

**MIA QUALIFYING EXAMINATION
STUDY GUIDE**

ADVANCED FINANCIAL ACCOUNTING AND REPORTING

NO	CONTENT	REFERENCE	LEVEL OF KNOWLEDGE
1.0	Financial accounting and reporting in Malaysia		B
	<ul style="list-style-type: none"> • Discuss the development of financial accounting and reporting in Malaysia • Discuss the role of regulators such as MASB, Securities Commission, Bursa Malaysia, Bank Negara etc. in regards to financial reporting in Malaysia • Discuss the future direction of financial reporting in Malaysia and internationally including the emergence and development of Islamic Accounting • Discuss the rationale for moving towards fair value accounting 	<ul style="list-style-type: none"> - Financial Reporting Act 1997 - Accounting Standards, Exposure Drafts issued by MASB and IASB - Companies Act 2016 - Guidelines of the Securities Commission - Bursa Malaysia Listing Requirements - Bank Negara Malaysia Guidelines (GP3, GP 8 and GPI 15) 	
2.0	Preparation and presentation of financial statements of companies		
2.1	Framework for the preparation and presentation of financial statements in Malaysia		A
	<ul style="list-style-type: none"> • Discuss what is meant by conceptual framework for financial reporting 	Conceptual Framework	

	<ul style="list-style-type: none"> • Describe the objectives of financial statements and the qualitative characteristics of financial information • Identify the users of financial statements and their information needs to make economic decisions • Discuss the criteria for the recognition of the elements of financial statements • Explain the different measurement bases of the elements of financial statements • Discuss the importance of fair value accounting in the present environment of financial accounting and reporting in Malaysia • Discuss the measurement of income and capital maintenance under historical cost accounting and alternative approaches • Discuss the importance of recognising, measuring and reporting transactions and events in accordance to the substance and not just the legal form 	<p>for the Preparation and Presentation of Financial Statements</p> <p>- Accounting Standards, Exposure Drafts issued by MASB and IASB</p>	
2.2	Preparation and presentation of financial statements for public companies		A
	<ul style="list-style-type: none"> • Prepare the financial statements in accordance with Financial Reporting Standards and Malaysian Companies Act 1965 <ul style="list-style-type: none"> ○ Statement of Financial Position ○ Statement of Comprehensive income ○ Statement of Changes in Equity ○ Statement of Cash Flow ○ Notes to the financial statements including the disclosure on accounting policies adopted by companies ○ Disclosure of operating results, assets and liabilities of discontinued operations ○ Computation of basic earnings per share and diluted earnings per share 	MFRS 101, MFRS 107, & MFRS 134	

	<ul style="list-style-type: none"> • Prepare interim financial report and explain the requirements of MFRS 134 <ul style="list-style-type: none"> ○ Explain the content of interim financial statements ○ Explain the presentation of interim financial statements ○ Explain the recognition and measurement of items in interim financial statements ○ Explain the accounting treatment if there is a change in accounting policy 		
3.0	Application of financial reporting standards on the preparation of financial statements		A
3.1	Accounting for assets		
	<ul style="list-style-type: none"> • Property, plant and equipment <ul style="list-style-type: none"> ○ Discuss the recognition criteria of property, plant and equipment ○ Determine the initial measurement of property, plant and equipment ○ Explain the accounting treatment of subsequent expenditure ○ Explain the subsequent measurement of property, plant and equipment <ul style="list-style-type: none"> ▪ Cost model ▪ Revaluation model ▪ Explain the accounting treatment when revaluation model is adopted by company ▪ Explain the treatment of revaluation surplus / deficit on the initial revaluation and subsequent revaluation ▪ Explain the treatment of revaluation surplus when the property, plant and 	MFRS 116 MFRS 141	

	<p>equipment are disposed of</p> <ul style="list-style-type: none"> ○ Account for depreciation <ul style="list-style-type: none"> ▪ Calculate depreciation on assets purchased or self-constructed using different methods ▪ Calculate depreciation on assets subsequent to the incurrence of subsequent expenditures that are capitalised ▪ Calculate depreciation on assets subsequent to revaluation ○ Explain the disclosure requirements of MFRS 116 on property, plant and equipment ○ Explain the effects of 'amendments on MFRS 141' on PPE (Agriculture: Bearer Plants) (amendments to MFRS 116 and MFRS 141) ○ Explain effects of Clarification of Acceptable Methods of Depreciation and Amortisation (amendments to MFRS 116 and MFRS 138) <ul style="list-style-type: none"> ● Borrowing costs <ul style="list-style-type: none"> ○ Define borrowing costs ○ Discuss the examples of borrowing costs according to MFRS 123 ○ Define qualifying asset ○ Discuss the treatment for borrowing costs ○ Discuss the arguments for and against capitalising borrowing costs ○ Explain the rules relating to commencement, suspension and cessation of capitalisation of borrowing costs on qualifying asset 	<p>MFRS 123</p>	
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	<ul style="list-style-type: none"> ○ Explain the disclosure requirements of MFRS 123 on the treatment of borrowing costs ● Impairment of assets <ul style="list-style-type: none"> ○ Define impairments ○ Explain the underlying principle in testing and measuring impairment loss ○ Discuss the indications that an asset may be impaired ○ Apply the appropriate accounting treatment on an individual asset that is impaired – including the determination of the recoverable amount <ul style="list-style-type: none"> ▪ Explain the value in use and the asset's fair value less costs to sell ○ Apply the appropriate accounting treatment on cash-generating unit that is impaired – recoverable amount <ul style="list-style-type: none"> ▪ Apply the procedures to be followed when allocating impairment loss between the assets in the cash-generating unit ○ Explain the measurement of corporate assets that are impaired ○ Explain and calculate reversal of an impairment loss for an individual asset ○ Explain and calculate reversal of an impairment loss for a cash-generating unit ○ Explain the disclosure requirements of MFRS 136 pertaining the impairment of assets ● Accounting for investment property <ul style="list-style-type: none"> ○ Define investment property 	MFRS 136	
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	<ul style="list-style-type: none"> ○ Discuss the presentation of grants related to assets in the financial statements <ul style="list-style-type: none"> ▪ Treat as deferred income ▪ Deducting the grant from the asset's carrying amount ○ Explain the accounting treatments of governments grants that are revoked or becomes repayable ○ Define government assistance ○ Explain the disclosure requirements of MFRS 120 on government grants and government assistance <p>• Non-current assets held for sale and presentation of discontinued operations</p> <ul style="list-style-type: none"> ○ Explain non-current asset held for sale and disposal group ○ Explain the recognition criteria for non-current asset or disposal group ○ Explain and apply the appropriate measurement requirements of non-current asset or disposal group classified as held for sale <ul style="list-style-type: none"> ▪ At time of classification as held for sale ▪ After classification as held for sale ▪ Impairment ▪ Explain the recognition of impairment losses and reversals of impairment losses when the measurement of non-current asset or disposal group classified as held for sale take place ▪ Assets carried at fair value prior to initial classification 	MFRS 5	
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	<ul style="list-style-type: none"> <ul style="list-style-type: none"> <ul style="list-style-type: none"> ▪ Subsequent increases in fair value ○ Discuss the cessation of the classification of non-current asset or disposal group held for sale <ul style="list-style-type: none"> ▪ Explain the measurement of the non-current asset or disposal group that are no longer classified as held for sale ○ Explain the disclosure requirements of MFRS 5 • Accounting for assets acquired through leases <ul style="list-style-type: none"> ○ Discuss the substance over form principle in relation to leases ○ Distinguish between a finance lease and an operating lease ○ Explain the accounting treatment of a finance lease in the books of the lessor and the lessee ○ Explain the accounting treatment of an operating lease in the books of the lessor and the lessee ○ Explain the methods of allocating finance charges <ul style="list-style-type: none"> ▪ Actuarial method ▪ Sum-of-digits method ○ Explain the accounting treatment in the books of a manufacturer of property, plant and equipment who is also a lessor or dealer ○ Discuss the rationale of a sale and leaseback transaction ○ Explain the accounting treatment of a sale and leaseback transaction in the books of lessor and lessee 	MFRS 117	
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	<ul style="list-style-type: none"> ○ Explain effects of Clarification of Acceptable Methods of Depreciation and Amortisation (amendments to MFRS 116 and MFRS 138) 		
3.2	Accounting for inventories	MFRS 102	
	<ul style="list-style-type: none"> • Explain the measurement of inventories in accordance with MFRS 102 <ul style="list-style-type: none"> ○ Explain how the cost of inventories is arrived at <ul style="list-style-type: none"> ▪ Cost of purchase ▪ Cost of conversion ▪ Other costs ▪ Cost formulas used to assign the cost of inventories ▪ Costs not included ○ Explain how net realisable value is determined ○ Explain how the writing down of inventories to the net realisable value is made • Explain the circumstances under which the cost of inventories is recognised as expenses • Explain the measurement rule of raw materials at the balance sheet date • Explain the disclosure requirements of MFRS 102 on inventories 		
3.3	Accounting for financial instruments		
	<ul style="list-style-type: none"> • Disclosure and presentation <ul style="list-style-type: none"> ○ Define financial assets, financial liability and equity instrument ○ Discuss the classification of financial instruments into financial assets, financial liability and equity instrument ○ Measurement of compound financial instruments and subsequent accounting treatment 	MFRS 7, MFRS 132,	

	<ul style="list-style-type: none"> ○ Explain the accounting treatment of treasury shares when they are purchased, sold, issued or cancelled ○ Discuss the accounting treatment of interest, dividends, losses and gains relating to financial instruments ○ Discuss the circumstances under which offsetting of financial asset and a financial liability is allowed ○ Explain the disclosure requirements of MFRS 132 on financial instruments 		
	<ul style="list-style-type: none"> ● Recognition and measurement <ul style="list-style-type: none"> ○ Explain derivatives ○ Explain the different categories of financial instruments ○ Explain the recognition of financial asset and financial liability <ul style="list-style-type: none"> ▪ Trade date method ▪ Settlement date method ○ Explain the initial measurement of financial asset and financial liability ○ Explain the accounting treatment of transaction costs ○ Explain the subsequent measurement of financial asset and financial liability ○ Explain the accounting treatment of financial instruments that are reclassified ○ Explain the accounting treatment of change in fair value of financial instruments ○ Discuss the evidence that financial asset or group of financial asset is impaired ○ Explain the accounting treatment of impairment of financial assets under various classifications 	MFRS 139	

	<ul style="list-style-type: none"> ○ Discuss the derecognition of a financial asset and a financial liability 		
	<p>MFRS 9 Financial Instruments</p> <ul style="list-style-type: none"> ● Explain and apply the requirements as per MFRS 9 <ul style="list-style-type: none"> ○ Explain the initial measurement of financial instruments ○ Account for the subsequent measurement of financial assets <ul style="list-style-type: none"> ▪ Debt instruments – business model test and cash flow characteristics test ▪ Fair value option ▪ Equity instruments ▪ Other comprehensive income option ○ Account for subsequent measurement of financial liabilities <ul style="list-style-type: none"> ▪ Fair value option ▪ Trade date method ▪ Settlement date method ○ Apply and account for derecognition of financial assets ○ Apply and account for derecognition of financial liabilities ○ Apply and account for derivatives and embedded derivatives ○ Perform reclassification in accordance with MFRS 9 ○ Apply hedge accounting <ul style="list-style-type: none"> ▪ Fair value hedge ▪ Cash flow hedge ▪ Hedge of a net investment in a foreign operation ○ Apply and account for impairment as per MFRS 9 	MFRS 9	

	<ul style="list-style-type: none"> • Explain the presentation and disclosure requirements of MFRS 9 on financial instruments 		
3.4	Accounting for employee benefits	MFRS 119	A
	<ul style="list-style-type: none"> • Discuss the different categories of employee benefits <ul style="list-style-type: none"> ○ Short-term employee benefits ○ Post-employment benefits <ul style="list-style-type: none"> ▪ Defined contribution plan <ul style="list-style-type: none"> ➤ Explain the accounting treatment of defined contribution plan ▪ Defined benefit plan <ul style="list-style-type: none"> ➤ Explain and apply the appropriate accounting treatment of defined contribution plan, including requirements for measurement and past service costs ➤ Unit credit method ➤ Account for actuarial gains and losses ○ Other long-term employee benefits ○ Termination benefits • Explain the disclosure requirements of MFRS 119 and MFRS 126 on accounting for retirement benefits 		
3.5	Accounting for income taxes	MFRS 112	A
	<ul style="list-style-type: none"> • Explain what is meant by tax base, deferred tax, taxable and deductible temporary differences • Discuss the full provision method in determining the deferred tax • Account for deferred tax <ul style="list-style-type: none"> ○ Calculate the taxable temporary difference and deductible temporary difference ○ Deferred tax liability and deferred tax asset • Explain the measurement of deferred tax <ul style="list-style-type: none"> ○ Change in tax rate 		

	<ul style="list-style-type: none"> ○ Items relate to equity ○ Business combination ● Explain the presentation and disclosure requirements of MFRS 112 on accounting for income taxes 		
3.6	Provisions, Contingent Liabilities and Contingent Assets	MFRS 137	A
	<ul style="list-style-type: none"> ● Define provision, liability, contingent liability and contingent asset ● Explain the recognition of provision that gives rise to liability ● Explain the measurement of provision recognised <ul style="list-style-type: none"> ○ Best estimate ○ Assess risks and uncertainties ○ Present value of the obligation ○ Future events ● Explain the recognition of contingent liability and contingent asset ● Explain the disclosure requirements of MFRS 137 on provision, contingent liability and contingent asset 		
3.7	Operating Segments	MFRS 8	A
	<ul style="list-style-type: none"> ● Define operating segments ● Discuss the factors to be considered in identifying operating segments ● Explain the tests used in determining whether an operating segment can be a reportable segment ● Prepare a segment report in accordance with MFRS 8 ● Explain the disclosure requirements of MFRS 8 		
3.8	Revenue recognition		A
	<ul style="list-style-type: none"> ● Revenue <ul style="list-style-type: none"> ○ Explain the criteria or conditions of revenue recognition under the following: <ul style="list-style-type: none"> ▪ Sale of goods ▪ Rendering of services ▪ Interest royalties and dividends 	MFRS 118	

	<ul style="list-style-type: none"> ○ Explain the recognition of property development revenue and expenses <ul style="list-style-type: none"> ▪ Discuss the relationship between the outcome of the property development and the recognition of revenue and expenses ▪ Explain the various methods of determining the stage of completion ○ Explain the accounting treatment of unsold completed development units ○ Present the information regarding property development activities in the income statement and balance sheet ○ Explain the disclosure requirements of FRS 201 on property development activities <p>• Revenue from Contract with Customers</p> <ul style="list-style-type: none"> ○ Explain the key definitions under MFRS 15 ○ Discuss and apply the five step model framework <ul style="list-style-type: none"> ▪ Identify the contract with the customer ▪ Identify the performance obligations in the contract ▪ Determine the transaction price ▪ Allocate the transaction price to the performance obligations in the contracts ▪ Recognize revenue when (or as) the entity satisfies a performance obligation ○ Explain and apply the accounting requirements in respect of contract costs ○ Review the implementation guidance in relation to MFRS 15 	MFRS 15	
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	<ul style="list-style-type: none"> ○ Explain the presentation and disclosure requirements in the financial statements of MFRS 15 		
3.9	Accounting for share-based payment	MFRS 2	
	<ul style="list-style-type: none"> • Explain the different types of share-based payments • Equity-settled • Cash-settled • Choice of equity-settled or cash-settled • Share-based payments to third parties • Share-based payments to employees • Apply and account for 'share-based payments' in accordance with MFRS 2 – recognition and measurement; accounting for modifications • Explain the disclosure requirements of MFRS 2 on share-based payments 		
3.10	Accounting policies, changes in accounting estimates and errors	MFRS 108	
	<ul style="list-style-type: none"> • Define accounting policies, changes in accounting estimates and errors • Explain the accounting treatment of a change in accounting policy, change in accounting estimate and errors • Explain the disclosure requirements of MFRS 108 when a company changes its accounting policies, changes its accounting estimates and errors 		
3.11	Events after the reporting period	MFRS 110	
	<ul style="list-style-type: none"> • Define events after the reporting period • Discuss the accounting treatment of events after the reporting period <ul style="list-style-type: none"> ○ Adjusting events after the reporting period ○ Non-adjusting events after reporting period ○ Dividends and going concern status 		

	<ul style="list-style-type: none"> Explain the disclosure requirements of MFRS 110 on events after the reporting period 		
3.12	Fair Value measurement	MFRS 13	
	<ul style="list-style-type: none"> Explain the key definitions in MFRS 13 Explain and apply the fair value hierarchy – level 1, 2 and 3 inputs Apply the measurement and valuation techniques as per MFRS 13 Explain the disclosure requirements of MFRS 13I 		
4.0	Consolidated financial statements		A
4.1	<i>Business Combinations – Basic introduction</i>		
	<ul style="list-style-type: none"> Describe the concept of a group and the objective and usefulness of consolidated financial statements Define a subsidiary Describe the circumstances when a parent is exempted from preparing consolidated financial statements Describe the circumstances and reasoning for subsidiaries to be excluded from consolidated financial statements Prepare a consolidated statement of financial position and statement of comprehensive income for a group dealing with pre and post acquisition profits, non-controlling interests and goodwill arising on consolidation 	MFRS 3 MFRS 10, MFRS 127	
4.2	<i>Business Combinations – Intra-group transactions and balances, income from subsidiaries, bonus shares issued by subsidiaries and fair value adjustments</i>		A
	<ul style="list-style-type: none"> Explain what is meant by intra-group transactions and balances and why they should be eliminated on consolidation Account for the intra-group transactions and balances in the 		

	<p>preparation of consolidated statement of financial position</p> <ul style="list-style-type: none"> • Account for bonus shares issued by subsidiary • Account for income/dividends received/paid from/by subsidiary • Prepare consolidated financial statements dealing with fair value adjustments 		
4.3	<i>Consolidated statement of comprehensive income</i>		A
	<ul style="list-style-type: none"> • Account for intra-group dividends • Account for the preference shares dividends in subsidiary • Account for the intra-group transactions • Account for acquisition of subsidiaries during the year 	MFRS 3	
4.4	<i>Business Combinations – associates and joint ventures</i>		A
	<ul style="list-style-type: none"> • Define associates and joint ventures • Accounting for associates using equity method • Accounting for joint ventures using the equity method 	MFRS 128; MFRS 11	
4.5	<i>Business Combinations – increases in share holding</i>		A
	<ul style="list-style-type: none"> • Account for the increase in share holding <ul style="list-style-type: none"> ○ Increase in controlling interest ○ Gradual acquisition resulting in control ○ Deemed purchase • Prepare consolidated financial statements when there are increases in share holding 	MFRS 3	
4.6	<i>Business Combinations – decrease in share holding</i>		A
	<ul style="list-style-type: none"> • Account for all and partial disposal of shares in subsidiary 	MFRS 3	

	<ul style="list-style-type: none"> • Calculate and account for the gain or loss on disposal of interest in subsidiary (all and partial) • Explain and account for deemed disposal of shares in subsidiary 		
4.7	<i>Business Combinations – foreign operations</i>	MFRS 121	A
	<ul style="list-style-type: none"> • Explain functional and presentation currency • Translating financial statements from local/foreign currency to functional currency • Translating financial statements from functional currency to presentation currency • Translating the goodwill on consolidation as an asset of the subsidiary 		
4.8	<i>Business Combinations – statement of cash flow</i>		A
	<ul style="list-style-type: none"> • Prepare a group statement of cash flow including acquisition or disposal of subsidiary or associate during the year 		
4.9	<i>Business Combinations – complex group structures</i>		A
	<ul style="list-style-type: none"> • Explain the different types of group structure <ul style="list-style-type: none"> ○ Group with fellow subsidiaries ○ Vertical group ○ Mixed group • Prepare consolidated financial statements for a complex group structure 		