

# PROFESSIONAL ACCOUNTANCY QUALIFICATION DETAILED SYLLABUS

## CERTIFICATE STAGE FINANCIAL REPORTING

### 1. INTRODUCTION AND SCOPE

CIPFA's Statement of Expertise (SOE) identifies the key areas of competence and standards of performance expected of a CPFA within 5 years of initial qualification. The CIPFA Professional Accountancy Qualification is designed to provide the professional education element of CIPFA's qualification scheme, equipping newly-qualified CPFAs with the technical and managerial knowledge and skills which underpin the competences described in the Statement of Expertise. Each module of the Professional Accountancy Qualification contributes to the attainment of a range of these competences.

This module is part of the Certificate stage of the CIPFA scheme. The module will deliver a series of Objectives (see below) which represent the standard of attainment expected of a newly-qualified CPFA. This level of attainment, coupled with initial professional development activities will enable the CPFA to perform to the standards specified in areas of the Statement of Expertise as described below.

### 2. LINKAGES

As it is expected that Financial Accounting will normally have been successfully completed before this module is attempted, the Financial Reporting syllabus concentrates on the reporting and interpretation of financial information. This module also supports study in Financial & Performance Reporting, Audit and Assurance, Taxation (all Diploma level) and the Final Test of Professional Competence.

### 3. OBJECTIVES

On completion of this module, a successful candidate will be able to:

- A) Describe and apply current accounting theory and prepare financial statements for limited companies for publication in accordance with it, including current legal and professional requirements (International GAAP).** (SOE: SOFM2, SOFM6, FPR 1, FPR2) (80%)<sup>1</sup>
- B) Interpret financial statements for relevant stakeholders.** (SOE: LSM3, LSM4, SOFM3, SOFM4, SOFM6, FPR2, A&A3) (20%)

### 4. LEARNING OUTCOMES

- A) Describe and apply current accounting theory and prepare financial statements for limited companies for publication in accordance with it, including current legal and professional requirements (International GAAP).**

---

<sup>1</sup> Note that these references link to specific areas of expertise described in the Statement of Expertise.

*The successful candidate will be able to:*

**ACCOUNTING THEORY 20%**

- A1) Describe the specified accounting standards (*Note 1*), including:
- the background to the standard
  - the need for the standard
  - possible alternative accounting treatments.

**ACCOUNTING PRACTICE 60%**

- A2) Apply the specified accounting standards (*Notes 1 and 2*)
- A3) Explain appropriate accounting treatments
- A4) Prepare financial statements for publication for single limited companies in accordance with International accounting standards (*Notes 3, 4 and 5*), including relevant requirements of the Companies Act 2006
- A5) Prepare a consolidated statement of financial position and income statement for a group consisting of a parent company and one subsidiary company in accordance with International accounting standards (*Notes 3, 4 and 5*)

*Related learning from other modules:*

Financial Accounting material relating to the preparation of financial statements (item D)

**B) Interpret financial statements for relevant stakeholders.**

*The successful candidate will be able to:*

**INTERPRET FINANCIAL STATEMENTS USING ACCOUNTING RATIOS AND OTHER INFORMATION DERIVED FROM THOSE STATEMENTS (20%)**

- B1) Recognise the limitations of published financial information in meeting users' needs, including the limitations of historical cost accounting.
- B2) Prepare ratio analysis, appropriate to various users.
- B3) Compare indicators of financial performance.
- B4) Prepare appropriate reports for relevant stakeholders.

*Related learning from other modules:*

Financial Accounting material relating to the analysis of financial statements (item E)

### *Notes*

1. *The Accounting Practice section of the syllabus does not specify particular topics covered by accounting standards because standards are regularly issued or amended. In addition to the IASB's Framework for the Preparation and Presentation of Financial Statements a list of specific accounting standards expected to be studied for this paper is available. The syllabus should be read in the light of this list.*
2. *Computational questions will not be set on:*
  - *Segment reporting (IFRS8)*
  - *Employee benefits and pension plans (IAS19)*
  - *Financial instruments IASs32 and 39)*
3. *In company financial statements, the statement of changes in equity will be confined to share capital, share premium account, retained earnings and revaluation surplus.*
4. *In company financial statements, the statement of other comprehensive income will be confined to gains and losses on pension plans (figure given in question) and property revaluation. Tax figures, if any, relating to items of other comprehensive income will be given in the question.*
5. *Formats are provided in the examination as follows:*
  - *Statement of comprehensive income*
  - *Balance sheet*
  - *Statement of cash flows*
  - *Statement of changes in equity*

*All of these formats are limited to items examinable in Financial Reporting.*

EXAMINATION STATUS OF INTERNATIONAL ACCOUNTING STANDARDS								
INTERNATIONAL STANDARD TO BE EXAMINED	EQUIVOLENT UK STANDARD	NOT EXAMINABLE	EXAMINABLE IN FA			EXAMINABLE IN FR		
			KNOWLEDGE LEVEL TO BE EXAMINED AT:			KNOWLEDGE LEVEL TO BE EXAMINED AT:		
			A	B	C	A	B	C
IFRS1 First -Time Adoption of IFRS	-							X
IFRS2 Share-based payment	FRS20	X						
IFRS3 Business combinations (note 1)	FRS6 FRS7						X	
IFRS4 Insurance contracts	-	X						
IFRS5 Non-current assets held for sale and discontinued operations	FRS3					X		
IFRS6 Exploration for and evaluation of mineral resources	-	X						
IFRS7 Financial Instruments – disclosures	FRS29							X
IFRS8 Operating segments (note 6)	SSAP25							X
IAS1 Presentation of financial statements (note 2)	-					X		
IAS2 Inventories (note 3)	SSAP9		X					
IAS7 Statements of cash flow(note 4)	FRS1		X			X		
IAS8 Accounting policies, changes in accounting estimates and errors	FRS3 FRS18					X		
IAS10 Events after the reporting period	FRS21 (SSAP17)					X		
IAS11 Construction contracts (note 3)	SSAP9						X	
IAS12 Income taxes (note 5)	FRS16 FRS19 SSAP5					X		
IAS16 Property, plant and equipment	FRS15		X			X		
IAS17 Leases	SSAP21						X	
IAS18 Revenue	-						X	

## EXAMINATION STATUS OF INTERNATIONAL ACCOUNTING STANDARDS

INTERNATIONAL STANDARD TO BE EXAMINED	EQUIVOLENT UK STANDARD	NOT EXAMINABLE	EXAMINABLE IN FA			EXAMINABLE IN FR		
			KNOWLEDGE LEVEL TO BE EXAMINED AT:			KNOWLEDGE LEVEL TO BE EXAMINED AT:		
			A	B	C	A	B	C
IAS19 Employee Benefits	FRS17							X
IAS20 Accounting for government grants and disclosure of government assistance	SSAP4					X		
IAS21 The effects of changes in foreign exchange rates	FRS23	X						
IAS23 Borrowing costs						X		
IAS24 Related party disclosures	FRS8						X	
IAS26 Accounting and reporting by retirement benefit plans	-	X						
IAS27 Consolidated and separate financial statements	FRS2	X						
IAS28 Investments in associates	FRS9	X						
IAS29 Financial reporting in hyperinflationary economies	FRS24							X
IAS31 Interests in joint ventures	FRS9	X						
IAS32 Financial instruments: presentation	FRS25							X
IAS33 Earnings per share	FRS22						X	
IAS34 Interim financial reporting	-	X						
IAS36 Impairment of assets	FRS11						X	
IAS37 Provisions, contingent liabilities and contingent assets	FRS12					X		
IAS38 Intangible assets	FRS10 SSAP13						X	
IAS39 Financial instruments: recognition and measurement	FRS26							X

EXAMINATION STATUS OF INTERNATIONAL ACCOUNTING STANDARDS								
INTERNATIONAL STANDARD TO BE EXAMINED	EQUIVOLENT UK STANDARD	NOT EXAMINABLE	EXAMINABLE IN FA			EXAMINABLE IN FR		
			KNOWLEDGE LEVEL TO BE EXAMINED AT:			KNOWLEDGE LEVEL TO BE EXAMINED AT:		
			A	B	C	A	B	C
IAS40 Investment property	SSAP19							X
IAS41 Agriculture	-	X						
Framework for the preparation and presentation of financial statements (note 7)	Statement of principles		X			X		

### Knowledge levels

Level A (professional): A thorough knowledge with a solid understanding of the subject matter and some experience in its application in practice sufficient to: exercise reasonable professional judgement in the application of the subject matter in those circumstances generally encountered in practice; and recognise when the assistance of a specialist may be required. This level of knowledge is lower than that of a specialist.

Level B (technician): A working knowledge with a broad understanding of the subject matter and a modicum of experience in its application sufficient to: apply the subject matter in straightforward circumstances; and identify issues requiring professional attention in more complex situations.

Level C (generalist): a general knowledge with a basic understanding of the subject matter and training in its application sufficient to: identify significant issues; evaluate their potential implications or impact; and recognise that additional work or advice may be required to be performed by a person technically competent in this area of expertise. This level of knowledge is significantly greater than that of a layperson.

### Notes

1. IFRS3 Business combinations. Only the provisions relating to goodwill (paragraphs 51 to 56) are examinable.
2. IAS1 Presentation of financial statements is examinable in Financial Reporting only, because its requirements relate almost entirely to published financial statements.
3. IAS2 Inventories and IAS11 Construction contracts. IAS2 deals only with stocks, not long-term contracts. It is examinable at FA level only, with construction contracts (IAS11) dealt with in FR only.
4. IAS7 Statements of cash flow is included in both FA and FR. The difference will be in the level of question set. In FA, questions will only require the indirect method
5. IAS12 Income taxes. In FR, current tax is examinable at level A and deferred tax at level C.
6. IFRS8 Operating segments. IFRS8 is considerably more demanding than the equivalent UK standard SSAP25. It is thus examinable at level C only.
7. Framework for the preparation and presentation of financial statements. Paragraphs 1 to 46 are examinable in FA and the whole statement in FR.