014 sitting) or 31 March 2014 (for the July 2014 sitting) are examinable in the final exam (only) as Current developments in IFRSs (Syllabus area 35).

This will include (but not be limited to) the following Exposure Drafts published since 1 January 2013 known about at the approval date of the syllabus (August 2013):

ED/2013/3  Financial Instruments: Expected Credit Losses (March 2013)
ED/2013/5  Regulatory Deferral Accounts (April 2013)
ED/2013/6  Leases (May 2013)
ED/2013/7  Insurance Contracts (June 2013)
Objectives
The ICAEW Diploma in IFRSs programme will enable you to:

- understand and explain the regulatory structure of international financial reporting and standard setting;
- understand and apply the international conceptual framework;
- prepare financial statements in accordance with IFRSs and the IFRS for SMEs;
- apply IFRS accounting and disclosure requirements to a wide range of scenarios;
- prepare consolidated financial statements with subsidiaries, associates and joint ventures (including changes in ownership and foreign subsidiaries);
- identify and explain key proposed changes to IFRSs; and
- understand and explain the accounting for specialised industries and transactions.
## Syllabus content

The learning outcomes are indicated by the numbers in brackets.

| Module 1: Financial statements under IFRSs | (1) The regulatory framework |
|                                          | (2) The conceptual framework |
|                                          | (3) Tangible assets          |
|                                          | (4) Intangible assets        |
|                                          | (5) Impairment of assets     |
|                                          | (6) IFRS financial statement formats |
| Module 2: Group accounting               | (7) Group accounting under IFRSs |
|                                          | (8) Consolidation techniques |
|                                          | (9) Goodwill and fair values |
|                                          | (10) Joint arrangements and associates |
|                                          | (11) Acquisitions and disposals |
|                                          | (12) Foreign currency transactions and foreign subsidiaries |
| Module 3: Financial instruments and Share-based payment | (13) Financial instruments |
|                                          | (14) Share-based payment     |
| Module 4: Disclosure and presentation standards | (15) Accounting policies, changes in accounting estimates and errors |
|                                          | (16) Non-current assets held for sale and discontinued operations |
|                                          | (17) Segment reporting       |
|                                          | (18) Revenue recognition     |
|                                          | (19) Inventories             |
|                                          | (20) Related party disclosures |
|                                          | (21) Statements of cash flows |
| Module 5: Technical standards            | (22) Lease accounting        |
|                                          | (23) Current and deferred tax |
|                                          | (24) Events after the reporting period |
|                                          | (25) Provisions, contingent liabilities and contingent assets |
|                                          | (26) Employee benefits       |
| Module 6: Transition, earnings per share and the IFRS for SMEs | (27) First-time adoption of IFRSs |
|                                          | (28) Earnings per share      |
|                                          | (29) IFRS for small and medium-sized entities |
| Module 7: Specialised standards and transactions and Current developments | (30) Insurance contracts |
|                                          | (31) Agriculture             |
|                                          | (32) Retirement benefit plans |
|                                          | (33) Exploration for and evaluation of mineral resources |
|                                          | (34) Hyperinflation          |
|                                          | (35) Current developments in IFRSs |
| Module 8                                | Revision                     |
Study guide
Module 1: Financial statements under IFRSs

1. The regulatory framework
   • Discuss the need for global financial reporting standards and whether IFRSs meet that need.
   • Explain the structure and role of the IASC Foundation and its organisations, including the International Accounting Standards Board (IASB), IFRS Interpretations Committee and IFRS Advisory Council.
   • Describe the standard-setting process.
   • Explain the concept of 'fair presentation'.
   • Discuss progress towards harmonisation of accounting standards internationally.

2. The conceptual framework
   • Discuss the role and scope of the Conceptual Framework for Financial Reporting.
   • Explain and apply the Conceptual Framework for Financial Reporting.
   • Discuss and evaluate current developments in this area.

3. Tangible assets (IAS 16, IAS 20 and IAS 23)
   • Define property, plant and equipment.
   • Explain and apply the recognition, derecognition, initial and subsequent measurement requirements for property, plant and equipment.
   • Define investment property and distinguish between this and other property.
   • Explain and apply the recognition, derecognition, initial and subsequent measurement requirements for investment property (including transfers to/from other types of asset).
   • Prepare disclosure notes for property, plant and equipment and investment properties.
   • Distinguish between government grants relating to income and government grants relating to assets.
   • Explain, apply and evaluate the current approach to accounting for government grants and disclosure of government assistance (SIC-10).
   • Explain and apply the criteria for capitalising borrowing costs.
   • Explain and apply the treatment of the distribution of non-cash assets to owners (IFRIC 17).

4. Intangible assets (IAS 38)
   • Define intangible assets.
   • Distinguish between different types of intangible asset and explain how goodwill differs from other intangible assets.
   • Explain and apply the recognition, derecognition, initial and subsequent measurement requirements for intangible assets (including SIC-32).
   • Prepare disclosure notes for intangible assets.

5. Impairment of assets (IAS 36)
   • Define and calculate recoverable amount.
   • Explain and identify impairment indicators and when an impairment test is required.
   • Define and explain the concept of a cash-generating unit.
   • Explain and account for the recognition of impairment losses for a single asset, for a cash-generating unit or for a group of cash-generating units including unallocated goodwill and unallocated corporate assets.
   • Identify the circumstances in which impairment losses can be reversed and explain and account for their reversal.
6. **IFRS financial statement formats (IAS 1 and IAS 34)**
   - Explain the scope of IAS 1 Presentation of Financial Statements and its application to general purpose financial statements.
   - Explain the purpose of the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity.
   - Prepare general purpose financial statements (statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity and relevant notes) that comply with the minimum formats required by IAS 1.
   - Explain the purpose of interim financial reporting and state the required minimum contents of interim financial statements (IAS 34 and IFRIC 10).

   **Module 2: Group accounting**

7. **Group accounting under IFRSs (IAS 27, IAS 28, IFRS 3, IFRS 10 and IFRS 11)**
   - Recognise and explain the scope of each of the group standards under IFRSs.
   - Explain the concept of a group, consolidated financial statements and the consolidation process under IFRSs.
   - Define a subsidiary and apply the definition (including SIC-12).
   - Explain and apply the principles regarding the use of uniform accounting policies and preparing financial statements to the same reporting date.
   - Describe and apply the accounting treatment of subsidiaries in the parent's separate financial statements.
   - Explain and identify when a parent is exempt from preparing consolidated financial statements.
   - Explain why exclusion of a subsidiary from consolidation is not appropriate under IFRSs.
   - Explain the need for, evaluate and prepare the disclosures required of interests in other entities.
   - Outline and evaluate changes proposed to group accounting.

8. **Consolidation techniques (IFRS 10 and IFRS 3)**
   - Prepare consolidated financial statements with a parent and one or more subsidiaries, including:
     - mid-year acquisitions
     - fair value adjustments to assets and liabilities acquired
     - accounting policy alignments
     - non-controlling interests measured at fair value or at the proportionate share of the acquiree's identifiable net assets recognised
     - intragroup trading and balances
     - unrealised profit on intragroup trading or asset transfers.
   - Explain why intragroup transactions, balances and unrealised profits are eliminated on consolidation.

9. **Goodwill and fair values (IFRS 3)**
   - Distinguish between purchased and internally generated goodwill and explain the accounting treatment of each.
   - Identify reasons why bargain purchases arise and explain and apply the accounting treatment.
   - Explain why it is necessary to use fair values rather than book values in the goodwill calculation.
   - Explain and account for the measurement of the fair values used in the goodwill calculation and consolidation process.
10. Joint arrangements and associates (IFRS 11 and IAS 28)
- Define joint arrangements and associates.
- Explain and account for joint operations and joint ventures.
- Explain the principle of equity accounting.
- Prepare consolidated financial statements including a joint venture or an associate.

11. Acquisition and disposals (IFRS 10 and IFRS 3)
- Explain and justify the accounting treatment of an increase in holding that achieves control and of an increase in a previously held controlling interest.
- Explain and justify the accounting treatment of a decrease in holding where control is lost and of a decrease in holding where control is retained.
- Prepare consolidated financial statements including one or more subsidiaries where the business combination has been achieved in stages or an interest in one or more subsidiaries has been disposed of during the period.

12. Foreign currency transactions and foreign subsidiaries (IAS 21)
- Account for foreign currency transactions in the financial statements of an individual company and in consolidated financial statements.
- Explain and justify the difference in accounting treatment of monetary and non-monetary items.
- Explain and apply the concepts of functional currency and presentation currency.
- Prepare consolidated financial statements including one or more foreign operations, including intragroup transactions in foreign currency.

Module 3: Financial instruments and share-based payment

- Identify and define financial instruments (financial assets, financial liabilities and equity instruments).
- Distinguish between debt and equity financial instruments and account for compound financial instruments.
- Explain and apply the recognition and derecognition criteria for financial instruments.
- Explain and apply the initial and subsequent measurement requirements for financial instruments, including the treatment of transaction costs and the reclassification of financial assets.
- Discuss and apply the requirements for the measurement of fair values of financial instruments.
- Identify and account for simple embedded derivatives.
- Discuss the circumstances where a financial asset may be impaired and account for impairment losses.
- Explain and apply the hedge accounting requirements for fair value hedges and cash flow hedges.
- Identify and explain the key disclosures required for financial instruments.
- Discuss the development of IFRS 9 in stages and outline the proposed changes to financial instrument accounting.

14. Share-based payment (IFRS 2)
- Identify and define share-based payment transactions.
- Account for share-based payment transactions including equity-settled transactions, cash-settled transactions and transactions with a choice of settlement.
- Discuss how the fair value attributed to share-based payment transactions is determined.
- Discuss and account for share-based payment transactions with vesting conditions.
- Discuss and account for the modification, cancellation and settlement of share-based payment transactions.
Module 4: Disclosure and presentation standards

15. Accounting policies, changes in accounting estimates and errors (IAS 8)
   • Distinguish between changes in accounting policies and changes in accounting estimates.
   • Explain when a change in accounting policy is appropriate and apply it to scenarios.
   • Explain the accounting treatment of changes in accounting policies, changes in accounting estimates and correction of prior period errors.
   • Prepare financial statements where there has been a change in accounting policy, change in accounting estimate or correction of a prior period error.

16. Non-current assets held for sale and discontinued operations (IFRS 5)
   • Discuss the need for and usefulness of separate disclosure of non-current assets held for sale and discontinued operations.
   • Explain and apply the held for sale criteria for non-current assets.
   • Explain and apply the definition of a discontinued operation.
   • Prepare financial statements including non-current assets held for sale and discontinued operations.

17. Segment reporting (IFRS 8)
   • Discuss the need for and usefulness of separate disclosure of operating segment data.
   • Discuss which entities are required to provide segment disclosures.
   • Explain and apply the definition of an operating segment.
   • Discuss the nature of information that is disclosed for each operating segment.
   • Prepare a segment report in accordance with the requirements of the standard.

18. Revenue recognition (IAS 11 and IAS 18)
   • Explain what constitutes revenue in a set of financial statements.
   • Explain and apply the revenue recognition principles for the sale of goods, services, interest, royalties, dividends and construction contracts.
   • Explain and apply the basis for the measurement of revenue (including IFRIC 18).
   • Apply the revenue recognition principles to practical scenarios (including IFRIC 13 and IFRIC 15).
   • Prepare relevant disclosure notes for construction contracts.
   • Critically appraise the current approach to revenue recognition.
   • Outline and evaluate the changes proposed to revenue recognition.

19. Inventories (IAS 2)
   • Identify, explain and apply the components of the cost of inventories.
   • Measure and account for inventories in the financial statements.

20. Related party disclosures (IAS 24)
   • Discuss the need for and usefulness of separate disclosure of related party transactions.
   • Explain and apply the definition of related parties.
   • Identify and prepare the relevant disclosures for related party transactions.

21. Statements of cash flows (IAS 7)
   • Discuss the purpose of the statement of cash flows and the usefulness of the information it contains.
   • Discuss and evaluate the nature of cash and cash equivalents.
   • Prepare the statement of cash flows for a single company or a group in accordance with the standard, including relevant notes, under the direct or indirect method.
Module 5: Technical standards

22. Lease accounting (IAS 17)
- Discuss the nature of a lease and distinguish it from other contracts (IFRIC 4).
- Explain and apply the classification of leases into operating leases and finance leases.
- Explain and demonstrate the effect on the financial statements of a lease being classified as one or other type.
- Account for operating and finance leases including operating lease incentives (SIC-15) in the books of the lessee and lessor, including relevant disclosure notes.
- Critically appraise the current approach to accounting for leases.
- Outline and evaluate the changes proposed to lease accounting.

23. Current and deferred tax (IAS 12)
- Account for current tax in the financial statements.
- Explain the need for adjustments for deferred tax.
- Explain and evaluate the temporary difference approach to accounting for deferred tax.
- Identify, explain and account for taxable and deductible deferred tax temporary differences.
- Discuss and apply the measurement and presentation requirements for deferred tax assets and liabilities.
- Explain and account for unused tax losses and tax credits.

24. Events after the reporting period (IAS 10)
- Define an event after the reporting period and explain the scope of the standard.
- Explain and apply the principles regarding adjusting and non-adjusting events after the reporting period.
- Prepare relevant disclosure notes for events after the reporting period.

25. Provisions, contingent liabilities and contingent assets (IAS 37)
- Define provisions, contingent liabilities and contingent assets and apply the definitions.
- Explain, apply and evaluate the recognition requirements for provisions.
- Explain and apply the principles relating to the measurement of provisions and subsequent changes (IFRIC 1).
- Discuss why requirements for the recognition and measurement of provisions are necessary.
- Discuss and apply the disclosure requirements for provisions, contingent liabilities and contingent assets.
- Explain and apply the accounting treatment of future operating losses, onerous contracts and restructuring provisions.

26. Employee benefits (IAS 19)
- Define and distinguish between short-term employee benefits, post-employment benefits, other long-term benefits and termination benefits.
- Account for short-term employee benefits.
- Discuss the nature of the difference between defined contribution and defined benefit post-employment plans.
- Explain and apply the accounting treatment of post-employment benefits, including past service costs.
- Prepare relevant disclosure notes for post-employment benefit plans.
- Explain the role of the actuary in the preparation of accounting information for post-employment benefits.
- Critically appraise the current approach to accounting for post-employment benefits.
- Explain and apply the accounting treatment of other long-term benefits and termination benefits.
Module 6: Transition, earnings per share and the IFRS for SMEs

27. First-time adoption of IFRSs (IFRS 1)
- Identify an entity’s date of transition to IFRSs.
- Prepare financial statements on first-time adoption of IFRSs, including an entity’s opening IFRS statement of financial position and the required reconciliations to previous GAAP.
- Explain and apply the exemptions from IFRSs in an entity’s opening IFRS statement of financial position.
- Explain and apply the exceptions to retrospective application of IFRSs on first-time adoption of IFRSs.

28. Earnings per share (IAS 33)
- Explain the need for an earnings per share calculation, performed consistently between entities.
- Discuss which entities are required to provide earnings per share disclosures.
- Calculate basic earnings per share, including where there have been changes in share capital during the year (e.g. an issue at full market price, bonus issue and rights issue).
- Explain the significance of the diluted earnings per share calculation and the concept of potential ordinary shares.
- Calculate diluted earnings per share, including where convertible loan stock, convertible ordinary shares, share options (including partly vested options) and share warrants are in existence.
- Calculate diluted earnings per share where there are multiple diluting factors, including where potential ordinary shares may be anti-dilutive when considered in order of dilution.

29. IFRS for small and medium-sized entities
- Explain the scope and legal status of the IFRS for Small and Medium-sized Entities (IFRS for SMEs).
- Identify, explain and justify the differences between the IFRS for SMEs and IFRSs.
- Explain how the IFRS for SMEs simplifies the accounting treatment of certain areas and why choice was retained in other areas.
- Prepare financial statements in accordance with the IFRS for small and medium-sized entities.

Module 7: Specialised standards and transactions

30. Insurance contracts (IFRS 4)
- Identify and define an insurance contract.
- Explain the temporary exemption from IAS 8.
- Explain the purpose of the liability adequacy test.
- Account for simple general insurance and life assurance contracts.
- Outline and evaluate the key aspects of the proposed accounting for insurance contracts.

31. Agriculture (IAS 41)
- Define biological assets and agricultural produce and apply the definitions.
- Discuss and apply the recognition and measurement criteria for biological assets and agricultural produce at the point of harvest.
- Account for agriculture-related government grants and compare the treatment with grants for other assets.

32. Retirement benefit plans (IAS 26)
- Define a retirement benefit plan and identify when plans are accounted for under IAS 26.
- Explain and apply the accounting treatment of retirement benefit plans.
• Compare the accounting treatment of retirement benefit plans with the treatment of employee benefits in a company's financial statements under IAS 19.

33. Exploration for and evaluation of mineral resources (IFRS 6)
• Explain the scope of IFRS 6.
• Explain the temporary exemption from IAS 8.
• Explain and apply the recognition and measurement requirements for exploration and evaluation assets.
• Discuss the plans to develop a full standard on this area.

34. Hyperinflation (IAS 29)
• Explain when an economy is deemed hyperinflationary and identify the circumstances in which IAS 29 must be applied.
• Explain the restatement effect on current and prior year financial statements.
• Prepare financial statements applying the hyperinflation principles.

35. Current developments in IFRSs
• Explain the key content of, reasons for and implications of significant standard changes and Exposure Drafts issued since the 1 January 2013 cut-off date of the 2013 IFRS 'red book' up to 30 September 2013 (for the February 2014 sitting) or 31 March 2014 (for the July 2014 sitting).

Module 8: Revision

Practice and Revision
• Separate practice and revision booklet (available from BPP).
• Sample mock exam (included in the practice and revision booklet).

ASSESSMENT CUT-OFF DATES

Course assignments

Course assignments 1 and 2 will cover Modules 1-3 and Modules 1-6 respectively. Candidates will be examined on IFRSs and Exposure Drafts issued at the cut-off date of the 2013 IFRS 'red book', 1 January 2013.

Final examination

The final examination will cover Modules 1-7. Up to 20 marks of the final examination will cover Module 7.

Candidates will be examined on IFRSs and Exposure Drafts issued at the cut-off date of the 2013 IFRS ‘red book’, 1 January 2013. However current developments questions will examine candidates based on a later cut-off date of 30 September 2013 (for the February 2014 sitting) or 31 March 2014 (for the July 2014 sitting).