

Syllabus and study guide

Financial Reporting (E2)

September 2027 to June 2028

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

Contents

1. Overall aim of the syllabus.....	3
2. Introduction to the syllabus	3
3. Main capabilities	4
4. Intellectual levels	4
5. The syllabus	5
6. Detailed study guide	6
7. Approach to examining the syllabus	11
8. Guide to ACCA examination structure and delivery mode	11
9. Guide to ACCA examination assessment	11
10. Learning hours and education recognition	12

1. Overall aim of the syllabus

The overall aim of the syllabus is to develop and enable the application of technical knowledge and skills in the use of IFRS® Accounting Standards, accounting principles and relevant frameworks in the preparation of financial statements of entities, including groups, and how to analyse and interpret those financial statements.

2. Introduction to the syllabus

The syllabus for E2 Financial Reporting builds on the knowledge from K1 Financial Accounting, developing broader technical and application skills used to prepare financial statements and related disclosures.

The syllabus starts by introducing candidates to regulation and frameworks, covering the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB); assessing the underlying measurement bases; and the application of fair value measurement. These topics provide candidates with context and understanding which are then applied throughout the remainder of the syllabus.

The syllabus then covers numerous IFRS Accounting Standards. This significant section of the syllabus requires candidates to apply judgement, accounting concepts, recognition and measurement principles to correctly account for transactions and make appropriate accounting adjustments. This section requires candidates to develop essential technical accounting skills across a wide range of areas.

The next section of the syllabus introduces the IFRS Sustainability Disclosure Standards and the concept of double materiality which provides candidates with a solid foundation and understanding of key sustainability concepts. This section also includes the consideration and analysis of ethical issues in relation to financial reporting, including the going concern assumption. This emphasises the importance of ethical behaviour in all financial accounting and reporting activities and applications.

Having covered many IFRS Accounting Standards, the syllabus applies these to the presentation and disclosure of financial statements. The syllabus covers the preparation of the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for individual entities. In addition, the preparation of the statement of financial position and the statement of profit or loss and other comprehensive income for a group of companies is included. The syllabus also explores the concepts of control and significant influence in group accounting and the acquisition and equity methods of accounting.

The syllabus concludes with the analysis of financial statements because it is vital that analysis of financial statements can be undertaken and the impact of accounting adjustments and accounting policies on the financial performance, financial position and cash flows of an entity can be assessed.

3. Main capabilities

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

- Assess and apply the regulatory framework of accounting and how it informs the standard-setting process
- Apply IFRS Accounting Standards to the reporting of financial information for single companies and for groups
- Analyse ethical and sustainability issues in the context of financial reporting
- Prepare financial statements for an individual entity
- Account for business combinations and prepare consolidated financial statements
- Assess the impact of accounting adjustments and policies on financial statements and analyse performance against appropriate comparators

4. Intellectual levels

The ACCA Qualification syllabus is designed to progressively broaden and deepen the technical knowledge, skills and professional values demonstrated by the candidate on their journey through the qualification.

The specific learning outcomes 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 levels of the ACCA Qualification: Knowledge, Expertise and Strategic Professional.

Each learning outcome included in the detailed study guide is given a 1, 2 or 3 superscript, denoting its intellectual level. This gives an indication of the intellectual depth at which a learning outcome could be assessed within the examination. However, while Level 1 broadly equates with the Knowledge level, Level 2 to the Expertise level and Level 3 to the Strategic Professional level of the ACCA Qualification, some lower-level skills can continue to be assessed as the candidate progresses through each level. This reflects that at each stage of study there will be the requirement to broaden, as well as deepen, capabilities.

5. The syllabus

A Regulation and framework

1. The IASB and ISSB
2. Measurement bases
3. Fair value

B IFRS Accounting Standards

1. Property, plant and equipment, borrowing costs and investment property
2. Leases
3. Accounting for government grants and disclosure of government assistance
4. Intangible assets
5. Impairment of assets
6. Financial instruments
7. Inventories
8. Agriculture
9. Income taxes
10. Provisions, contingent liabilities and contingent assets
11. Events after the reporting period
12. Revenue from contracts with customers
13. Employee benefits
14. The effects of changes in foreign exchange rates
15. Non-current assets held for sale and discontinued operations
16. Basis of preparation of financial statements
17. Earnings per share

C IFRS Sustainability Disclosure Standards and the ACCA Code of Ethics and Conduct

1. IFRS Sustainability Disclosure Standards
2. Ethical considerations

D Presentation and disclosure in financial statements

1. Preparation of financial statements
2. Groups of companies
3. Business combinations and consolidated financial statements

E Analysis of financial statements

1. Financial ratios

6. Detailed study guide

A Regulation and framework

1. The IASB and ISSB

- a) Compare the purpose, role and objectives of the IASB to those of the ISSB.^[2]
- b) Summarise the standard-setting process of the IASB, including revisions to, and interpretations of, IFRS Accounting Standards.^[1]

2. Measurement bases

- a) Assess the advantages and disadvantages of the historical cost measurement basis compared to current value measurement bases.^[2]

3. Fair value

- a) Apply the fair value hierarchy when measuring the fair value of assets.^[2]

B IFRS Accounting Standards

1. Property, plant and equipment, borrowing costs and investment property

- a) Assess which costs may be capitalised for the initial recognition and measurement of property, plant and equipment (PPE) and investment property (IP).^[2]
- b) Account for (net) borrowing costs that should be capitalised.^[2]
- c) Account for the initial recognition and measurement of PPE and IP.^[2]
- d) Account for the depreciation and derecognition of PPE and IP, including significant parts.^[2]

- e) Account for the initial and subsequent revaluation of PPE.^[2]

- f) Account for changes in the fair value of IP.^[2]

- g) Account for transfers between PPE and IP.^[2]

2. Leases

- a) Assess whether a contract is a lease.^[2]

- b) Account for a lessee's initial recognition, measurement and subsequent measurement of right-of-use assets and lease liabilities.^[2]

- c) Assess whether a lease qualifies as a short-term lease or a lease for which the underlying asset is of low value and recommend an appropriate accounting treatment.^[2]

- d) Account for a lessee's sale and leaseback transactions, where sales proceeds equal the fair value of the underlying asset.^[2]

3. Accounting for government grants and disclosure of government assistance

- a) Assess whether a government grant should be recognised.^[2]
- b) Account for government grants, including repayments, and government assistance.^[2]

4. Intangible assets

- a) Assess whether an intangible asset meets the criteria to be recognised.^[2]
- b) Assess which costs may be capitalised for the initial recognition and measurement of intangible assets.^[2]
- c) Account for the initial recognition and measurement of intangible assets.^[2]

- d) Account for the amortisation, revaluation and derecognition of intangible assets.^[2]
- e) Assess whether costs incurred in the development phase should be capitalised and account for research and development expenditure accordingly.^[2]
- f) Account for the initial recognition, measurement and subsequent measurement of financial liabilities classified as AC only.^[2]
- g) Account for the initial recognition, measurement and subsequent measurement of convertible debt.^[2]

5. Impairment of assets

- a) Summarise the circumstances under which impairment of assets may be required.^[1]
- b) Calculate the allocation of impairment losses to assets, including to goodwill, in a cash-generating unit.^[2]
- c) Account for the impairment of assets and any subsequent reversal of impairment losses.^[2]

6. Financial instruments

- a) Assess whether a financial instrument meets the definition of a financial asset, a financial liability, an equity instrument or a compound instrument.^[2]
- b) Apply the concept of substance over form to assess whether a financial instrument is accounted for as debt or equity.^[2]
- c) Assess whether a financial asset is classified as amortised cost (AC), fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).^[2]
- d) Account for the initial recognition, measurement and subsequent measurement of investments in debt instruments classified as either AC or FVTPL only.^[2]
- e) Account for the initial recognition, measurement and subsequent measurement of investments in equity instruments classified as either FVTOCI or FVTPL.^[2]

7. Inventories

- a) Account for the initial recognition, measurement and subsequent measurement of inventories.^[2]

8. Agriculture

- a) Account for the initial recognition, measurement and subsequent measurement of biological assets and agricultural produce.^[2]

9. Income taxes

- a) Account for deferred assets and/or liabilities arising from PPE and tax losses carried forward only.^[2]

10. Provisions, contingent liabilities and contingent assets

- a) Assess whether a provision should be recognised, considering both legal and constructive obligations.^[2]
- b) Account for the initial recognition and measurement of provisions using an expected value or most likely outcome.^[2]
- c) Account for the subsequent measurement and use of provisions.^[2]
- d) Account for initial recognition, measurement and subsequent measurement of provisions measured at present value.^[2]
- e) Assess whether a contract is onerous and account for this accordingly.^[2]

- f) Assess whether a constructive obligation exists for restructuring and account for this accordingly.^[2]
- g) Calculate contract assets, contract liabilities, refund liabilities and trade receivables.^[2]

- g) Compare contingent assets and liabilities to provisions and summarise the disclosure requirements for contingent assets and liabilities.^[2]

11. Events after the reporting period

- a) Assess whether an event is an adjusting or non-adjusting event after the reporting period, including going concern considerations.^[2]
- b) Apply the appropriate recognition and/or disclosure requirements to adjusting or non-adjusting events after the reporting period.^[2]

12. Revenue from contracts with customers

- a) Assess whether an agreement with a customer is a contract for revenue.^[2]
- b) Assess whether performance obligations are satisfied at a point in time or over time.^[2]
- c) Assess whether the reporting entity is a principal or an agent and account for each accordingly.^[2]
- d) Calculate the transaction price in a contract, including significant financing components, rebates, allocations of a discount and/or non-cash considerations.^[2]
- e) Account for revenue from performance obligations satisfied at a point in time or over time.^[2]
- f) Assess whether costs are incremental costs of obtaining a contract or costs to fulfil a contract and account for these accordingly.^[2]

13. Employee benefits

- a) Account for short-term employee benefits and termination benefits settled within 12 months.^[2]
- b) Account for defined contribution post-employment benefit plans.^[2]

14. The effects of changes in foreign exchange rates

- a) Account for the effects of changes in foreign exchange rates on both monetary and non-monetary items.^[2]

15. Non-current assets held for sale and discontinued operations

- a) Assess whether an individual non-current asset meets the criteria to be classified as a non-current asset held for sale.^[2]
- b) Assess whether a disposal meets the criteria to be classified as a discontinued operation.^[2]
- c) Account for non-current assets held for sale and discontinued operations, including presentation in the financial statements.^[2]

16. Basis of preparation of financial statements

- a) Summarise the circumstances under which fair representation does or does not require separate presentation of elements of financial statements.^[1]
- b) Account for changes in accounting estimates, changes in accounting policies and corrections of prior period errors.^[2]

17. Earnings per share

- a) Calculate basic earnings per share (EPS), including an issue of bonus shares, a rights issue and the general issue of shares.^[2]
- b) Calculate diluted EPS, including convertible debt or share options (warrants).^[2]

C IFRS Sustainability Disclosure Standards and the ACCA Code of Ethics and Conduct**1. IFRS Sustainability Disclosure Standards**

- a) Summarise the objective, scope and core content of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*.^[1]
- b) Summarise the objective, scope and core content of IFRS S2 *Climate-related Disclosures*.^[1]
- c) Compare the concept of financial materiality in the IFRS Sustainability Disclosure Standards to the double materiality concept in the European Sustainability Reporting Standards.^[2]

2. Ethical considerations

- a) Apply the ACCA Code of Ethics and Conduct to analyse ethical issues in the context of financial reporting, including the going concern assumption.^[2]

D Presentation and disclosure in financial statements**1. Preparation of financial statements**

- a) Prepare an individual entity's statement of financial position (or extracts thereof).^[2]
- b) Prepare an individual entity's statement of profit or loss and other comprehensive income (or extracts thereof).^[2]

- c) Prepare an individual entity's statement of cash flows (or extracts thereof).^[2]
- d) Prepare an individual entity's statement of changes in equity.^[2]

2. Groups of companies

- a) Apply the definition of control or significant influence to an investment within a group.^[2]
- b) Summarise both the circumstances in which a group of companies is required to prepare consolidated financial statements and those in which a group of companies is exempt.^[1]

- c) Contrast the equity method of accounting (associates) to the acquisition method of accounting (subsidiaries).^[2]

3. Business combinations and consolidated financial statements

- a) Prepare a consolidated statement of financial position (or extracts thereof) for a group with up to two subsidiaries and an associate.^[2]
- b) Prepare a consolidated statement of profit or loss and other comprehensive income (or extracts thereof) for a group with up to two subsidiaries and an associate.^[2]
- c) Account for the initial recognition, measurement and subsequent measurement of the consideration transferred to obtain control of a subsidiary.^[2]
- d) Account for the initial recognition, measurement and subsequent measurement of non-controlling interests.^[2]
- e) Account for the initial recognition, measurement and subsequent measurement of a subsidiary's identifiable net assets, including

adjustments for non-uniform accounting policies.^[2]

- f) Account for the initial recognition, measurement and subsequent measurement of goodwill, including a gain from a bargain purchase.^[2]
- g) Account for the elimination of intragroup transactions and balances.^[2]
- h) Account for the loss of control of a subsidiary due to disposal of an entire shareholding, including presentation as a discontinued operation.^[2]
- i) Account for the initial recognition, measurement and subsequent measurement of an investment in an associate.^[2]

E Analysis of financial statements

1. Financial ratios

- a) Assess the impact of accounting adjustments and accounting policies on financial performance, financial position and cash flows, including the impact on financial ratios.^[2]
- b) Analyse the financial performance, financial position and cash flows of either an individual entity or a group against a prior period, another entity/group or an industry average.^[2]

7. Approach to examining the syllabus

The syllabus for E2 Financial Reporting is assessed by a three-hour computer-based examination.

The examination will consist of three sections:

Section A will contain 15 two-mark objective test questions (OTs).

Section B will contain three 10-mark case questions, each comprising of five two-mark OTs which are based around a common scenario.

Section C will contain two 20-mark constructed response questions. These questions will be scenario based and will have a number of requirements.

All sections of the syllabus can appear in any section of the examination.

8. Guide to ACCA examination structure and delivery mode

The structure of examinations varies, depending on the level of the qualification.

The Expertise examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

All Expertise examinations are assessed by three-hour computer-based examinations.

The pass mark for all Expertise examinations is 50%.

9. Guide to ACCA examination assessment

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For specified financial accounting, audit and tax examinations, except if 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. Regulation issued, or legislation passed on or before 31 August annually, will be assessed from 1 September of the following year to 31 August of the year after. Please refer to the examinable documents for the examination (where relevant) for further information.

Regulations issued or legislation passed in accordance with the above dates may be examinable if the effective date is in the future, unless explicitly stated otherwise in the syllabus and study guide or examinable documents. The terms 'issued' or 'passed' relate to when regulation or legislation has been formally approved.

The term ‘effective’ relates to when regulation or legislation must be applied to entity 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, where applicable.

10. 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 candidates 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 qualifications are recognised and valued by governments and regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the educational frameworks in several countries. Please refer to your national education framework regulator for further information about recognition.