

FINANCIAL REPORTING AND ANALYSIS

A Practical Professional Handbook

Synapse Global Institute

Connecting Minds. Transforming Futures.

FINANCIAL REPORTING AND ANALYSIS

A Practical Professional Handbook

Synapse Global Institute

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This book is an educational and professional-development resource. Readers should apply professional judgement and consult current laws, regulations, standards and institutional policies where a matter requires formal legal, regulatory or professional interpretation.

Preface

Financial Reporting and Analysis is designed as a connected professional reporting journey. The book moves from recognition and measurement of individual assets, liabilities and specialised transactions to complete financial statements, interests in other entities, public-sector reporting and financial statement analysis.

The chapters are arranged progressively so that technical rules are converted into workings, accounting entries, presentation decisions and complete statements. Worked examples and practice questions are used to reinforce disciplined reasoning rather than memorisation of isolated rules.

Throughout the book, emphasis is placed on transparent workings, correct classification, consistent units, complete financial-statement presentation and evidence-based interpretation. The objective is to help the reader develop professional reporting judgement that can be applied in study, practice and assessment settings.

How to Use This Book

Begin each chapter with the learning objectives and chapter overview. These establish the reporting decisions, techniques and professional applications to be mastered before moving into worked examples.

For computational material, reproduce the working before reading the model solution. For narrative requirements, organise the answer around the applicable reporting principle, the facts of the scenario and the resulting accounting treatment. For complete financial statements, use clear headings, subtotals, cross-referenced workings and consistent monetary units.

Use the chapter assessments and recap sections for retrieval practice. The final chapter integrates reporting and analysis across the book and can be used as a structured consolidation exercise before independent revision.

Professional and Technical Note

Financial reporting requirements evolve. This edition presents the standards and reporting principles needed for the topics developed in the book, but readers should consult current authoritative IFRS Accounting Standards, IAS requirements, IPSAS pronouncements and applicable legal or regulatory guidance when using the material in professional practice.

Worked questions and examples are original educational material developed to demonstrate recognition, measurement, presentation, disclosure and analytical techniques. Mark allocations and examination-style requirements are used only as learning devices to encourage disciplined, complete answers.

Monetary amounts are presented in the units stated within each example. Where Sh. “ooo”, Sh. million or another unit is specified, that unit should be applied consistently throughout the related workings and statements.

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CHAPTER 1

Asset Classification and Measurement

IAS 40 Investment Property | IFRS 6 Exploration and Evaluation Assets | IFRS 5 Assets Held for Sale and Discontinued Operations

CHAPTER 1 Learning Roadmap
From classification decisions to complete financial statement presentation

Chapter Overview

Chapter 1 establishes the classification and measurement discipline that underpins the rest of Financial Reporting and Analysis. It focuses on IAS 40, IFRS 6 and IFRS 5, with emphasis on recognition, measurement, journal entries and presentation. The standards are taught as connected reporting decisions rather than as isolated definitions.

The worked examples deliberately mirror the structure of professional examination questions: a clear scenario, a 'Required' section, explicit marks, visible workings, and a professionally presented answer. Where financial statements are required, the solution presents complete statements rather than fragments or extracts.

Learning Objectives

- Distinguish investment property from owner-occupied property, property held for sale in the ordinary course of business and other property classifications.
- Apply initial and subsequent measurement under the IAS 40 fair value model and cost model, including transfers and disposal.
- Identify exploration and evaluation expenditure within the scope of IFRS 6, determine which costs may be capitalised and account for impairment indicators.
- Apply the IFRS 5 held-for-sale classification criteria, determine the measurement adjustment and explain the effect on depreciation and presentation.
- Identify a discontinued operation and present its results separately in a complete statement of profit or loss and other comprehensive income.
- Prepare professional examination-style workings, journals and complete financial statements with clear labels, correct units and cross-referenced calculations.

Examination Emphasis and Application

Standard	Examination emphasis	Typical weighting	Typical question type
IAS 40	Accounting treatment of investment property	4 marks	Direct theory
IFRS 6	Initial measurement principle and impairment indicators	5 marks	Direct theory
IFRS 6	Recognition of exploration and evaluation expenditure as assets	4 marks	Direct theory
IFRS 5	Conditions for classification as held for sale	8 marks	Direct theory

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