

**MIA QUALIFYING EXAMINATION  
STUDY GUIDE**

**ADVANCED FINANCIAL ACCOUNTING AND REPORTING**

NO	CONTENT	REFERENCE	LEVEL OF KNOWLEDGE
<b>1</b>	<b>Financial accounting and reporting in Malaysia</b>		B
	<ul style="list-style-type: none"> <li>• Discuss the development of financial accounting and reporting in Malaysia.</li> <li>• Discuss the role of regulators such as MASB, Securities Commission, Bursa Malaysia, Bank Negara etc. in regards to financial reporting in Malaysia.</li> <li>• Discuss the future direction of financial reporting in Malaysia and internationally including the emergence and development of Islamic Accounting.</li> <li>• Discuss the rationale for moving towards fair value accounting.</li> </ul>	<ul style="list-style-type: none"> <li>- Financial Reporting Act 1997</li> <li>- Companies Act 1965</li> <li>- Guidelines of the Securities Commission</li> <li>- Bursa Malaysia Listing Requirements</li> <li>- Bank Negara Malaysia Guidelines (GP3, GP 8 and GPI 15)</li> </ul>	
<b>2</b>	<b>Framework for the preparation and presentation of financial statements in Malaysia</b>		A
	<ul style="list-style-type: none"> <li>• Discuss what is meant by conceptual framework.</li> <li>• Describe the objectives of financial statements and the qualitative characteristics of financial information.</li> <li>• Identify the users of financial statements and their information needs to make economic decisions.</li> <li>• Discuss the criteria for the recognition of the elements of financial statements.</li> </ul>	Proposed Framework for the Preparation and Presentation of Financial Statements.	

	<ul style="list-style-type: none"> <li>• Explain the different measurement bases of the elements of financial statements.</li> <li>• Discuss the importance of fair value accounting in the present environment of financial accounting and reporting in Malaysia.</li> <li>• Discuss the measurement of income and capital maintenance under historical cost accounting and alternative approaches.</li> <li>• Discuss the importance of recognising, measuring and reporting in accordance transactions and events in accordance to the substance and not just the legal form.</li> </ul>		
<b>3</b>	<b>Preparation and presentation of financial statements for public companies</b>		A
	<ul style="list-style-type: none"> <li>• Prepare the financial statements in accordance with Financial Reporting Standards and Malaysian Companies Act 1965 <ul style="list-style-type: none"> <li>○ Balance sheet</li> <li>○ Income statement</li> <li>○ Statement of changes in equity</li> <li>○ Cash flow statement</li> <li>○ Notes to the financial statements including the disclosure on accounting policies adopted by companies.</li> <li>○ Disclosure of operating results, assets and liabilities of discontinued operations.</li> <li>○ Computation of basic earnings per share and diluted earnings per share</li> </ul> </li> <li>• Prepare interim financial report and explain the requirements of FRS 134 <ul style="list-style-type: none"> <li>○ Explain the content of interim financial statements</li> <li>○ Explain the presentation of interim financial statements</li> <li>○ Explain the recognition and measurement of items in interim</li> </ul> </li> </ul>	FRS 101, FRS 107, FRS 134 & FRS 133	

	<ul style="list-style-type: none"> <li>financial statements</li> <li>○ Explain the accounting treatment if there is a change in accounting policy</li> </ul>		
<b>4</b>	<b>Consolidated financial statements</b>		A
	<b><i>Business Combinations – Basic introduction</i></b>		
	<ul style="list-style-type: none"> <li>• Describe the concept of a group and the objective and usefulness of consolidated financial statements.</li> <li>• Explain the purchase method, equity accounting and proportionate consolidation.</li> <li>• Define a subsidiary.</li> <li>• Describe the circumstances when a parent is exempted from preparing consolidated financial statements.</li> <li>• Describe the circumstances and reasoning for subsidiaries to be excluded from consolidated financial statements.</li> <li>• Prepare a consolidated balance sheet and income statements for a group dealing with pre and post acquisition profits, minority interests and goodwill arising on consolidation.</li> </ul>	FRS 3, FRS 127	
	<b><i>Business Combinations – Intra-group transactions and balances, income from subsidiaries, bonus shares issued by subsidiaries and fair value adjustments</i></b>		A
	<ul style="list-style-type: none"> <li>• Explain what is meant by intra-group transactions and balances and why they should be eliminated on consolidation</li> <li>• Account for the intra-group transactions and balances in the preparation of consolidated balance sheet</li> <li>• Account for dividend paid out of pre-acquisition profit</li> <li>• Account for bonus shares issued by subsidiary</li> <li>• Account for income received from</li> </ul>		

	subsidiary <ul style="list-style-type: none"> <li>• Prepare consolidated financial statements dealing with fair value adjustments</li> </ul>		
	<b>Consolidated income statement</b>		A
	<ul style="list-style-type: none"> <li>• Account for intra-group dividends</li> <li>• Account for the preference shares dividends in subsidiary</li> <li>• Account for the intra-group transactions</li> <li>• Account for acquisition of subsidiaries during the year</li> <li>• Explain the accounting treatment of tax credit on dividends from subsidiary</li> </ul>		
	<b>Business Combinations – associates and joint ventures</b>		A
	<ul style="list-style-type: none"> <li>• Define associates and joint ventures</li> <li>• Accounting for associates using equity method;</li> <li>• Accounting for joint ventures using the equity method and proportionate consolidation.</li> </ul>		
	<b>Business Combinations – increases in share holding</b>		A
	<ul style="list-style-type: none"> <li>• Account for the increase in share holding             <ul style="list-style-type: none"> <li>○ Increase in controlling interest</li> <li>○ Gradual acquisition resulting in control</li> <li>○ Deemed purchase</li> </ul> </li> <li>• Prepare consolidated financial statements when there are increases in share holding</li> </ul>		
	<b>Business Combinations – decrease in share holding</b>		A
	<ul style="list-style-type: none"> <li>• Account for all and partial disposal of shares in subsidiary</li> <li>• Calculate and account for the gain or loss on disposal of interest in subsidiary (all and partial)</li> <li>• Explain and account for deemed</li> </ul>		

	disposal of shares in subsidiary.		
	<b><i>Business Combinations – foreign operations</i></b>		A
	<ul style="list-style-type: none"> <li>• Explain functional and presentation currency</li> <li>• Translating financial statements from local/foreign currency to functional currency</li> <li>• Translating financial statements from functional currency to presentation currency</li> <li>• Translating the goodwill on consolidation as an asset of the subsidiary</li> </ul>		
	<b><i>Business Combinations – cash flow statement</i></b>		A
	<ul style="list-style-type: none"> <li>• Prepare a group cash flow statement including acquisition or disposal of subsidiary or associate during the year</li> </ul>		
	<b><i>Business Combinations – complex group structures</i></b>		A
	<ul style="list-style-type: none"> <li>• Explain the different types of group structure <ul style="list-style-type: none"> <li>○ Group with fellow subsidiaries</li> <li>○ Vertical group</li> <li>○ Mixed group</li> </ul> </li> <li>• Prepare consolidated financial statements for a complex group structure</li> </ul>		
<b>5</b>	<b>Application of financial reporting standards on the preparation of financial statements</b>		A
	<b>Accounting for assets</b>		
	<ul style="list-style-type: none"> <li>• <b>Property, plant and equipment</b> <ul style="list-style-type: none"> <li>○ Discuss the recognition criteria of property, plant and equipment</li> <li>○ Determine the initial measurement of property, plant and equipment</li> <li>○ Explain the accounting treatment of subsequent</li> </ul> </li> </ul>	FRS 116	

	<p>expenditure</p> <ul style="list-style-type: none"> <li>○ Explain the subsequent measurement of property, plant and equipment <ul style="list-style-type: none"> <li>▪ Cost model</li> <li>▪ Revaluation model</li> <li>▪ Explain the accounting treatment when revaluation model is adopted by company.</li> <li>▪ Explain the treatment of revaluation surplus/deficit on the initial revaluation and subsequent revaluation</li> <li>▪ Explain the treatment of revaluation surplus when the property, plant and equipment are disposed.</li> </ul> </li> <li>○ Account for depreciation <ul style="list-style-type: none"> <li>▪ Calculate depreciation on assets purchased or self-constructed using different methods</li> <li>▪ Calculate depreciation on assets subsequent to the incurrence of subsequent expenditures that are capitalised.</li> <li>▪ Calculate depreciation on assets subsequent to revaluation</li> </ul> </li> <li>○ Explain the disclosure requirements of FRS 116 on property, plant and equipment</li> </ul> <p>• <b>Borrowing costs</b></p> <ul style="list-style-type: none"> <li>○ Define borrowing costs</li> <li>○ Discuss the examples of borrowing costs according to FRS 123</li> <li>○ Define qualifying expenditure</li> <li>○ Discuss the possible treatments of borrowing costs</li> <li>○ Discuss the arguments for and against capitalising borrowing</li> </ul>	FRS 123	
--	---	---------	--



	<ul style="list-style-type: none"> <li>• <b>Accounting for investment property</b> <ul style="list-style-type: none"> <li>○ Define investment property</li> <li>○ Explain the recognition criteria and initial measurement of investment property</li> <li>○ Discuss the subsequent measurement of investment property <ul style="list-style-type: none"> <li>▪ Fair value model</li> <li>▪ Cost model</li> </ul> </li> <li>○ Discuss the measurement of investment property when there are transfers <ul style="list-style-type: none"> <li>▪ Transfer from investment property to owner-occupied property</li> <li>▪ Transfer from investment property to inventories</li> <li>▪ Transfer from owner-occupied property to investment property</li> <li>▪ Transfer from inventories to investment property</li> <li>▪ Transfer from property in the course of construction of development (FRS 116) to investment property</li> </ul> </li> <li>○ Explain the disclosure requirements of FRS 140 on investment property</li> </ul> </li> <li>• <b>Accounting for government grants and disclosure of government assistance</b> <ul style="list-style-type: none"> <li>○ Define government grants</li> <li>○ Explain the recognition criteria of government grants</li> <li>○ Discuss the possible treatments/ approaches of accounting of government grants <ul style="list-style-type: none"> <li>▪ Capital approach</li> <li>▪ Income approach</li> </ul> </li> <li>○ Discuss the presentation of grants related to assets in the</li> </ul> </li> </ul>	<p>FRS 120</p> <p>FRS 5</p>	
--	---	-----------------------------	--

	<ul style="list-style-type: none"> <li>financial statements <ul style="list-style-type: none"> <li>▪ Treat as deferred income</li> <li>▪ Write off against asset</li> </ul> </li> <li>○ Explain the accounting treatments of governments grants that are revoked or becomes repayable</li> <li>○ Define government assistance</li> <li>○ Explain the disclosure requirements of FRS 120 on government grants and government assistance</li> </ul> <ul style="list-style-type: none"> <li>• <b>Non-current assets held for sale and presentation of discontinued operations</b> <ul style="list-style-type: none"> <li>○ Explain non-current asset held for sale and disposal group</li> <li>○ Explain the recognition criteria for non-current asset or disposal group</li> <li>○ Explain the measurement of non-current asset or disposal group classified as held for sale <ul style="list-style-type: none"> <li>▪ 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</li> </ul> </li> <li>○ Discuss the cessation of the classification of non-current asset or disposal group held for sale <ul style="list-style-type: none"> <li>▪ Explain the measurement of the non-current asset or disposal group that are no longer classified as held for sale</li> </ul> </li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• <b>Accounting for assets acquired through leases</b> <ul style="list-style-type: none"> <li>○ Discuss the substance over form principle in relation to</li> </ul> </li> </ul>	FRS 117	
--	---	---------	--

	<p>leases</p> <ul style="list-style-type: none"> <li>○ Distinguish between a finance lease and an operating lease</li> <li>○ Explain the accounting treatment of a finance lease in the books of the lessor and the lessee</li> <li>○ Explain the accounting treatment of an operating lease in the books of the lessor and the lessee</li> <li>○ Explain the methods of allocating finance charges <ul style="list-style-type: none"> <li>▪ Actuarial method</li> <li>▪ Sum-of-digits method</li> </ul> </li> <li>○ Explain the accounting treatment in the books of a manufacturer of property, plant and equipment who is also a lessor or dealer.</li> <li>○ Discuss the rationale of a sale and leaseback transaction.</li> <li>○ Explain the accounting treatment of a sale and leaseback transaction in the books of lessor and lessee <ul style="list-style-type: none"> <li>▪ If the sale and leaseback falls under operating lease</li> <li>▪ If the sale and leaseback falls under finance lease</li> </ul> </li> <li>○ Explain the disclosure requirements of FRS 117 on leases in the books of lessor and lessee for both finance lease and operating lease.</li> </ul> <ul style="list-style-type: none"> <li>● Accounting for intangible assets <ul style="list-style-type: none"> <li>○ Define intangible assets</li> <li>○ Discuss the recognition criteria, initial and subsequent measurement of intangible assets</li> <li>○ Explain the accounting treatment of research and development costs</li> </ul> </li> </ul>	FRS 138	
--	--	---------	--

	<ul style="list-style-type: none"> <li>○ Explain the accounting treatment of development costs that are impaired</li> <li>○ Explain the disclosure requirements of FRS 138 on intangible assets</li> </ul>		
	<b>Accounting for inventories</b>	FRS 102	
	<ul style="list-style-type: none"> <li>● Explain the measurement of inventories in accordance with FRS 102 <ul style="list-style-type: none"> <li>○ Explain how the cost of inventories is arrived <ul style="list-style-type: none"> <li>▪ Cost of purchase</li> <li>▪ Cost of conversion</li> <li>▪ Other costs</li> <li>▪ Cost formulas used to assign the cost of inventories</li> <li>▪ Costs not included</li> </ul> </li> <li>○ Explain how net realisable value is determined</li> <li>○ Explain how the writing down of inventories to the net realisable value is made</li> </ul> </li> <li>● Explain the circumstances under which the cost of inventories is recognised as expenses</li> <li>● Explain the measurement rule of raw materials at the balance sheet date</li> <li>● Explain the disclosure requirements of FRS 102 on inventories</li> </ul>		
	<b>Accounting for financial instruments</b>		
	<ul style="list-style-type: none"> <li>● Disclosure and presentation <ul style="list-style-type: none"> <li>○ Define financial assets, financial liability and equity instrument</li> <li>○ Discuss the classification of financial instruments into financial assets, financial liability and equity instrument</li> <li>○ Measurement of compound financial instruments and subsequent accounting treatment</li> <li>○ Explain the accounting</li> </ul> </li> </ul>	FRS 132	

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

	financial asset and a financial liability		
	<b>Accounting for employee benefits</b>	FRS 119	A
	<ul style="list-style-type: none"> <li>• Discuss the different categories of employee benefits <ul style="list-style-type: none"> <li>○ Short-term employee benefits</li> <li>○ Post-employment benefits <ul style="list-style-type: none"> <li>▪ Defined contribution plan <ul style="list-style-type: none"> <li>➤ Explain the accounting treatment of defined contribution plan</li> </ul> </li> <li>▪ Defined benefit plan <ul style="list-style-type: none"> <li>➤ Explain the accounting treatment of defined contribution plan</li> <li>➤ Unit credit method</li> <li>➤ Actuarial gains and losses</li> </ul> </li> </ul> </li> <li>○ Other long-term employee benefits</li> <li>○ Termination benefits</li> </ul> </li> <li>• Explain the disclosure requirements of FRS 119 and FRS 126 on accounting for retirement benefits</li> </ul>		
	<b>Accounting for income taxes</b>	FRS 112	A
	<ul style="list-style-type: none"> <li>• Explain what is meant by deferred tax, taxable and deductible temporary differences</li> <li>• Discuss the full provision method in determining the deferred tax</li> <li>• Account for deferred tax <ul style="list-style-type: none"> <li>○ Calculate the taxable temporary difference and deductible temporary difference</li> <li>○ Deferred tax liability and deferred tax asset</li> </ul> </li> <li>• Explain the measurement of deferred tax <ul style="list-style-type: none"> <li>○ Change in tax rate</li> <li>○ Items relate to equity</li> <li>○ Business combination</li> </ul> </li> <li>• Explain the disclosure requirements of FRS 112 on accounting for income taxes</li> </ul>		

	<b>Provisions, Contingent Liabilities and Contingent Assets</b>	FRS 137	A
	<ul style="list-style-type: none"> <li>• Define provision, contingent liability and contingent asset</li> <li>• Explain the recognition of provision that gives rise to liability</li> <li>• Explain the measurement of provision recognised <ul style="list-style-type: none"> <li>○ Best estimate</li> <li>○ Assess risks and uncertainties</li> <li>○ Present value of the obligation</li> <li>○ Future events</li> </ul> </li> <li>• Explain the recognition of contingent liability and contingent asset</li> <li>• Explain the disclosure requirements of FRS 137 on provision, contingent liability and contingent asset</li> </ul>		
	<b>Segment reporting</b>	FRS 124	A
	<ul style="list-style-type: none"> <li>• Define business segment and geographical segment</li> <li>• Discuss the factors to be considered in identifying business and geographical segment</li> <li>• Explain the tests used in determining whether a business segment and geographical segment can be a reportable segment</li> <li>• Explain the identification of primary and secondary segments</li> <li>• Prepare a segment report in accordance with FRS 114</li> </ul>		
	<b>Revenue recognition</b>		A
	<ul style="list-style-type: none"> <li>• <b>Revenue</b> <ul style="list-style-type: none"> <li>○ Explain the criteria or conditions of revenue recognition under the following: <ul style="list-style-type: none"> <li>▪ Sale of goods</li> <li>▪ Rendering of services</li> <li>▪ Interest royalties and dividends</li> </ul> </li> <li>○ Explain the timing of revenue recognition under various examples or situations given in the Appendix of FRS 118</li> <li>○ Explain the disclosure</li> </ul> </li> </ul>	FRS 118	



	<p>recognition of revenue and expenses</p> <ul style="list-style-type: none"> <li>▪ Explain the various methods of determining the stage of completion</li> <li>○ Explain the accounting treatment of unsold completed development units</li> <li>○ Present the information regarding property development activities in the income statement and balance sheet</li> <li>○ Explain the disclosure requirements of FRS 201 on property development activities</li> </ul>		
	<b>Accounting for share-based payment</b>	FRS 2	
	<ul style="list-style-type: none"> <li>• Explain the different types of share-based payments</li> <li>• Equity Settled</li> <li>• Cash settled</li> <li>• Choice of equity-settled or cash settled</li> <li>• Share based payments to third parties</li> <li>• Share based payments to employees</li> <li>• Explain the disclosure requirements of FRS 2 on share-based payment</li> </ul>		
	<b>Accounting policies, changes in accounting estimates and errors</b>	FRS 108	
	<ul style="list-style-type: none"> <li>• Define accounting policies, changes in accounting estimates and errors</li> <li>• Explain the accounting treatment of a change in accounting policy, change in accounting estimate and errors</li> <li>• Explain the disclosure requirements of FRS 108 when a company changes its accounting policies, changes its accounting estimates and errors</li> </ul>		
	<b>Events after the balance sheet date</b>	FRS 110	
	<ul style="list-style-type: none"> <li>• Define events after the balance sheet date</li> <li>• Discuss the accounting treatment of events after the balance sheet date <ul style="list-style-type: none"> <li>○ Adjusting post balance sheet</li> </ul> </li> </ul>		

	<ul style="list-style-type: none"> <li>events <ul style="list-style-type: none"> <li>○ Non-adjusting post balance sheet events</li> <li>○ Dividends and going concern status</li> </ul> </li> <li>● Explain the disclosure requirements of FRS 110 on events after the balance sheet date</li> </ul>		
6	<b>Analysis and interpretation of financial statements</b>		A
	<ul style="list-style-type: none"> <li>● Calculate relevant financial ratios for companies</li> <li>● Analyse and interpret ratios to give an assessment of company's financial performance and financial position in comparison with: <ul style="list-style-type: none"> <li>○ A company's previous period's financial statements</li> <li>○ Similar company in the same industry in the same period</li> <li>○ Industry average ratios</li> </ul> </li> <li>● Discuss the limitation of financial statements and hence the limitations in the use of ratio analysis for assessing corporate performance</li> </ul>		
7	<b>Changes in Company Structure</b> <ul style="list-style-type: none"> <li>● Capital reconstruction and capital reduction</li> <li>● Share buy-back</li> </ul>		C