



ACCA

Financial Reporting (FR)

Syllabus and study guide

September 2022 to June 2023

Designed to help with planning study and to provide detailed information on what could be assessed in any examination session

Think Ahead

Contents

1. Intellectual levels.....	2
2. Learning hours and education recognition	2
3. The structure of ACCA qualification	3
4. Guide to ACCA examination structure and delivery mode	4
5. Guide to ACCA examination assessment	6
6. Relational diagram linking Financial Reporting with other exams.....	7
7. Approach to examining the syllabus	7
8. Introduction to the syllabus.....	8
9. Main capabilities	9
10. The syllabus.....	10
11. Detailed study guide.....	11
12. Summary of changes to Financial Reporting (FR)	17

1. Intellectual levels

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1:	Knowledge and comprehension
Level 2:	Application and analysis
Level 3:	Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Applied Knowledge, the Applied Skills and the Strategic Professional exams are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant learning outcome. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with Applied Knowledge, level 2 equates to Applied Skills and level 3 to Strategic Professional, some lower level skills can continue to be assessed as the student progresses through each level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

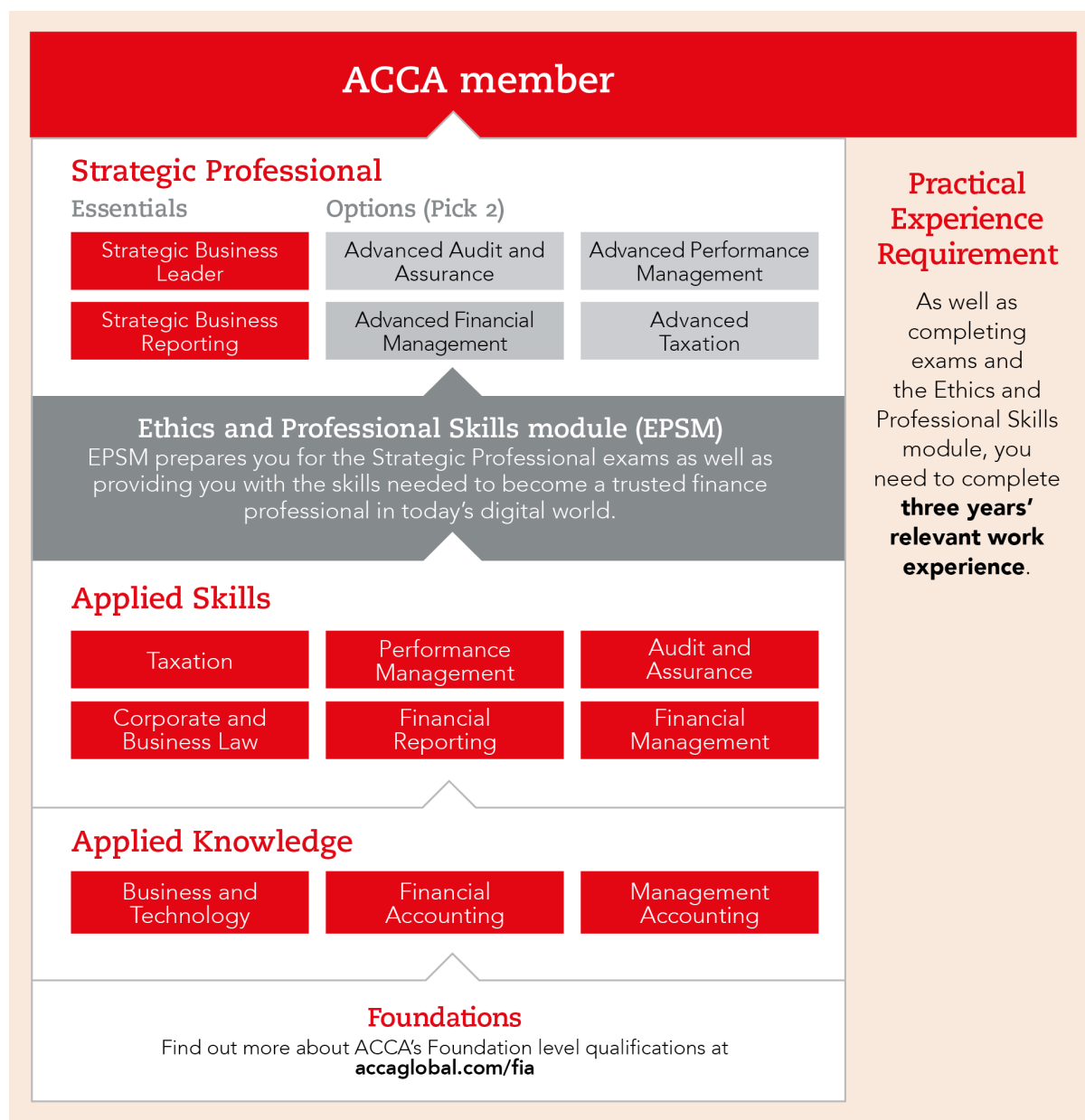
2. Learning hours and education recognition

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualification is recognised and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualification is currently recognised on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus is organised into main subject area headings which are further broken down to provide greater detail on each area.

3. The structure of ACCA qualification



*See accaglobal.com for details

4. Guide to ACCA examination structure and delivery mode

The pass mark for all ACCA Qualification examinations is 50%.

The structure and delivery mode of examinations varies.

Applied Knowledge

The Applied Knowledge examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus. These are assessed by a two-hour computer based examination.

Applied Skills

The Corporate and Business Law exam is a two-hour computer-based objective test examination for English and Global.

For the format and structure of the Corporate and Business Law or Taxation variant exams, refer to the 'Approach to examining the syllabus' section of the relevant syllabus and study guide.

The other Applied Skills examinations (PM, TX-UK, FR, AA, and FM) contain a mix of objective and longer type questions with a duration of three hours for 100 marks. These are assessed by a three hour computer-based exam. Prior to the start of each exam there will be time allocated for students to be informed of the exam instructions.

The longer (constructed response) question types used in the Applied Skills exams (excluding Corporate and Business Law) require students to effectively mimic what they do in the workplace. Students will need to use a range of digital skills and demonstrate their ability to use spread sheets and word processing tools in producing their answers, just as they would use these tools in the workplace. These assessment methods allow ACCA to focus on testing students' technical and application skills, rather than, for example, their ability to perform simple calculations.

Strategic Professional

Essentials:

Strategic Business Leader is ACCA's case study examination at Strategic Professional and is examined as a closed book exam of four hours, including reading, planning and reflection time which can be used flexibly within the examination. There is no pre-seen information and all exam related material, including case information and exhibits are available within the examination. Strategic Business Leader is an exam based on one main business scenario which involves candidates completing several tasks within which additional material may be introduced. All questions are compulsory and each examination will contain a total of 80 technical marks and 20 Professional Skills marks.

Strategic Business Reporting is a three-hour 15 minutes exam. It contains two sections and all questions are compulsory. This exam contains four professional marks.

Options:

The Strategic Professional Options are all three hours and 15 minutes computer-based exams. All contain two sections and all questions are compulsory.

From September 2022, AFM, APM and AAA will contain a total of 80 technical marks and 20 Professional Skills marks.

From June 2023, ATX will similarly contain a total of 80 technical marks and 20 Professional Skills marks.

The question types used at Strategic Professional require students to effectively mimic what they would do in the workplace. These exams offer ACCA the opportunity to focus on the application of knowledge to scenarios, using a range of tools including word processor, spreadsheets and presentation slides - not only enabling students to demonstrate their technical and professional skills but also their use of the technology available to today's accountants.

Time management

ACCA encourages students to take time to read questions carefully and to plan answers but once the exam time has started, there are no additional restrictions as to when candidates may start producing their answer.

Time should be taken to ensure that all the information and exam requirements are properly read and understood.

5. Guide to ACCA examination assessment

ACCA reserves the right to examine any learning outcome contained within the study guide. This includes knowledge, techniques, principles, theories, and concepts as specified. For the financial accounting, audit and assurance, law and tax exams except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions.

For most examinations (not tax), regulations **issued** or legislation **passed** on or before 31 August annually, will be examinable from 1 September of the following year to 31 August of the year after that. Please refer to the examinable documents for the exam (where relevant) for further information.

Regulations issued or legislation passed in accordance with the above dates may be examinable even if the **effective** date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity's transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

For **UK** tax exams, examinations falling within the period 1 June to 31 March will generally examine the Finance Act which was passed in the previous year. Therefore, exams falling in the period 1 June 2021 to 31 March 2022 will examine the Finance Act 2020 and any examinable legislation which

is passed outside of the Finance Act before 31 May 2020.

For additional guidance on the examinability of specific tax rules and the depth in which they are likely to be examined, reference should be made to the relevant Finance Act article written by the examining team and published on the ACCA website.

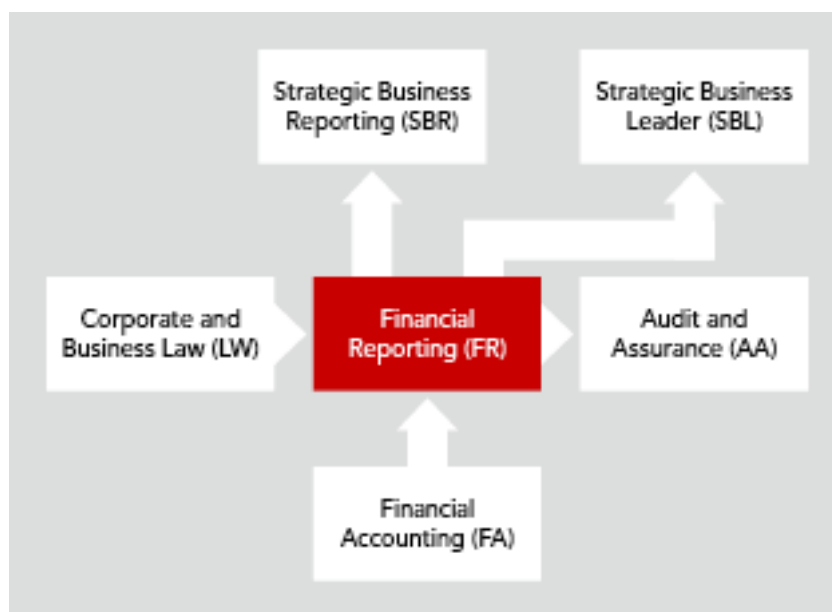
None of the current or impending devolved taxes for Scotland, Wales, and Northern Ireland is, or will be, examinable.

Additional clarification regarding the impact of the UK leaving the European Union (EU)

For exams in the period 1 June 2021 to 31 March 2022, it will be assumed that the EU acquisition rules continue to apply.

6. Relational diagram linking Financial Reporting with other exams

This diagram shows links between this exam and other exams preceding or following it. Some exams are directly underpinned by other exams such as Strategic Business Reporting by Financial Reporting. This diagram indicates where students are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.



7. Approach to examining the syllabus

The syllabus is assessed by a three-hour computer based examination.

All questions are compulsory. The exam will contain both computational and discursive elements.

Section A of the computer-based exam comprises 15 objective test questions of 2 marks each.

Section B of the computer-based exam comprises three questions each containing five objective test questions of 2 marks each.

Section C of the exam comprises two 20 mark constructed response questions.

The 20 mark questions will examine the interpretation and preparation of financial statements for either a single entity or a group. The section A questions and the other questions in section B can cover any areas of the syllabus.

An individual question may often involve elements that relate to different subject areas of the syllabus. For example the preparation of an entity's financial statements could include matters relating to several IFRS Standards.

Questions may ask candidates to comment on the appropriateness or acceptability of management's opinion or chosen accounting treatment. An understanding of accounting principles and concepts and how these are applied to practical examples will be tested.

Questions on topic areas that are also included in Financial Accounting (FA) will be examined at an appropriately greater depth in this paper.

Candidates will be expected to have an appreciation of the need for specified IFRS Standards and why they have been issued. For detailed or complex standards, candidates need to be aware of their principles and key elements.

8. Introduction to the syllabus

The aim of the syllabus is to develop knowledge and skills in understanding and applying IFRS Standards and the theoretical framework in the preparation of financial statements of entities, including groups and how to analyse and interpret those financial statements.

The financial reporting syllabus assumes knowledge acquired in *Financial Accounting (FA)*, and develops and applies this further and in greater depth.

The syllabus begins with the Conceptual Framework for Financial Reporting with reference to the qualitative characteristics of useful information and the fundamental bases of accounting introduced in the *Financial Accounting (FA)* syllabus within the Knowledge module. It then moves into a detailed examination of the regulatory framework of accounting and how this informs the standard setting process.

The main areas of the syllabus cover the reporting of financial information for single companies and for groups in accordance with generally accepted accounting principles and relevant IFRS Standards.

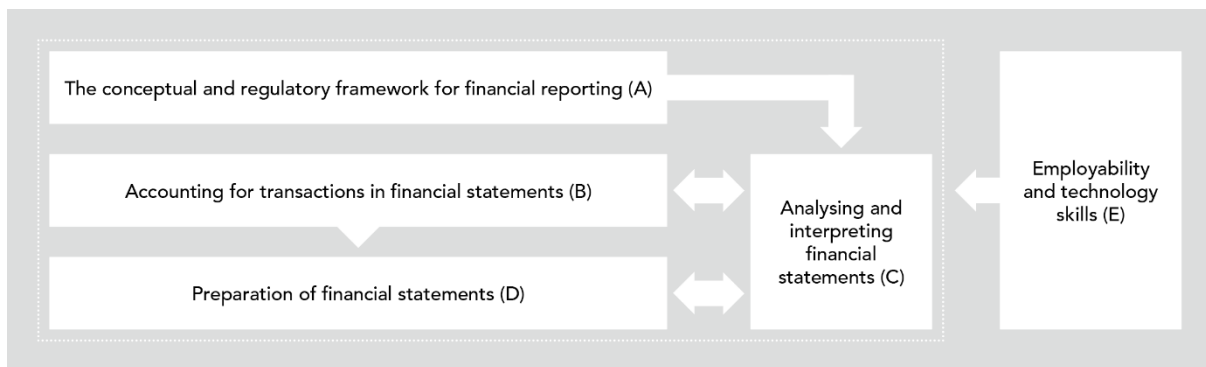
The syllabus also covers the analysis and interpretation of information from financial statements.

Finally the syllabus contains outcomes relating to the demonstration of appropriate digital and employability skills in preparing for and taking the FR examination. This includes being able to interact with different question item types, manage information presented in digital format and being able to use the relevant functionality and technology to prepare and present response options in a professional manner. These skills are specifically developed by practicing and preparing for the FR exam, using the learning support content for computer-based exams available via the practice platform and the ACCA website and will need to be demonstrated during the live exam.

9. Main capabilities

On successful completion of this exam, candidates should be able to:

- A Discuss and apply conceptual and regulatory frameworks for financial reporting
- B Account for transactions in accordance with IFRS Standards
- C Analyse and interpret financial statements.
- D Prepare and present financial statements for single entities and business combinations in accordance with IFRS Standards
- E Demonstrate employability and technology skills



This diagram illustrates the flows and links between the main capabilities of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

10. The syllabus

A The conceptual and regulatory framework for financial reporting

1. The need for a conceptual framework and the characteristics of useful information
2. Recognition and measurement
3. Regulatory framework
4. The concepts and principles of groups and consolidated financial statements

B Accounting for transactions in financial statements

1. Tangible non-current assets
2. Intangible assets
3. Impairment of assets
4. Inventory and biological assets
5. Financial instruments
6. Leasing
7. Provisions and events after the reporting period
8. Taxation
9. Reporting financial performance
10. Revenue
11. Government grants
12. Foreign currency transactions

C Analysing and interpreting the financial statements of single entities and groups

1. Limitations of financial statements
2. Calculation and interpretation of accounting ratios and trends to address users' and stakeholders' needs

3. Limitations of interpretation techniques
4. Specialised, not-for-profit, and public sector entities

D Preparation of financial statements

1. Preparation of single entity financial statements
2. Preparation of consolidated financial statements for a simple group

E Employability and technology skills

1. Use computer technology to efficiently access and manipulate relevant information.
2. Work on relevant response options, using available functions and technology, as would be required in the workplace.
3. Navigate windows and computer screens to create and amend responses to exam requirements, using the appropriate tools.
4. Present data and information effectively, using the appropriate tools.

11. Detailed study guide

A The conceptual and regulatory framework for financial reporting

1. The need for a conceptual framework and the characteristics of useful information

- a) Describe what is meant by a conceptual framework for financial reporting.^[2]
- b) Discuss whether a conceptual framework is necessary and what an alternative system might be.^[2]
- c) Discuss what is meant by relevance and faithful representation and describe the qualities that enhance these characteristics.^[2]
- d) Discuss whether faithful representation constitutes more than compliance with IFRS® Standards.^[1]
- e) Discuss what is meant by understandability and verifiability in relation to the provision of financial information.^[2]
- f) Discuss the importance of comparability and timeliness to users of financial statements.^[2]
- g) Discuss the principle of comparability in accounting for changes in accounting policies.^[2]

2. Recognition and measurement

- a) Define what is meant by 'recognition' in financial statements and discuss the recognition criteria.^[2]
- b) Apply the recognition criteria to:^[2]
 - i) assets and liabilities.
 - ii) income and expenses.
- c) Explain and compute amounts using the following measures :^[2]
 - i) historical cost
 - ii) current cost

- iii) value in use/fulfilment value
- iv) fair value

- d) Discuss the advantages and disadvantages of historical cost accounting.
- e) Discuss whether the use of current value accounting overcomes the problems of historical cost accounting.^[2]

3. Regulatory framework

- a) Explain why a regulatory framework is needed including the advantages and disadvantages of IFRS Standards over a national regulatory framework.^[2]
- b) Explain why IFRS Standards on their own are not a complete regulatory framework.^[2]
- c) Distinguish between a principles based and a rules based framework and discuss whether they can be complementary.^[1]
- d) Describe the standard setting process of the International Accounting Standards Board (IASB®) including revisions to and interpretations of IFRS Standards.^[2]
- e) Explain the relationship of national standard setters to the IASB in respect of the standard setting process.^[2]

4. The concepts and principles of groups and consolidated financial statements

- a) Describe the concept of a group as a single economic unit.^[2]
- b) Explain and apply the definition of a subsidiary within relevant IFRS Standards.^[2]
- c) Using IFRS Standards and other regulation, identify and outline the circumstances in which a group is required to prepare consolidated financial statements. ^[2]
- d) Describe the circumstances when a group may claim exemption from the

preparation of consolidated financial statements.^[2]

- e) Explain why directors may not wish to consolidate a subsidiary and when this is permitted by IFRS Standards and other applicable regulation.^[2]
- f) Explain the need for using coterminous year ends and uniform accounting policies when preparing consolidated financial statements.^[2]
- g) Explain why it is necessary to eliminate intra group transactions.^[2]
- h) Explain the objective of consolidated financial statements.^[2]
- i) Explain why it is necessary to use fair values for the consideration for an investment in a subsidiary together with the fair values of a subsidiary's identifiable assets and liabilities when preparing consolidated financial statements.^[2]
- j) Define an associate and explain the principles and reasoning for the use of the equity method of accounting.^[2]

B Accounting for transactions in financial statements

1. Tangible non-current assets

- a) Define and compute the initial measurement of a non-current asset (including borrowing costs and an asset that has been self-constructed).^[2]
- b) Identify subsequent expenditure that may be capitalised, distinguishing between asset and expense items.^[2]
- c) Discuss the requirements of relevant IFRS Standards in relation to the revaluation of non-current assets.^[2]
- d) Account for revaluation and disposal gains and losses for non-current assets.^[2]

e) Compute depreciation based on the cost and revaluation models and on assets that have two or more significant parts.^[2]

- f) Discuss why the treatment of investment properties should differ from other properties.^[2]
- g) Apply the requirements of relevant IFRS Standards to an investment property.^[2]

2. Intangible non-current assets

- a) Discuss the nature and accounting treatment of internally generated and purchased intangible assets.^[2]
- b) Distinguish between goodwill and other intangible assets.^[2]
- c) Describe the criteria for the initial recognition and measurement of intangible assets.^[2]
- d) Describe the subsequent accounting treatment of intangible assets.^[2]
- e) Indicate why the fair value of purchase consideration for an investment may be less than the fair value of the acquired identifiable net assets and how the difference should be accounted for.^[2]
- f) Describe and apply the requirements of relevant IFRS Standards to research and development expenditure.^[2]

3. Impairment of assets

- a) Define, calculate and account for an impairment loss, including the principle of impairment tests in relation to goodwill.^[2]
- b) Account for the reversal of an impairment loss on an individual asset
- c) Identify the circumstances that may indicate impairments to assets.^[2]
- d) Describe what is meant by a cash generating unit.^[2]
- e) State the basis on which impairment losses should be allocated, and allocate

an impairment loss to the assets of a cash generating unit.^[2]

4. Inventory and biological assets

- a) Describe and apply the principles of inventory valuation.^[2]
- b) Apply the requirements of relevant IFRS Standards for biological assets and agricultural produce.^[2]

5 Financial instruments

- a) Explain the need for an accounting standard on financial instruments.^[1]
- b) Define financial instruments in terms of financial assets and financial liabilities.^[1]
- c) Explain and account for the factoring of receivables.
- d) Indicate for the following categories of financial instruments how they should be measured and how any gains and losses from subsequent measurement should be treated in the financial statements:^[1]
 - i) amortised cost
 - ii) fair value through other comprehensive income (including where an irrevocable election has been made for equity instruments that are not held for trading)
 - iii) fair value through profit or loss^[2]
- e) Distinguish between debt and equity.^[2]
- f) Apply the requirements of relevant IFRS Standards to the issue and finance costs of:^[2]
 - i) equity
 - ii) redeemable preference shares and debt instruments with no conversion rights (principle of amortised cost)
 - iii) convertible debt

6. Leasing

- a) Account for right-of-use assets and lease liabilities in the records of the lessee.^[2]

- b) Explain the exemption from the recognition criteria for leases in the records of the lessee.^[2]

- c) Account for sale and leaseback agreements.^[2]

7. Provisions and events after the reporting period

- a) Explain why an accounting standard on provisions is necessary.^[2]
- b) Distinguish between legal and constructive obligations.^[2]
- c) State when provisions may and may not be made and demonstrate how they should be accounted for.^[2]
- d) Explain how provisions should be measured.^[1]
- e) Define contingent assets and liabilities and describe their accounting treatment and required disclosures.^[2]
- f) Identify and account for:^[2]
 - i) warranties/guarantees
 - ii) onerous contracts
 - iii) environmental and similar provisions
 - iv) provisions for future repairs or refurbishments.
- g) Events after the reporting period:
 - i) distinguish between and account for adjusting and non-adjusting events after the reporting period^[2]
 - ii) Identify items requiring separate disclosure, including their accounting treatment and required disclosures.^[2]

8. Taxation

- a) Account for current taxation in accordance with relevant IFRS Standards.^[2]
- b) Explain the effect of taxable temporary differences on accounting and taxable profits.^[2]

- c) Compute and record deferred tax amounts in the financial statements.^[2]

9. Reporting financial performance

- a) Discuss the importance of identifying and reporting the results of discontinued operations.^[2]
- b) Define and account for non-current assets held for sale and discontinued operations.^[2]
- c) Indicate the circumstances where separate disclosure of material items of income and expense is required.^[2]
- d) Account for changes in accounting estimates, changes in accounting policy and correction of prior period errors
- e) Earnings per share (eps)
 - i) calculate the eps in accordance with relevant IFRS Standards (dealing with bonus issues, full market value issues and rights issues)^[2]
 - ii) explain the relevance of the diluted eps and calculate the diluted eps involving convertible debt and share options (warrants)^[2]

10. Revenue

- a) Explain and apply the principles of recognition of revenue:
 - (i) Identification of contracts
 - (ii) Identification of performance obligations
 - (iii) Determination of transaction price
 - (iv) Allocation of the price to performance obligations
 - (v) Recognition of revenue when/as performance obligations are satisfied.
- b) Explain and apply the criteria for recognising revenue generated from contracts where performance obligations are satisfied over time or at a point in time.^[2]
- c) Describe the acceptable methods for measuring progress towards complete satisfaction of a performance obligation.^[2]

- d) Explain and apply the criteria for the recognition of contract costs.^[2]
- e) Apply the principles of recognition of revenue, and specifically account for the following types of transaction:^[2]
 - i) principal versus agent
 - ii) repurchase agreements
 - iii) bill and hold arrangements
 - iv) consignment arrangements
- f) Prepare financial statement extracts for contracts where performance obligations are satisfied over time or at a point in time.^[2]

11. Government grants

- a) Apply the provisions of relevant IFRS Standards in relation to accounting for government grants.^[2]

12. Foreign currency transactions

- a) Explain the difference between functional and presentation currency and explain why adjustments for foreign currency transactions are necessary.
- b) Account for the translation of foreign currency transactions and monetary/non-monetary foreign currency items at the reporting date.

C Analysing and interpreting the financial statements of single entities and groups

1. Limitations of financial statements

- a) Indicate the problems of using historic information to predict future performance and trends.^[2]
- b) Discuss how financial statements may be manipulated to produce a desired effect (creative accounting, window dressing).^[2]
- c) Explain why figures in a statement of financial position may not be representative of average values

throughout the period for example, due to:^[2]

- i) seasonal trading
- ii) major asset acquisitions near the end of the accounting period.

- d) Explain how the use of consolidated financial statements might limit interpretation techniques

2 Calculation and interpretation of accounting ratios and trends to address users' and stakeholders' needs

- a) Define and compute relevant financial ratios.^[2]
- b) Explain what aspects of performance specific ratios are intended to assess.^[2]
- c) Analyse and interpret ratios to give an assessment of an entity's/group's performance and financial position in comparison with:^[2]
 - i) previous period's financial statements
 - ii) another similar entity/group for the same reporting period
 - iii) industry average ratios.
- d) Interpret financial statements (including statements of cash flows) together with other financial information to give advice from the perspectives of different stakeholders.^[2]
- e) Interpret financial statements (including statements of cash flows) together with other financial information to assess the performance and financial position of an entity.^[2]
- f) Discuss how the use of current values affects the interpretation of financial statements and how this would compare to using historical cost.^[2]
- g) Indicate other information, including non-financial information, that may be of relevance to the assessment of an entity's performance and financial position.^[1]

3. Limitations of interpretation techniques

- a) Discuss the limitations in the use of ratio analysis for assessing corporate performance.^[2]
- b) Discuss the effect that changes in accounting policies or the use of different accounting policies between entities can have on the ability to interpret performance.^[2]
- c) Compare the usefulness of cash flow information with that of a statement of profit or loss or a statement of profit or loss and other comprehensive income.^[2]
- d)
 - i) explain why the trend of eps may be a more accurate indicator of performance than a company's profit trend and the importance of eps as a stock market indicator ^[2]
 - ii) discuss the limitations of using eps as a performance measure.^[2]

4. Specialised, not-for-profit and public sector entities

- a) Explain how the interpretation of the financial statement of a specialised, not-for-profit or public sector organisation might differ from that of a profit making entity by reference to the different aims, objectives and reporting requirements.^[1]

D Preparation of financial statements

1. Preparation of single entity financial statements

- a) Prepare an entity's statement of financial position and statement of profit or loss and other comprehensive income in accordance with the structure and content prescribed within IFRS Standards and with accounting treatments as identified within syllabus areas A, B and C.^[2]

- b) Prepare and explain the contents and purpose of the statement of changes in equity.^[2]
- c) Prepare extracts from a statement of cash flows for a single entity (not a group) in accordance with relevant IFRS Standards using the indirect method only.^[2]
- 2. Preparation of consolidated financial statements for a simple group**
- a) Prepare a consolidated statement of financial position for a simple group (parent and up to two subsidiaries controlled by the parent and one associate of the parent) dealing with pre- and post-acquisition profits, non-controlling interest (at fair value or as a proportion of net assets at the acquisition date) and consolidated goodwill.^[2]
- b) Prepare a consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for a simple group dealing with an acquisition or disposal in the period and non-controlling interest.^[2]
- c) Explain and account for other components of equity (e.g. share premium and revaluation surplus).^[1]
- d) Account for the effects in the financial statements of intra-group trading.^[2]
- e) Account for the effects of fair value adjustments (including their effect on consolidated goodwill) to:^[2]
 - i) depreciating and non-depreciating non-current assets
 - ii) inventory
 - iii) monetary liabilities
 - iv) assets and liabilities not included in the subsidiary's own statement of financial position, including contingent assets and contingent liabilities
- f) Account for goodwill impairment.^[2]
- g) Describe and apply the required accounting treatment for consolidated goodwill.^[2]
- h) Explain and illustrate the effect of the disposal of a parent's investment in a subsidiary in the parent's individual financial statements and/or those of the group, including as a discontinued operation (restricted to disposals of the parent's entire investment in the subsidiary).

E Employability and technology skills

- 1. Use computer technology to efficiently access and manipulate relevant information.**
- 2. Work on relevant response options, using available functions and technology, as would be required in the workplace.**
- 3. Navigate windows and computer screens to create and amend responses to exam requirements, using the appropriate tools.**
- 4. Present data and information effectively, using the appropriate tools.**

12. Summary of changes to Financial Reporting (FR)

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

There have been some changes to the study guide for September 2022 to June 2023 which have been outlined in Table 1. In addition, changes to the approach taken by the FR examining team regarding certain issues have been outlined in Table 2.

Table 1 – Amendments to FR syllabus from September 2022

Section and subject area	Syllabus content	Rationale
Throughout	Minor spelling and grammar changes	For clarification
A2(c) (iii)	Changed from 'Value in use' to 'Value in use/fulfilment value'	Aligned with the Conceptual Framework for Financial Reporting
A2(f)	Removed the following learning outcome from the syllabus: <i>Describe the concept of financial and physical capital maintenance and how this affects the determination of profits.</i>	To focus on knowledge and skills which are likely to be more directly aligned to the current requirements of ACCA students and their employers
A4(j)	Changed 'equity accounting' to 'the equity method of accounting'	For clarification
B1(e)	Removed the reference to '(complex assets)'	IAS 16 Property, Plant and Equipment does not use the term 'complex assets'
B2(a)	Added the word 'assets'	For clarification
B2(d) and B3(a)	Added '...of intangible assets' into B2(d) and moved 'including the principle of impairment tests in relation to goodwill' to B3(a)	For clarification
B2(e)	Changed 'value' to 'fair value'	For clarification
B4(b)	Added 'and agricultural produce'	For clarification
B9(e)	Changed 'accounting standards' to 'IFRS Standards'	For clarification
B10(f)	Added '...or at a point in time'	For clarification

C2 – 3	<p>Various elements have been moved and/or reworded within these learning outcomes to emphasise the importance of being able to analyse and interpret a statement of cash flows, including amending the intellectual or cognitive level of certain elements from Level 1 (knowledge and comprehension) to Level 2 (application and analysis).</p> <p>The level of learning outcome C3(d) (ii) has been changed down from Level 2 to Level 1 to align with learning outcome C3(d) (i).</p>	To emphasise the importance of the statement of cash flows in interpreting an entity's financial statements
D1(a)	Added the word 'Standards'	For clarification
D1(c)	Clarified that only extracts from a statement of cash flows will be required and that only the indirect method of calculating cash flows from operations is part of the syllabus	For clarification
D2	Changed 'including an associate' to 'for a simple group'	For clarification
D2(a)	<p>Amended the definition of a 'simple' group from one subsidiary and one associate to up to two subsidiaries and one associate.</p> <p>Only 'horizontal' groups will be examinable (i.e. each entity within a group will be directly controlled by a single parent company).</p> <p>Included reference to non-controlling interest being recognised at fair value or as a proportion of net assets at the acquisition date.</p>	For clarification and to allow further scope for examining the disposal of a subsidiary, including as a discontinued operation in Section C of the exam
D2(b) and (h)	Included reference to disposals of subsidiaries, including as a discontinued operation	To allow further scope for examining the disposal of a subsidiary, including as a discontinued operation in Section C of the exam
D2(c)	Replaced 'other reserves' with 'other components of equity'	For clarification

D2(e)	Changed ‘...contingent assets and liabilities’ to ‘...contingent assets and contingent liabilities’	For clarification
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Table 2 – Changes in approach taken by the FR examining team from September 2022

Section and subject area	Syllabus content	Rationale
D2	<p>In the past, the FR examining team have accepted a simplified approach to accounting for intercompany transactions between a parent company and its associate whereby credit would be awarded for recording the same adjusting journal entries regardless of whether the transaction was upstream (i.e. associate sells to parent) or downstream (i.e. parent sells to associate).</p> <p>From September 2022, the FR examining team will expect that a distinction is made between upstream and downstream transactions with the following adjusting journal entries required for an intercompany sale of inventories between a parent and its associate:</p> <p>Upstream: Dr Share of profits of associate Cr Inventories</p> <p>Downstream: Dr Cost of sales Cr Investment in associate</p>	This approach is more technically accurate and candidates should be able to demonstrate the application of this knowledge.
B10 (f)	<p>The FR examining team are aware that in recent years some candidates and learning providers have continued to use the accounting requirements of IAS[®] 11 Construction Contracts rather than the requirements of IFRS 15 Revenue from Contracts with Customers when calculating contract assets and contract liabilities.</p> <p>Credit has been given for both approaches in the past.</p>	To ensure consistency with the requirements of IFRS 15.

Calculating the contract asset or contract liability under IFRS 15 should be as follows:	
	\$
Revenue recognised to date	X
Less: Amounts invoiced to date	<u> (X)</u>
Contract asset/(liability)	<u> X/(X)</u>
<p>For contracts where performance obligations are satisfied over a period of time, the stage of completion is required to calculate how much revenue should be recognised to date. There is no requirement to calculate the estimated profit/loss on the contract (except to the extent of determining whether the contract is onerous).</p> <p>For the purposes of the FR exam, any costs incurred to fulfil a contract with a customer should be expensed to the statement of profit or loss as they are incurred.</p> <p>From September 2022, credit will only be awarded to candidates who adopt the correct IFRS 15 approach outlined above. Use of IAS 11 will not be awarded credit in the exam.</p>	