ACA SYLLABUS AND TECHNICAL KNOWLEDGE GRIDS

ACCOUNTING

1 AUGUST 2016 – 31 DECEMBER 2017

ACA OVERVIEW

The ICAEW chartered accountancy qualification, the ACA, is one of the most advanced learning and professional development programmes available. Its integrated components provide an in-depth understanding across accountancy, finance and business. Combined, they help build the technical knowledge, professional skills and practical experience needed to become an ICAEW Chartered Accountant.

Each component is designed to complement each other, which means that students can put theory into practice and can understand and apply what they learn to their day-to-day work. The components are:

Professional development

ICAEW Chartered Accountants are known for their professionalism and expertise. Professional development prepares students to successfully handle a variety of different situations that they encounter throughout their career. The ACA qualification improves students' ability and performance in seven key areas:

- adding value
- communication
- consideration
- decision making
- problem solving
- team working
- technical competence.

Ethics and professional scepticism

Ethics is more than just knowing the rules around confidentiality, integrity, objectivity and independence. It's about identifying ethical dilemmas, understanding the implications and behaving appropriately. We integrate ethics throughout the ACA qualification to develop students' ethical capabilities – so they will always know how to make the right decisions and justify them.

Three to five years' practical work experience

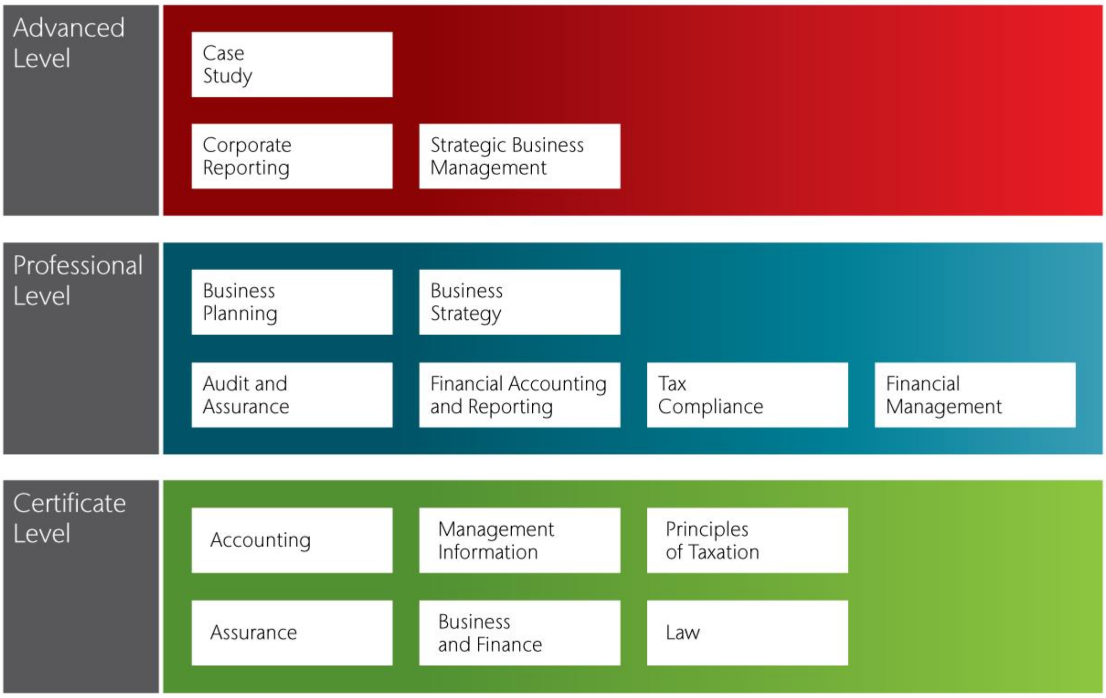
Practical work experience is done as part of a training agreement with an authorised training employer or principal. Students need to complete 450 days, which normally takes between three and five years. The knowledge, skills and experience they gain as part of their training agreement are invaluable, giving them the opportunity to put what they're learning into practice. Experience can be completed in at least one of the following six categories:

- Accounting
- Audit and assurance (audit is not compulsory)
- Financial management
- Information technology
- Insolvency
- Taxation.

15 accountancy, finance and business modules

Students gain in-depth knowledge across a broad range of topics in accountancy, finance and business. The modules are designed to complement their practical work experience, so they constantly progress through the qualification.

There are 15 modules over three levels – Certificate, Professional and Advanced. The modules can be taken in any order with the exception of the Case Study which has to be attempted last. Students must pass every exam (or receive credit).



Certificate Level

There are six modules that introduce the fundamentals of accountancy, finance and business. Students may be eligible for credit for some modules if they have studied accounting, finance, law or business at degree level or through another professional qualification.

These six modules are also available as a stand-alone certificate, the ICAEW Certificate in Finance, Accounting and Business (ICAEW CFAB). Students studying for this certificate will only complete these six modules. On successful completion, the ICAEW CFAB can be used as a stepping stone to studying the ACA qualification.

Professional Level

The next six modules build on the fundamentals and test students' understanding and ability to use technical knowledge in real-life scenarios. The modules can be taken in March, June, September and December. Please note, the Business Planning alternative modules for banking and insurance are available at the June, September and December sittings.

Prescribed texts are permitted for Audit and Assurance, Finance Accounting and Reporting and Tax Compliance, with open books permitted for the Business Planning exams.

The Professional Level modules are flexible and can be taken in any order to fit with a student's day-to-day work. The Business Planning and Business Strategy modules in particular help students to progress to the Advanced Level.

Alternative modules are available for the Business Planning and Financial Accounting and Reporting modules.

The Business Planning modules provide students with the opportunity to gain subject- and sector-specific knowledge while studying for the ACA. The suite of Business Planning modules are based on the same syllabus structure and skills frameworks, and will provide students with the opportunity to demonstrate their learning and use this in the context of taxation, banking or insurance. There are three to choose from – Business Planning: Taxation, Business Planning: Banking and Business Planning: Insurance. Students will sit one of the Business Planning modules.

Alternative financial reporting modules are also available for Financial Accounting and Reporting. Students can choose between two different contexts, either UK GAAP or IFRS. This means that students can study the financial reporting framework most beneficial to their employer and clients. Students will need to sit one version of the Financial Accounting and Reporting module.

An employer or principal will guide their students on the modules which are right for them. If a student is studying the ACA independently, they should consider their future ambitions when selecting which modules to sit.

Advanced Level

The Corporate Reporting and Strategic Business Management modules test students' understanding and strategic decision making at a senior level. They present real-life scenarios, with increased complexity and implications from the Professional Level modules.

The Case Study tests all the knowledge, skills and experience gained so far. It presents a complex business issue which challenges students' ability to problem solve, identify the ethical implications and provide an effective solution.

The Advanced Level exams can be taken in July and November. They are fully open book, so they replicate a real-life scenario where all the resources are at their fingertips.

Syllabus

This document presents the learning outcomes for each of the ACA modules. The learning outcomes in each module should be read in conjunction with the relevant technical knowledge grids at the end of this document and, where applicable, the skills development grid for that module.

Assessment

The six Certificate Level modules each have a 1.5 hour computer-based exam, a 55% pass mark, and can be sat throughout the year at an ICAEW-approved test centre.

The Professional Level modules are 2.5 hours long, except for Financial Accounting and Reporting which is 3 hours long. Each exam has a 55% pass mark. The Professional Level exams are traditionally examined using paper-based exams, however, computer-based exams will be introduced at this level in 2017, see more information below.

The three Advanced Level modules are also examined using traditional paper-based exams. The exams for the Corporate Reporting and Strategic Business Management modules are 3.5 hours long. The Case Study exam is 4 hours long. Each has a 50% pass mark.

Introduction of computer-based exams

From the March 2017 exam session onwards, the Professional Level Tax Compliance and Audit and Assurance modules will be computer-based exams . A paper-based exam for these modules will no longer be available. All other Professional Level modules at this exam session will remain as paper-based.

From the September 2017 exam session onwards, Financial Accounting and Reporting, and Financial Management will also be a computer-based exam. A paper-based exam for these modules will no longer be available.

Business Planning and Business Strategy will remain as paper-based exams until March 2018. See the table below which shows a summary of which module is paper or computer-based for each exam sitting in 2017.

Exam sitting	Paper-based exams	Computer-based exams
March 2017	Financial Accounting and Reporting Financial Management Business Planning Business Strategy	Audit and Assurance Tax Compliance
June 2017	Financial Accounting and Reporting Financial Management Business Planning Business Strategy	Audit and Assurance Tax Compliance
September 2017	Business Planning Business Strategy	Audit and Assurance Financial Accounting and Reporting Tax Compliance Financial Management
December 2017	Business Planning Business Strategy	Audit and Assurance Financial Accounting and Reporting Tax Compliance Financial Management

For more information, guidance and support on the introduction of computer-based exams, visit the exam resources area on our website at icaew.com/exams

Flexibility

There are no regulations stipulating the order in which students must attempt the modules, allowing employers to design training programmes according to business needs. The exception to this rule is the Case Study module, which must be the last module attempted and when a student has entered their final year of training.

Students will be permitted a maximum of four attempts at each Certificate and Professional Level module, and unlimited attempts at the Advanced Level modules.

Credit for prior learning (CPL)

Students with previous qualifications may be eligible to apply for CPL for up to 12 modules at the Certificate and Professional Levels. CPL is not available at the Advanced Level. For more information, visit icaew.com/cpl

Open book policy

For some Professional Level modules, students are permitted to take certain publications into the exam. Details of these publications and our open book policy can be found within the student resources area of our website, go to icaew.com/exams

For the Professional Level Business Planning alternative modules, and at the Advanced Level, students are permitted to take any material into the exam, subject to practical space restrictions.

CERTIFICATE LEVEL

ACCOUNTING

Module aim

To ensure that students have a sound understanding of the techniques of double entry accounting and can apply its principles in recording transactions, adjusting financial records and preparing non-complex financial statements.

On completion of this module, students will be:

- proficient in the use of double entry accounting techniques and the maintenance of accounting records;
- able to identify and correct omissions and errors in accounting records and financial statements; and
- able to specify the components of financial statements and prepare and present non-complex accounts for sole traders, partnerships and limited companies.

Method of assessment

The Accounting module is assessed by a 1.5 hour computer-based exam. 40% of the marks are allocated from the preparation of single company financial statements; either a statement of profit or loss and statement of financial position or a statement of cash flows, using a pro-forma template. The remaining 60% of the marks are from 24 multiple-choice, multi-part multiple choice or multiple-response questions.

Specification grid

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Maintaining financial records	30
2 Adjustments to accounting records and financial statements	35
3 Preparing financial statements	35

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids from page 81 of this document.

1 Maintaining financial records

Students will be proficient in the use of double entry accounting techniques and the maintenance of accounting records.

In the assessment, students may be required to:

a. specify why an entity maintains financial records and prepares financial statements;
b. specify the ethical considerations for preparers of financial statements;
c. identify the sources of information for the preparation of accounting records and financial statements;
d. record and account for transactions and events resulting in income, expenses, assets, liabilities and equity in accordance with the appropriate basis of accounting and the laws, regulations and accounting standards applicable to the financial statements;
e. record and account for changes in the ownership structure and ownership interests in an entity; and
f. prepare a trial balance from accounting records and identify the uses of the trial balance.

2 Adjustments to accounting records and financial statements

Students will be able to identify and correct omissions and errors in accounting records and financial statements.

In the assessment, students may be required to:

a. identify omissions and errors in accounting records and financial statements and demonstrate how the required adjustments will affect profits and/or losses;
b. correct omissions and errors in accounting records and financial statements using control account reconciliations and suspense accounts;
c. prepare an extended trial balance; and
d. prepare journals for nominal ledger entry and to correct errors in draft financial statements.

3 Preparing financial statements

Students will be able to specify the components of financial statements, and prepare and present non-complex accounts for sole traders, partnerships and limited companies.

In the assessment, students may be required to:

a. identify the main components of a set of financial statements and specify their purpose and interrelationship;
b. specify the key aspects of the accrual basis of accounting, cash accounting and break-up basis of accounting; and
c. prepare and present a statement of financial position, statement of profit or loss and statement of cash flows (or extracts therefrom) from the accounting records and trial balance in a format which satisfies the information requirements of the entity.

TECHNICAL KNOWLEDGE

The tables contained in this section show the technical knowledge in the disciplines of financial reporting, audit and assurance, business analysis, ethics and taxation covered in the ACA syllabus by module.

For each individual standard the level of knowledge required in the relevant Certificate and Professional Level module and at the Advanced Level is shown.

The knowledge levels are defined as follows:

Level D

An awareness of the scope of the standard.

Level C

A general knowledge with a basic understanding of the subject matter and training in its application thereof sufficient to identify significant issues and evaluate their potential implications or impact.

Level B

A working knowledge with a broad understanding of the subject matter and a level of experience in the application thereof sufficient to apply the subject matter in straightforward circumstances.

Level A

A thorough knowledge with a solid understanding of the subject matter and experience in the application thereof sufficient to exercise reasonable professional judgement in the application of the subject matter in those circumstances generally encountered by chartered accountants.

Key to other symbols:

→ the knowledge level reached is assumed to be continued

ETHICS CODES AND STANDARDS

Ethics Codes and Standards	Level	Modules
		Certificate Level
	C/D	Accounting
	B	Assurance
	C/D	Business and Finance
	D	Law
	C	Management Information
	C	Principles of Taxation
IESBA Code of Ethics for Professional Accountants (parts A, B and C and Definitions)		**Professional Level**
	A	Audit and Assurance
	B	Business Strategy
ICAEW Code of Ethics	B	Financial Accounting and Reporting
	B/C	Financial Management
	B	Tax Compliance
	B	Business Planning
		Advanced Level
	A	Corporate Reporting
	A	Strategic Business Management
	A	Case Study
FRC Ethical Standards 1-5 (revised)	B	Assurance
Provisions Available for Small Entities (revised)	A	Audit and Assurance
		Advanced Level
	A	Corporate Reporting
	A	Strategic Business Management
	A	Case Study

FINANCIAL REPORTING - IFRS

Topic	Certificate & Professional Level		Advanced Level
	Accounting	Financial Accounting and Reporting	Corporate Reporting
Preface to International Financial Reporting Standards		A	A
Conceptual Framework for Financial Reporting	B	A	A
IAS 1 Presentation of Financial Statements	A	A	A
IAS 2 Inventories	B	A	A
IAS 7 Statement of Cash flows	B	A	A
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	B	A	A
IAS 10 Events after the Reporting Period		A	A
IAS 11 Construction Contracts		-	A
IAS 12 Income Taxes		C	A
IAS 16 Property, Plant and Equipment	B	A	A
IAS 17 Leases		B	A
IAS 18 Revenue	C	A	A
IAS 19 Employee Benefits		-	A
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance		A	A
IAS 21 The Effects of Changes in Foreign Exchange Rates		C	A
IAS 23 Borrowing Costs		A	A
IAS 24 Related Party Disclosures		B	A
IAS 26 Accounting and Reporting by Retirement Benefit Plans		-	D
IAS 27 Separate Financial Statements		B	A
IAS 28 Investments in Associates and Joint Ventures		B	A
IAS 29 Financial Reporting in Hyperinflationary Economics		-	D
IAS 32 Financial Instruments: Presentation		B	A
IAS 33 Earnings Per Share		C	A
IAS 34 Interim Financial Reporting		-	A
IAS 36 Impairment of Assets		B	A
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	C	A	A
IAS 38 Intangible Assets	C	A	A
IAS 39 Financial Instruments: Recognition and Measurement		C	A
IAS 40 Investment Property		-	A
IAS 41 Agriculture		-	D
IFRS 1 First-Time Adoption of IFRS		-	A

Topic	Certificate & Professional Level		Advanced Level
	Accounting	Financial Accounting and Reporting	Corporate Reporting
IFRS 2 Share-based Payment		-	A
IFRS 3 Business Combinations		B	A
IFRS 4 Insurance Contracts		-	D
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations		B	A
IFRS 6 Exploration for and Evaluation of Mineral Resources		-	D
IFRS 7 Financial Instruments: Disclosures		C	A
IFRS 8 Operating Segments		-	A
IFRS 9 Financial Instruments		-	C
IFRS 10 Consolidated Financial Statements		B	A
IFRS 11 Joint Arrangements		B	A
IFRS 12 Disclosure of Interests in Other Entities		B	A
IFRS 13 Fair Value Measurement		C	A
IFRS 14 Regulatory deferral accounts		-	C
IFRS for SMEs		-	A

DIFFERENCES BETWEEN IFRS AND UK GAAP

The following table identifies the scope of the differences examinable in the Accounting, Financial Accounting and Reporting and Corporate Reporting modules. In general, the differences will become examinable where the relevant IFRS is set at knowledge level 'A'. The differences may also be examined in subsequent modules but only in a different context, for example at the Advanced Level where knowledge of the differences forms part of an integrated question. Where a general awareness only of an accounting standard is expected (knowledge level 'D') any differences will also be dealt with at this level.

Title	Key examinable differences between IFRS and FRS 102 (UK GAAP)
Preface to International Financial Reporting Standards	Not applicable.
Conceptual Framework for Financial Reporting	• Qualitative characteristics are simplified as a list on one tier rather than being based on fundamental qualitative characteristics of relevance and faithful representation and then having enhancing qualitative characteristics. • Two common measurement bases are described, being historical cost and fair value rather than four.
IAS1 Presentation of Financial Statements	• Choice of presenting performance in a single statement of comprehensive income or in two statements being an income statement and a statement of comprehensive income. • A single statement of income and retained earnings rather than a statement of comprehensive income and statement of changes in equity may be used in specific circumstances. • The "bottom line" of the statement of comprehensive income may be presented as "profit or loss" where there are no items of comprehensive income. • Different terminology for line items in the statement of financial position (which is referred to as a balance sheet in the Companies Act) such as debtors and creditors, rather than receivables and payables and fixed assets rather than non-current assets. • Non-current (due after more than one year) debtors and creditors may be combined on the face of the statement of financial position. • Minor differences in the classification of headings on the face of the financial statements.

IAS2 Inventories	• Inventories held for distribution at no or nominal consideration, or through a non-exchange transaction, should be measured at adjusted cost (to recognise any loss of service potential). IAS 2 includes no such requirement. • Additional guidance is provided on what should be included in production overheads. • Impairment losses can be reversed if there are changes in economic circumstances or circumstances which led to the impairment no longer exist. No such guidance is provided in IAS 2.
IAS7 Statement of Cash Flows	• An exemption from the preparation of a statement of cash flows is available for a member of a group where the parent entity prepares publicly available consolidated financial statements and that member is included in the consolidation.
IAS8 Accounting Policies, Changes in Accounting Estimates and Errors	• The standard explicitly states that a change to the cost model when a reliable measure of fair value is no longer available is not a change in accounting policy. IAS 8 contains no such statement.
IAS10 Events after the Reporting Period	• Consistent with IAS 10 a dividend declared after the end of the reporting period should not be recognised as a liability. However, the standard states that the amount of the dividend may be presented as a segregated component of retained earnings at the end of the reporting period.
IAS11 Construction Contracts	• A very simplified approach is adopted, although the overriding principles are the same as IAS 11.
IAS12 Income Taxes	• The standard requires deferred taxation to be recognised on the basis of timing differences rather than IAS 12's temporary differences. • The treatment of VAT is included. IAS 12 does not include such guidance. • Simplified guidance is provided. • Reduced disclosures are set out compared with IAS 12.

IAS16 Property, Plant and Equipment	• Very clear and simple guidance is provided on the treatment of major spare parts and standby equipment. IAS 16 provides much higher level guidance. • If indicators of a change exist then residual value, depreciation method and the useful life of an asset should be reviewed. IAS 16 requires the residual value, depreciation method and the useful life of an asset to be reviewed at least at each financial year-end. • Compensation from third parties for items of property, plant and equipment that have been impaired/lost should be recognised in profit or loss when the receipt of the amount is “virtually certain”. IAS 16 states that the amount should be recognised when it becomes “receivable”. • A plan to dispose of an asset before the previously expected date is an indicator of impairment that triggers the calculation of the asset’s recoverable amount for the purpose of determining whether the asset is impaired. IFRS 5 deals with non-current assets held for sale and would require the asset to be valued at the lower of carrying amount and fair value less costs to sell.
IAS17 Leases	• Reduced disclosures are set out compared with IAS 17.
IAS18 Revenue	• The standard is specific in its guidance and uses clear examples whilst being all encompassing – there are no examinable differences.
IAS19 Employee Benefits	• General recognition principles are set out for all types of employee benefits. IAS 19 has specific recognition requirements for each type of employee benefit. • Undiscounted amounts should be used in the measurement of outstanding short-term employee benefits and absences. IAS 19 is not explicit in this respect. • Simplified guidance is provided. • Reduced disclosures are set out compared with IAS 19.
IAS20 Accounting for Government Grants and Disclosure of Government Assistance	• A government grant may be recognised using either the performance model or the accrual model (prohibiting the deduction of a government grant from the carrying amount of the related asset). IAS 20 has the more general requirements that they should be recognised on a systematic basis matching the related expenditure (which in practice means using a capital or income approach). • There is a specific requirement that the accounting policy should be applied on a class-by-class basis. No such requirement exists in IAS 20.

	• IAS 20 provides specific guidance on the treatment of a repayment of a government grant. FRS 102 includes no such requirement.
IAS21 The Effects of Change in Foreign Exchange Rates	• On the disposal of a net investment in a foreign operation any related exchange differences accumulated in equity should not be recognised in profit or loss. IAS 21 requires such accumulated exchange differences to be reclassified from equity to profit or loss. • IAS 21 requires the cumulative amount of exchange differences recognised in other comprehensive income to be presented in a separate component of equity. FRS 102 includes no such specific requirement. • Reduced disclosures are set out compared with IAS 21.
IAS23 Borrowing Costs	• Entities are provided with the choice of capitalising borrowing costs. This is a choice of accounting policy and must be applied consistently to a class of assets. IAS 23 requires borrowing costs to be included as part of the directly attributable costs of a qualifying asset. • Where general borrowings are used, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditure on that asset, which is consistent with IAS 23. However, for this purpose the expenditure on the asset is the average carrying amount of the asset during the period, including borrowing costs previously capitalised. No such guidance is provided in IAS 23.
IAS24 Related Party Disclosures	• Unlike IAS 24, wholly owned UK subsidiaries are not required to disclose transactions between two or more members of a group.
IAS26 Accounting and Reporting by Retirement Benefit Plans	• Reduced disclosures are set out compared with IAS 26. • Specific disclosures are required around different risks, for example credit risk. • UK pension schemes are required to apply the Pensions SORP in addition to the requirements of FRS 102.
IAS27 Separate Financial Statements	• There are three options for accounting for investments in subsidiaries, associates and joint ventures in a parent entity's separate financial statements. IAS 27 only allows cost or measurement and recognition in accordance with IFRS 9. • Additional disclosures are required under IAS 27. • The accounting treatment for exchanges of businesses and other non-monetary assets for an interest in a subsidiary, joint venture or associate is provided. IAS 27 provides no such guidance. • The standard includes guidance on the accounting treatment for intermediate payment arrangements. IAS 27 provides no such guidance.

IAS28 Investments in Associates and Joint Ventures	• Simplified guidance is provided on recognising an associate where the investor is not a parent and hence only prepares individual company financial statements. Under IFRS, accounting for such financial instruments in individual financial statements would instead follow guidance in IAS 27 and IFRS 9. • Simplified disclosures are set out. Detailed disclosures are instead set out in a single accounting standard, being IFRS 12.
IAS29 Financial Reporting in Hyperinflationary Economies	No examinable differences
IAS32 Financial Instruments: Presentation	Simplified language is used with specific examples – there are no examinable differences.
IAS33 Earnings per Share	No separate guidance is provided, instead it states that IAS 33 should be followed.
IAS34 Interim Financial Reporting	No UK accounting standard on interim financial reporting. IAS34 is broadly comparable with the ASB statement on interim reports.
IAS36 Impairment of Assets	• Additional guidance is provided on the measurement of fair value less costs to sell. • Where future cash flows are estimated using financial budgets or forecasts, extrapolation techniques should be used. IAS 36 states that such financial forecasts or budgets should cover a maximum of five years unless there is justification for a longer period. • Reduced disclosures are provided.

IAS37 Provisions, Contingent Liabilities and Contingent Assets	• The standard’s scope extends to include certain types of financial guarantee contracts. Such contracts are instead within the scope of IAS 39/IFRS 9.
IAS38 Intangible Assets	• The capitalisation of development expenditure is optional, although a consistent accounting policy should be adopted. IAS 38 requires development expenditure to be capitalised where it meets the recognition criteria. • Heritage assets are specially excluded from its scope, with separate guidance instead provided for such assets. IAS 38 does not include a similar exclusion. • An intangible asset acquired in a business combination should not be recognised when it arises from legal or other contractual rights and there is no history or evidence of exchange transactions for the same or similar assets and otherwise estimating fair value would be dependent on immeasurable variables. IAS 38 does not include this specific requirement for recognition. • If an intangible asset is acquired by way of a grant, the cost of that intangible asset is its fair value at the date the grant becomes receivable. IAS 38 states that there is a choice of recognition at fair value or at the nominal value of the grant. • All intangible assets are considered to have a finite useful life. IAS 38 permits both intangible assets with finite and indefinite useful lives. • If an entity is unable to make a reliable estimate of the useful life of an intangible asset, a maximum useful life of ten years is allocated. IAS 38 contains no such limitation. • If indicators of a change exist then the amortisation method and period for an intangible asset should be reviewed. IAS 38 requires the amortisation method and period for an intangible asset to be reviewed at least at each financial year-end.
IAS39 Financial Instruments: Recognition and Measurement	• The choice to use simplified measurement provisions is available for basic financial instruments. • Measurement after initial recognition is generally at amortised cost or fair value through profit or loss, whereas IAS 39 has more complex categories with four for financial assets and two for financial liabilities. • Simplified guidance in relation to hedge accounting is provided. • IAS 39 includes more detailed and specific guidance on derecognition of financial assets and liabilities and the accounting for non-closely related embedded derivatives.
IAS40 Investment Property	• Mixed use property can be separately accounted for provided that separate fair values can be determined for each component. IAS 40 however includes the stipulation that the separate components could be sold separately, otherwise the non-investment property element should be insignificant. • Property held for the primary provision of social benefit is excluded. IAS 40 does not include such an exclusion.

	• The standard requires measurement at fair value provided that it can be measured reliably without undue cost or effort. IAS 40 allows a choice between cost and fair value. • IAS 40 covers guidance on the exchange of investment property for non-monetary assets. No such guidance is included in FRS 102. • Simplified guidance is provided on the disposal/transfer of investment properties. • Reduced disclosures are provided.
IAS41 Agriculture	• For each class of biological assets and its related agricultural produce an entity has the choice whether to apply a fair value model or a cost model. IAS 41 requires that biological assets are measured at fair value less costs to sell. • Reduced disclosures are provided.
IFRS1 First-Time Adoption of IFRS	• IFRS 1 and FRS 102 provide transitional provisions for first time adopters of IFRS and FRS 102 respectively. The provisions are specific to the accounting regimes and therefore differ.
IFRS2 Share-based Payment	• Simplified guidance is provided generally, for example if there is a cancellation or settlement this is recognised immediately as if vesting has occurred. IFRS 2 contains extensive guidance and treats a cancellation or settlement as a repurchase of an equity instrument. • For a group plan, an alternative simplified treatment of measuring the share-based payment expense on the basis of a reasonable allocation of the expense for the group is permitted. No such alternative is available in IFRS 2. • Reduced disclosures are provided.
IFRS3 Business Combinations	• The definition of a business combination is included in its simplest form and provides expanded guidance on what it might include. IFRS 3 includes a more open definition although additional discussion/guidance is provided in the basis of conclusions. • The standard includes the separation of group reconstructions from other business combinations and the use of merger accounting for such transactions. Common control transactions are outside of the scope of IFRS 3. • Business combinations should be accounted for using the purchase method. IFRS 3 stipulates the use of the acquisition method. • Guidance on the identification of the acquirer is provided. IFRS 3 includes a more open definition although additional discussion/guidance is provided in the basis of conclusions. • The standard requires acquisition-related costs to be included in the cost of the business combination. IFRS3 requires them to be treated as period costs recognised in profit or loss.

	• Where control is achieved following a series of transactions, the cost of the business combination is the aggregate of the fair values of the assets given, liabilities assumed and equity instruments issued by the acquirer at the date of each transaction in the series. IFRS 3 instead requires the acquirer to remeasure its previously held equity interest at its acquisition date fair value. • Post-acquisition changes to the estimates of contingent consideration affect the amount of goodwill recognised (assuming the adjustment is probable and can be reliably estimated). IFRS 3 permits few subsequent changes to be reflected in goodwill. • Goodwill arising from a business combination is considered to have a finite useful life. IFRS 3 prohibits amortisation and requires annual impairment reviews. • If an entity is unable to make a reliable estimate of the useful life of goodwill arising from a business combination, a maximum useful life of ten years is required. IFRS 3 prohibits amortisation. • Negative goodwill is capitalised as a separate item within goodwill and amortised over the period over which any related losses are expected and as acquired non-monetary assets are realised. IFRS 3 requires immediate recognition as a gain in profit or loss and also refers to "negative goodwill" as a "bargain purchase". • The non-controlling interest should be measured based on the share of ownership not held by the parent (ie on a proportionate basis). IFRS 3 contains an option the measure the non-controlling interest at fair value. • Reduced narrative disclosures are provided compared with IFRS 3.
IFRS4 Insurance Contracts	The Companies Act contains specific requirements for insurance companies, along with extensive guidance set out in FRS 103.
IFRS5 Non-current Assets Held for Sale and Discontinued Operations	• Continuing and discontinued activities must be analysed. Unlike IFRS 5 detailed analysis is shown on face of the income statement. • Classification and measurement of assets generally continues as normal without regard for the disposal. This includes depreciation until the date of disposal. IFRS 5 on the other hand requires depreciation to cease while a non-current asset is held for sale.
IFRS6 Exploration for and Evaluation of Mineral Resources	No examinable differences

IFRS7 Financial Instruments: Disclosures	Simplified disclosures are provided in line with the simplified measurement and valuation basis.
IFRS8 Operating Segments	No separate guidance is provided; instead it states that IFRS 8 should be followed.
IFRS9 Financial Instruments	The choice to use simplified measurement provisions is available for basic financial instruments.
IFRS10 Consolidated Financial Statements	• The exemptions from the preparation of consolidated financial statements are slightly different and include an exclusion of a subsidiary from consolidation on the grounds of severe long-term restrictions, no such exemption exists under IFRS 10. • The definition of control is linked to the power to govern the financial and operating policies. IFRS 10 is slightly wider in its definition. • Special purpose entities are specifically identified as being included in consolidated financial statements where they are controlled by the entity. • The standard includes extensive guidance on the treatment of total and partial acquisitions and disposals of subsidiaries. IFRS 10 includes less detailed guidance.
IFRS11 Joint Arrangements	• The accounting treatment for all types of joint venture arrangements are covered, including the separate treatment of jointly controlled assets. IFRS 11 instead classifies jointly controlled assets as jointly controlled operations. • Simplified guidance is provided on recognising a joint venture where the investor is not a parent and hence only prepares individual company financial statements. Accounting for such financial instruments in individual financial statements would instead follow guidance in IAS 27 and IFRS 9. • Simplified disclosures are set out. Detailed disclosures are instead set out in a single accounting standard, being IFRS 12.

IFRS12 Disclosure of interests in Other Entities	Simplified disclosures are generally set out.
IFRS13 Fair Value Measurement	Simplified guidance is provided on how fair value should be determined and suitable valuation techniques.

IFRS in individual company accounts

Students may be required to discuss the key issues that need to be considered when considering whether UK companies should retain UK GAAP for their individual company accounts or to move to IFRS. This is examinable in the Financial Accounting and Reporting module.
FRS 105 for micro-entities also forms part of the suite of UK standards with effect from 1 January 2015