

Financial Accounting & Reporting (FAR)

Study Text



Syllabus

Section	Weightage	Chapters	Contents of the chapter
A Accounting concepts, Framework & General Presentation	5%	A-01 Islamic financial system and reposting framework	Introduction
			The evolution and role of Islamic finance
			Importance of financial reporting framework
			Accounting bodies around the world
			Obligations of the management to the stakeholders of IFIs
			Common ground between accounting bodies
			Chapter Snapshot
	2%	A-02 Accounting framework and general presentation and disclosures	Accounting recognition and measurement
			Financial statements
			Preparation of financial statements
			Disclosure of accounting policies in the financial statements
			Detailed disclosures in a complete set of financial statements
			Other disclosures in the financial statements
			Chapter Snapshot Practice questions
B Islamic financing contracts	8%	B-01 Murabaha	Introduction
			Types of Murabaha
			Measurement principles
			Recognition of profits
			Presentation and disclosure requirements
			Other practical aspects
			Commodity Murabaha (Tawarruq)
			Comparisons with relevant International Financial Reporting Standard (IFRS)
	Chapter snapshot		
	15%	B-02 Salam and Istisna'a	Introduction
			Overview and key definitions
			Salam
			Process flow of Salam
			Accounting treatment of Salam
			Parallel Salam
			Presentation and disclosure requirements for Salam
			Some practical aspects relating to Salam
			Istisna'a
			Accounting treatment by IFI as seller
			Accounting treatment of Istisna'a from the perspective of buyer
			Process flow of Istisna'a
			Presentation and disclosure requirements for Istisna'a
Some practical aspects relating to Istisna'a			
Key differences with IFRS			

Section	Weightage	Chapters	Contents of the chapter			
	8%	B-03 Ijarah and Ijarah Muntahia Bittamleek	Chapter snapshot			
			Introduction			
			Ijarah			
			Global legal systems			
			Flow of Ijarah transaction			
			Accounting treatment of operating Ijarah			
			Accounting treatment for Ijarah Muntahia Bittamleek in the financial statements of IFI as lessor			
			Accounting treatment for Ijarah Muntahia Bittamleek in the financial statements of IFI as lessee			
			Sale and lease back transactions			
			Presentation and disclosure requirements			
			Other practical aspects			
			Key difference with IFRS			
			Chapter snapshot			
			Chapter snapshot			
	15%	B-04 Musharaka and Mudaraba	Introduction			
			Musharaka financing			
			Mudaraba financing			
			Difference between Mudaraba and Musharaka			
			Sale and leaseback transactions			
			Key differences with IFRS			
			Chapter Snapshot			
			Chapter Snapshot			
			C Investments	5%	C-01 Investments in real estate	Introduction
						Investment in real estate
						Recognition and measurement – purchased / constructed property
						Recognition and measurement – property under construction
						Transfer of assets
						De-recognition
Disclosure requirements						
Key differences with IFRS						
Chapter snapshot						
Chapter snapshot						
	5%	C-02 Investments in Associate and Subsidiary				Introduction
						Associates and subsidiaries
						Investment in subsidiaries – consolidation process
						Investment in associates
			Presentation and disclosure requirements			
			Key differences with IFRS			
			Chapter snapshot			
			Chapter snapshot			
				5%	C-03 Investments in Securities	Introduction
						Investments in securities
						Classification
						Initial recognition and subsequent measurement
						Presentation and disclosure requirements
						Key differences with IFRS
Chapter snapshot						
Chapter snapshot						

Section	Weightage	Chapters	Contents of the chapter
D Investments funds	5%	D-01 Investment Accounts	Introduction
			Investment accounts
			Equity of unrestricted investment account holder
			Equity of restricted investment account holder
			Reserves
			Other practical aspects
			Inclusions in FAS 27 when compared to FAS 5 and 6
			Disclosure on transfer of assets
			Key differences with IFRS
	Chapter snapshot		
	5%	D-02 Investment funds accounting	Introduction
			Investment funds
			Key elements of financial statement of investment funds
			Disclosure requirements
Other practical aspects			
E Institutions Accounting	15%	E-01 Islamic insurance	Introduction
			Introduction to Takaful
			Key features of Islamic insurance and differences with conventional insurance
			Operating models for Islamic insurance company
			Financial statements of Islamic insurance companies
			Contributions in Islamic insurance companies
			Qard al-Hasan and related accounting matters
			Technical provisions
			Reserves
			Window operation of Islamic insurance by conventional insurer
			Presentation and disclosure
			Key differences with IFRS
			Recommended readings
			Chapter snapshot
F Other Standards	5%	F-01 Zakah	Introduction
			Accounting treatment of Zakah
			Determination of Zakah base
			Illustration explaining calculation of Zakah
			General ruling of Zakah
			Presentation and disclosure requirements
			Other practical aspects
			Conditions for liability to pay Zakah
			Illustration explaining calculation of Zakah
	Chapter snapshot		
	2%	F-02 Other Standards	Introduction
			Foreign currency transactions and foreign operations
			Disclosure on transfer of assets

Section	Weightage	Chapters	Contents of the chapter
			Segment reporting Islamic financial services offered by conventional financial institutions Key differences with IFRS Chapter snapshot