Module Objective
The Principles of Financial Reporting module provides Candidates with knowledge of the Conceptual Framework and the Singapore Financial Reporting Standards (SFRS) to produce a complete set of financial statements for single entities, including basic notes to the accounts. Candidates will also be able to explain and advise on the application of the SFRS, demonstrating appropriate professional judgment. The Principles of Financial Reporting module provides foundation accounting knowledge for the Advanced Financial Reporting module and the Assurance module.

Assumed Knowledge and Pre-requisites
It is assumed that Candidates will have acquired a strong knowledge base in relation to accounting from their prior tertiary studies. Outlined below is a summary of the assumed knowledge for the Principles of Financial Reporting module:

Principles of Accounting
- Double-entry bookkeeping (debits and credits);
- The elements of the financial statements
  (Introduction to Chapter 4 of the Conceptual Framework - assets, liabilities, revenue, expenses, and owners' equity);
- Fundamental accounting equations (e.g. Assets - Liabilities = Owners' Equity);
- Accounting cycle and transaction cycles (debtors, inventory, cash, creditors, etc.);
- Cash versus accruals;
- Source documents;
- General ledger and subsidiary ledgers, including Accounting Information Systems (computerised and manual);
- Preparing journal entries;
- Posting journal entries;
- Balance day adjustments and closing entries;
- Reconciliations;
- Trial balance;

Specific accounting entries:
- Inventory systems (perpetual and periodic)
- Accounting for Goods and Services Tax (basic concepts and entries only)
- Depreciation and amortisation
- Impairment of debtors
- Discounts and credit terms
- How the accounting cycle culminates in the preparation of financial statements; and
- Preparation of a full set of financial statements for a single accounting entity, excluding the notes to the accounts.

Candidates are strongly encouraged to complete the Principles of Financial Reporting module prior to enrolling in the Advanced Financial Reporting module or the Assurance module.

The Module at a Glance
A: Explain the need for and apply the components of the Conceptual Framework.
B: Assess the relevance and importance of ethics and professionalism in complying with accounting standards and position the body of knowledge within the wider legal framework in Singapore.
C: Describe and apply the appropriate measurement and recognition criteria for the elements of the financial statements, as required by the Singapore Financial Reporting Standards and related pronouncements and interpretations (e.g. Illustrative Examples, Guidance on Implementing, Interpretation of SFRS) issued by the Accounting Standards Council.
D: Prepare a complete set of financial statements, including basic notes to the accounts, for a retail entity, a service entity, and a manufacturing entity.
E: Demonstrate the appropriate presentation and disclosure of accounting policies, changes in estimates and errors, and events after the reporting date.
**Specific Exclusions**
The following Singapore Financial Reporting Standards are excluded from this module, as these topics are covered as part of the Advanced Financial Reporting module.

- SFRS 24 Related party disclosures
- SFRS 102 Share-based payment
- Various All SFRSs relating to group accounting

The following Singapore Financial Reporting Standards are excluded from the enhanced Singapore CA Qualification (Foundation).

- SFRS 20 Accounting for government grants and disclosure of government assistance
- SFRS 26 Accounting and reporting by retirement benefit plans
- SFRS 29 Financial reporting in hyperinflationary economies
- SFRS 33 Earnings per share
- SFRS 34 Interim financial reporting
- SFRS 41 Agriculture
- SFRS 101 First-time adoption of Financial Reporting Standards
- SFRS 104 Insurance contracts
- SFRS 106 Exploration for and evaluation of mineral resources
- SFRS 108 Operating segments

**Essential Reading**
Preface to the Conceptual Framework
The Conceptual Framework for Financial Reporting
SFRS 1 Presentation of Financial Statements
Appropriate sections from specific SFRS
Accounting Standards Council SFRS Practice Statement - Management Commentary
The financial press in relation to emerging trends and current issues

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