

CPA Ireland Skillnet

CPA Ireland Skillnet, is a training network that is funded by Skillnets, a state funded, enterprise led support body dedicated to the promotion and facilitation of training and up-skilling as key elements in sustaining Ireland's national competitiveness.

The CPA Ireland Skillnet provides excellent value CPE (continual Professional Education) in accountancy, law, tax and strategic personal development to accountants working both in practice and in industry. However our attendees are not limited to the accountancy field as we welcome all interested parties to our events.



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Trainee Accountant Workshop Series

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P1 – Corporate Reporting

Presented By: Brendan Doyle
(Examiner - Corporate Reporting)

Workshop Plan

- Introduction to P1 – Corporate Reporting
- The Syllabus
- The Exam
- Marking scheme
- Exam preparation
- Exam technique
- Illustration – past exam questions and worked solutions (covered in part 2)



Introduction to P1 – Corporate Reporting

- 4 stages in CPA examinations
- Stage Relevant subject
 - F1
 - F2 Financial Accounting (FA)
 - **P1 Corporate Reporting (CR)**
 - P2 Advanced Corporate Reporting (ACR)
- Corporate reporting follows on from FA and is followed by ACR



Introduction to P1 – Corporate Reporting

- You are assumed to already have the knowledge and skills necessary to pass F1 Financial Accounting. Essentially you are presumed to have the ability to prepare basic financial statements and master double-entry bookkeeping.
- P1 is a professional level. The required standard of answering increases accordingly.



Introduction to P1 – Corporate Reporting

- The AIM of P1 – Corporate Reporting is:

“To ensure that students have the technical knowledge and critical understanding of how to account for transactions and prepare financial statements for both single entities and groups, in accordance with IFRS and Irish GAAP.”

(CPA syllabus document)



P1 CR – The Syllabus

- The standards examinable are detailed in the Examinable Material Document, contained in the syllabus.
- The competency level (CL) gives you an idea of the level of knowledge and skill expected of you.
- There are three levels in total.
- The required competency level tends to increase as you progress through the syllabus levels.

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P1 CR – The Syllabus

- The three levels are:
 - CL 1: Knowledge and Understanding. Demonstrate the ability to **locate and acquire** knowledge.
 - CL 2: Application and Analysis. Demonstrate the ability to **apply knowledge and understanding** effectively to the analysis of complex and unfamiliar situations
 - CL 3: Synthesis and Evaluation. Demonstrate the ability to **integrate knowledge with sound judgment** in the critical evaluation of situations to develop creative solutions.

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P1 CR – The Syllabus

- The syllabus is very broad, and requires knowledge of many standards.
- To assist students and educators, the CPA examiner normally issues a briefing document annually.
- This document outlines the examiner's approach to examining the syllabus, explains the extent to which certain standards are examinable, and any limitations that may be relevant.
- It is very important to read this document.

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P1 CR – The Syllabus

- In addition, there are often relevant technical articles published in Accountancy Plus magazine. Some of these are written by examiners.
- These articles offer supplementary guidance on certain topics relevant to the syllabus.
- Recent articles should be considered core syllabus material.
- The archive will often contain valuable material.

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P1 CR – The Exam

- The CR exam is divided into two sections.
- Section A contains three compulsory questions, accounting for 80% of the marks.
- Section B contains two questions, of which you are required to do one. This accounts for 20% of the marks.

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P1 CR – The Exam

- Section A will cover topics considered core to the syllabus. These include:
 - Preparation of financial statements for single entities;
 - Preparation of group financial statements;
 - Interpretation of financial statements;
- Section A also includes a 20-mark multiple-choice question, covering the entire syllabus, but focusing on the application of accounting principles.

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P1 CR – The Exam

- Section B examines the conceptual framework and individual accounting standards.
- It is reasonable to assume the format of the exam will remain the same unless this is flagged to you by CPA.
- The syllabus is updated annually.

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P1 CR – Marking Scheme

- The marking scheme seeks to reward knowledge and understanding of accounting principles.
- The marks available for each requirement is clearly flagged on the exam paper.
- Detailed marking schemes are published after each session, together with suggested solutions.
- Suggested solutions are of sufficient standard to gain 100% of available marks, but other solutions may be equally valid.

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P1 CR – Marking Scheme

- Each question will have easy marks, moderately difficult marks, and challenging marks.
- Do not let a difficult part put you off answering the rest of the question.
- Questions are designed so a well-prepared candidate will pass.
- We do not try to “catch students out”, but we want to ensure every student that passes is worthy of that pass.
- Equally, every student who merits a pass will pass. There is no quota, or curve system of marking.

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P1 CR – Exam Preparation

- Core objective: Demonstrate your ability to be a good accountant.
- There is no “game” involved in passing.
- No magic “trick” or “easy way” to pass.
- Honest effort at skills acquisition is crucial.
- There are three stages to effective exam preparation:
 - Knowledge acquisition;
 - Skill acquisition;
 - Question practice.

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P1 CR – Exam Preparation

- Knowledge acquisition:
 - Attend classes and take good notes;
 - Read textbooks, taking notes as you read;
 - Read IFRS standards, actively noting key knowledge;
 - Read general accountancy literature and publications;
 - Test your knowledge frequently.
 - Learn actively, not passively.
 - Use whatever techniques work for you. These could include reading, use of graphics, listening, writing etc.

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P1 CR – Exam Preparation

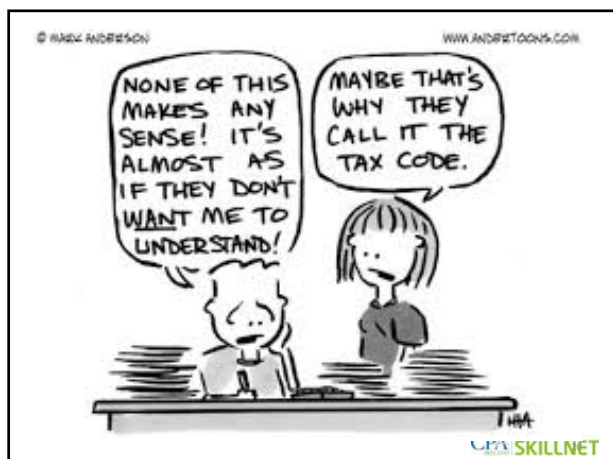
- Skill acquisition:
 - Skills are refined and honed through practice. It is important to be able to apply your knowledge. Key skills are:
 - Understanding what is required of you;
 - Financial statement preparation;
 - Dealing with adjustments;
 - Double-entry bookkeeping;
 - Report writing;
 - Explaining and justifying your treatment;
 - Time management and allocation;
 - Speed and accuracy.

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P1 CR – Exam Preparation

- Question practice:
 - Do as many past paper questions as possible. Make sure you have done at least the last six past papers entirely.
 - Practice questions in three stages:
 1. Complete without help, sticking to the allotted time;
 2. Use notes etc. to improve your answer until you think it is perfect or you can do no better;
 3. Review the suggested solution and compare your answer.
 - Question practice is vital, but does not replace syllabus knowledge.

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P1 CR – Exam Technique

- Advice here is based on examining and marking experience. What do students do wrong?
 - Not adequately prepared. Some students come in to the exam without the necessary knowledge and skills.
 - Did not attempt required number of questions / parts of questions.
 - Poor time management. Some students spend too much time on certain questions, and run out of time.

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P1 CR – Exam Technique

- Time should be allocated in proportion to the marks available. If there is 210 minutes available to attempt 100 marks, this allows for 2.1 minutes per available mark to read, think and write your answer.
- Sometimes students attempt to learn material off by heart rather than understand the material and apply it to the problem. This will not be rewarded.

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P1 CR – Exam Technique

- Read the exam questions thoroughly and actively. Ensure you understand the information given and the requirement. Use highlighters to stress key points of information.
- Many issues recur regularly, but in different ways. Hence learning off methods will not work, as the issue is likely to be asked in a different manner next time.

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P1 CR – Exam Technique

- For example, the issue of intra-group trading between group companies has certain variables:
 - SPLOCI or SOFP implications;
 - Mark-up or margin percentage given;
 - Portion in inventory or portion sold;
 - The trade is parent to sub, sub to parent or sub to sub.
- Allowing for the permutations of these variables alone, the issue can be examined in 24 different ways ($2 \times 2 \times 2 \times 3 = 24$). Hence it is essential to understand the principle involved.

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P1 CR – Exam Technique

- CPA want graduates who can demonstrate that they are / will make good professional accountants.
- Ensure you show professional skills throughout your answers. These include:
 - Neat workings and handwriting (as far as possible under stressful exam conditions);
 - Accurate calculations;
 - Insightful observations;
 - Concise and clear writing style.

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My handwriting during an exam...

First 60 minutes...

*The economic status
of our country today.*

Last 30 minutes....

*the economic
status*

FBGAGS.COM

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P1 CR – Exam Technique

- Interpretation of financial statements is a very effective way to assess understanding. It is very difficult to fake understanding of ratios' meanings.
- It is crucial to understand the relationship between P/L, OCI and the relevant equity accounts. Statements of Cash Flow are very effective at testing this.
- Dates are crucial. Always maintain an awareness of the dates involved in an adjustment, relative to the reporting date of the entity.

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P1 CR – Exam Technique

- Written answers are marked for quality, not quantity.
- The mark allocated to a particular part gives a clue to the number of information / opinion points required, as well as the time to allocate to that part.
- Q4 and Q5 often require a description of the key principles of a specific standard, plus the application of these principles to basic scenarios.

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P1 CR – Exam Technique

- Watch the verb used in the requirement. If you are asked to “discuss” or “explain”, a numerical answer alone is insufficient.
- Published solutions contain tutorial notes. These are not required of students in the exam, but often serve to give further explanation to future cohorts of students who may be reviewing a particular question.
- Remember... We want you to pass. But you must help us!!

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