

## CPA PROFESSIONAL: FINANCIAL REPORTING

### Aim

The aim of this module is to ensure that students understand the context of financial reporting and develop the technical knowledge to be able to produce financial statements for single and group entities in accordance with current International Financial Reporting Standards and national and EU legislation.

### Financial Reporting as an Integral Part of the syllabus

This module builds on the concepts covered and skills developed in Financial Accounting. It provides the context to further develop the breadth and depth of these technical skills and is an essential underpinning for further studies in Advanced Corporate Reporting and Advanced Audit & Assurance.

### Syllabus and Subject Dependencies

LEVEL	SUBJECT					
CPA Foundation	Financial Accounting	Management Fundamentals	Taxation		Management Accounting	
CPA Professional	Financial Reporting	Corporate Law	Advanced Taxation	Audit & Assurance	Performance Management	Managerial Finance
CPA Strategic	Advanced Financial Reporting	Strategy & Leadership	Advanced Tax Strategy	Advanced Audit & Assurance	Data Analytics for Finance	Strategic Corporate Finance

### Minimum Intended Learning Outcomes

*On successful completion of this module, students will be able to:*

- Prepare financial statements, including relevant notes and disclosures, for individual companies and groups (including subsidiaries, associates, and joint arrangements).
- Interpret financial statements and prepare reports tailored to specified user groups' technical knowledge and understanding.
- Discuss the circumstances under which organisations must apply appropriate accounting standards.
- Appraise financial reporting standards (International Financial Reporting Standards and Irish GAAP, FRS 100, 101, 102, 104 and 105) and discuss developments in corporate reporting.
- Discuss the ethical, conceptual and regulatory frameworks applicable to corporate reporting.
- Discuss emerging and disruptive technologies in corporate reporting.

## Indicative Syllabus

		Competency Level
The Legal, ethical and regulatory context for financial reporting	<ul style="list-style-type: none"> <li>Regulatory framework</li> <li>CPA Ireland Code of Ethics</li> </ul>	2 2
Single entity financial statements	<ul style="list-style-type: none"> <li>Preparation and presentation of financial statements for companies</li> <li>Compliance with Companies Act 2014</li> <li>Compliance with Standards of International Accounting Practice</li> </ul>	2 2 2
Group Accounts and Business Combinations	<ul style="list-style-type: none"> <li>Preparation and presentation of financial statements for companies</li> <li>Goodwill at acquisition</li> </ul>	3 3
IFRS, Irish GAAP and current developments	<ul style="list-style-type: none"> <li>Local GAAP</li> <li>FRS 100-102</li> <li>FRS 105</li> </ul>	1 1 1
Interpretation of financial statements	<ul style="list-style-type: none"> <li>Ratio analysis</li> <li>Cash flow analysis</li> <li>Interpretation of accounts and the preparation of reports thereon</li> </ul>	3 3 3
Emerging & disruptive technologies	<ul style="list-style-type: none"> <li>Blockchain</li> <li>Machine Learning</li> <li>Artificial Intelligence</li> </ul>	1 1 1

## Learning Guide

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### The Legal, ethical and regulatory context for financial reporting

- Discuss the regulatory framework of financial reporting, legislation, local and international GAAP, the role of IAASA, IASB, FRC and IFRS
  - Prepare financial reports and statements in accordance with the CPA Ireland Code of Ethics
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### Single entity financial statements

- Prepare and present financial statements of companies in accordance with current international financial reporting standards and national and EU legislation, including:
    - Statements of Profit or Loss and Other Comprehensive Income
    - Statements of Financial Position
    - Statements of Changes in Equity
    - Statements of Cash Flow
  - Prepare notes to financial statements in accordance with current international financial reporting standards and national and EU legislation
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### Group Accounts and Business Combinations

- Prepare and present financial statements for groups of companies, including subsidiaries, associates, and joint arrangements, in accordance with current international financial reporting standards and national and EU legislation, including:
    - Consolidated statements of financial position
    - Consolidated statements of profit or loss and other comprehensive income
    - Reserve reconciliations
    - Consolidated statements of cash flow
    - Acquisition of subsidiaries and associates during the year (excluding foreign subsidiaries and associated).
  - Apply the correct accounting treatment of goodwill at acquisition (Sub-subsidiaries are not included)
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### IFRS, Irish GAAP and current developments

- Discuss the circumstances under which organisations may, or must apply IFRS and / or local UK and Irish GAAP, demonstrating an understanding of the key accounting and presentation differences between them if Local GAAP were applied.
  - Apply the correct accounting treatment in accordance with the appropriate FRSs, IFRSs and IASs referring to the Examinable Material Document for this subject on pages 84 - 89, noting the competency level applicable under each heading.
  - FRS100 – outline the differences between FRS100 and IFRS with particular reference to: scope, terminology used and format of accounts
  - FRS101 – outline the differences between FRS101 and IFRS with particular reference to the scope of this standard
  - FRS102 – outline the key differences between accounting treatments examinable at this stage under IFRS and the equivalent elements of FRS102 (Sections 12,31 & 34 are excluded).
  - FRS104 – Interim Financial Reporting. Discuss the circumstances under which FRS104 should be applied and the intended use of FRS104
  - FRS 105 – Micro Entities. Discuss the qualifying conditions for companies, LLPs and partnerships to apply the micro-entities regime. Outline the scope of FRS105.
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### Interpretation of financial statements

- Discuss, apply and report on the following:
    - Ratio analysis
    - Cash flow analysis
  - Interpret financial statements and prepare reports tailored to each user group's technical knowledge and understanding of such statements.
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## Learning Guide contd.

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### Emerging & disruptive technologies in corporate reporting

- Discuss Blockchain and its potential impact on the accounting function, including:
    - Maintaining and reconciling ledgers
    - Certainty over ownership and management of assets
  - Discuss Machine Learning & Artificial Intelligence and its potential impact on the accounting function, including examples of applications:
    - Machine learning to code accounting entries, improve accuracy
    - Machine learning based predictive models to forecast revenues
    - Machine learning to improve access to, and analysis of data, such as emails etc.
    - Robotic Process Automation (RPA) allowing machines to complete repetitive time consuming tasks in business processes such as document analysis & handling in accounts
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## International Financial Reporting Standards

See Examinable Material Document on pages 84 - 89 for details of the International Financial Reporting Standards etc. applicable to this examination.

## Companies Act

See Examinable Material Document on pages 84 - 89 for details of the Companies Act applicable to this examination.

## Learning Resources

### Core Texts

C. Connolly / International Financial Accounting and Reporting 6th ed. / CAI 2018 / ISBN-13: 978-1912350025

Elliott and Elliott, Financial Accounting and Reporting, 2019 Pearson (19th Edition) ISBN-13: 978-1292255996

### Manuals

Griffith College, CPA Financial Reporting - latest edition

### Supplementary Texts and Journals

Melville / International Financial Reporting / 7th Edition/ Pearson 2019 / ISBN-13: 978-1292293127  
CPA Student News eBulletin.  
Accountancy Plus

[The Rise of Artificial Intelligence, a Critical Reflection Point for the Accounting Profession](#)  
*CPA.com, Spring 2019*

[Artificial Intelligence and the Future of Accountancy](#)  
*by Kirstin Gillon, ICAEW Thought Leadership, 2018*

[Blockchain and the Future of Corporate Reporting](#)  
*FRC, June 2018*

[Blockchain and the Future of Accountancy](#)  
*ICAEW, 2018*

**Useful Websites**

[www.cpaireland.ie](http://www.cpaireland.ie) - CPA Ireland

[www.iaasa.ie](http://www.iaasa.ie) - Irish Auditing and Accounting Supervisory Authority

[www.ifac.org](http://www.ifac.org) - The International Federation of Accountants

[www.ifrs.org](http://www.ifrs.org) - The International Financial Reporting Standards Foundation

[www.iasplus.com/en/standards](http://www.iasplus.com/en/standards) – Deloitte: Summaries of International Financial Reporting Standards (IFRS)

[www.accountancyeurope.eu](http://www.accountancyeurope.eu) - The European Federation of Accountants

[www.efrag.org](http://www.efrag.org) - The European Financial Reporting Advisory Group

[www.frc.org.uk](http://www.frc.org.uk) - The Financial Reporting Council

[www.frc.org.uk/about-the-frc/structure-of-the-frc/audit-and-assurance-council](http://www.frc.org.uk/about-the-frc/structure-of-the-frc/audit-and-assurance-council) - FRC-Audit and Assurance Council

[www.frc.org.uk/about-the-frc/structure-of-the-frc/conduct-committee](http://www.frc.org.uk/about-the-frc/structure-of-the-frc/conduct-committee) - FRC-Conduct Committee

[www.accountingnet.ie](http://www.accountingnet.ie) - Irish Accounting and Business Portal

**Examination Approach**

Students are required to demonstrate a detailed understanding of accounting principles and the ability to apply these to practical situations. A peripheral knowledge does not suffice. In addition to testing technical competence the examination requires students to demonstrate effective communication skills, particularly in relation to the production of both internal memoranda and external financial reports for a wide variety of user groups. Students are expected to integrate and apply learning from this and other syllabi, as appropriate.

**Examination Format**

The examination is unseen, closed-book and 3.5 hours in duration. Students are required to answer questions 1 to 3, and either question 4 or 5. One of the compulsory questions is multiple choice, with 8 sections based mainly on International Financial Reporting Standards and the preparation of limited company and group accounts in accordance with those standards. The other two compulsory questions are mainly computational. Students are required to answer one of the remaining two questions.

MARKS ALLOCATION	MARKS
Questions 1 and 2, compulsory, both computational questions (30 Marks each)	60
Question 3 Multiple Choice question	20
Questions 4 and 5, answer either, but not both	20
Total	100