University of Management and Technology

School of Commerce and Accountancy
Quaid e Azam Campus

Course Outline

Course Title: Advanced Financial Accounting (AC-351)	
Program	B.Com (Hons)
Credits Hours	3
Duration	15 Weeks / 30 Sessions
Prerequisites	Principles of Accounting I (AC-101) Principles of Accounting II (AC-203) Financial Accounting (AC-301)
Resource Person	
Contact/Email	

Course Description:

This course has been designed not only to cover accounting topics relating to financial accounting issues but also to serve as a base for all finance related courses.

Financial Accounting, though an end by itself, also serves as a means to fulfil the need of interpretation of financial statements. This need becomes more pronounced over time with the complexity of corporate operations and the quantum of interest shown by the internal and external users of Financial Accounting. For meaningful evaluation and interpretation of data one has to understand the data communicated through financial accounting particularly the financial statements.

This course will enable the participants to study financial accounting from the point of view of its different users as it serves the needs of the government, capital markets, stockholders, financial institutions, tax authorities, investors etc

Learning Objectives:

This course would focus on the following objectives:

1. The participants must fully understand the need and importance of financial statements

2. Prepare and present financial statements which conform with international financial reporting/ international accounting standards

3. Understand the reporting requirements as per the international financial reporting/ international accounting standards

4. Preparation and use of cash flow statement in decision making

5. Understand the relevant provisions of the Companies Ordinance 1984 relating to financial statement

6. Enable to calculate and interpret the earning per share

7. Enable to account for construction accounting in the books of contractor

8. Understand the relevant provisions of the Companies Ordinance 1984 relating to financial statement

Teaching-Learning Methodology:

- Lectures
- Recommended Text/Supplementary Texts
- Handouts
- Case Studies
- Skill Development Exercises
- Guest Speakers
- Industrial/Corporate Visits
- Project Report/Term Paper

Recommended Text Book:

1. Gripping IFRS, Pakistan Edition

Supplementary Text Books:

1. ACCA Financial Reporting (F7)

2. Financial Accounting   Latest Edition

           By: Hafiz Mohyuddin Tahir

Assessment & Evaluation:

Quizzes	15%
Assignments / Class Activity	20%
Mid Term	25%
End Term Exam	40%
Total:	**100**

SCHEDULE OF ACTIVITIES

Week	Contents / Topics to be Taught	Tasks / Activities
1	✓ Introduction to the financial accounting, forms and mode of businesses, accounting cycle, accounting equation, book keeping principles, primary books of accounts, and relevant **provisions of Companies Ordinance 1984**	Course Outline Distribution
2-3	**Presentation of Financial Statements (IAS 1 and Provisions of Companies Ordinance 1984) including:** ✓ *Objective of IAS 1* ✓ *Scope* ✓ *Objective of Financial Statements* ✓ *Components of Financial Statements* ✓ *Fair Presentation and Compliance with IFRSs* ✓ *Going Concern* ✓ *Accrual Basis of Accounting* ✓ *Consistency of Presentation* ✓ *Materiality and Aggregation* ✓ *Offsetting* ✓ *Comparative Information* ✓ *Structure and Content of Financial Statements in General* ✓ *Reporting Period* ✓ *Statement of Financial Position (Balance Sheet)* ✓ Current assets ✓ Current liabilities ✓ *Statement of Comprehensive Income* ✓ *Statement of Cash Flows* ✓ *Statement of Changes in Equity* ✓ *Notes to the Financial Statements*	Assignment 1 Quiz 1
4	**Inventories (IAS 2)** ➢ Objective ➢ Scope Definitions ➢ Inventories ➢ Net realizable value ➢ Fair value Measurement of inventories ➢ Cost of inventories ➢ Costs of purchase ➢ Costs of conversion ➢ Other costs Techniques for the measurement of cost ➢ Standard cost method ➢ Retail Cost method Cost formulas Net realisable value Recognition as an expense Disclosure	Assignment 2 Quiz 2

6-7	**Property, Plant and Equipment (IAS 16)**
	  ➢ Objective
	  ➢ Scope
	Definition
	  ➢ Property, plant and equipment
	  ➢ Depreciation
	  ➢ Depreciable amount
	  ➢ Cost
	  ➢ Fair value
	  ➢ Residual value
	  ➢ Useful life
	  ➢ Carrying amount
	  ➢ Impairment loss
	  ➢ Recoverable amount
	  ➢ Recognition
	  ➢ Initial Measurement
	Measurement Subsequent to Initial Recognition
	  ➢ Cost Model
	  ➢ Revaluation Model
	  ➢ Depreciation (Cost and Revaluation Models)
	  ➢ Derecogniton (Retirements and Disposals)
	  ➢ Disclosure	

8	**MID TERM EXAMINATION**	

9	**Intangible asset (IAS 38)** ➣ Objective ➣ Scope Definition ➣ Intangible asset ➣ Asset ➣ Monetary asset ➣ Amortization ➣ Depreciable amount ➣ Cost ➣ Residual value ➣ Useful life ➣ Impairment loss ➣ Carrying amount ➣ Recoverable amount ➣ Fair value ➣ Active market ➣ Research ➣ Development ➣ Identifiability ➣ Recognition Initial measurement ➣ Separate purchase ➣ Part of a business combination ➣ Exchange of assets Self-creation a) Internally generated goodwill b) b) Internally generated intangible assets other than goodwill Subsequent measurement ➣ Cost model ➣ Revaluation model Classification of intangible assets based on useful life ➣ Intangible assets with finite lives ➣ Intangible assets with indefinite lives ➣ Subsequent expenditure ✓ Disclosure		
10-11	**Cash flow Statement (IAS 7)** ✓ *Objective* Scope *Presentation of the statement of cash flows* ✓ Operating activities ✓ Investing activities ✓ Financing activities Direct method statement of cash flows ✓ Indirect method statement of cash flows	Assignment 3 Quiz 3	

12-13	**Revenue from Contracts with Customers (IFRS 15)** ✓ Objectives ✓ Definitions ✓ Accounting requirements for revenue ✓ The five-step model framework	
14-15	**Borrowing Costs (IAS 23)** ➤ Objective ➤ Scope Definition ➤ Borrowing cost ➤ Qualifying asset ➤ Recognition ➤ Borrowing costs eligible for capitalization ➤ Commencement of capitalization begins when ➤ Capitalization should be suspended ➤ Capitalization should cease ✓ Disclosure	Assignment 4 Quiz 4