

13 Module 13

6.13.1. Financial Reporting

Module title						Financial Reporting					
Module NFQ level (only if an NFQ level can be demonstrated)						8					
Module number/reference						AT13					
Parent programme(s)						Bachelor of Arts (Honours) in Accounting and Finance					
Stage of parent programme						Stage 3					
Semester (semester1/semester2 if applicable)						Semester 1					
Module credit units						ECTS					
Module credit number of units						10					
Duration of the module						One Academic Semester, 12 Weeks Teaching.					
Average (over the duration of the module) of the contact hours per week						6					
Analysis of required learning effort											
Effort while in contact with staff											
Classroom and demonstrations		Mentoring and small-group tutoring		Other (specify)		Directed e-learning (hours)	Independent learning (hours)	Other hours (specify)	Work-based learning hours of learning effort	Total effort (hours)	
Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner						
48	1:40	24	1:20				178			250	
Allocation of marks (within the module)											
						Continuous assessment	Supervised project	Proctored practical examination	Proctored written examination	Total	
Percentage contribution						30%			70%	100%	

Minimum intended module learning outcomes

On the successful completion of this module, students should be able to:

MIMLO 13.1 Explain the role of financial reporting in accounting and corporate governance, and of financial reporting standards and legislation.

MIMLO 13.2 Describe and critically evaluate international regulatory frameworks and standards for financial reporting.

MIMLO 13.3 Interpret, prepare, and present complex financial statements which conform with IFRS accounting standards.

MIMLO 13.4 Create consolidated financial statements involving one or more subsidiaries and associates.

Module content, organisation and structure

Indicative Syllabus:

Preparation and presentation of financial statements:

- Prepare and present financial statements in compliance with International Financial Reporting Standards (IFRSs) and consistently apply International Accounting Standards (IASs)
- Explain, discuss and apply IASs in respect of tangible non-current assets in the following areas:
 - o Define and calculate the cost of non-current assets (Property, Plant & Equipment) and apply the IASs to periodically revalue these assets
 - o Distinguish between capital and revenue expenditure and calculate the accounting treatment in addition to accounting for government grants (if applicable)
 - o Explain and apply the recognition, de-recognition, initial and subsequent measurement of property, plant and equipment
 - o Calculate and present the depreciation charges in respect of non-current assets and account for gains and/or losses on disposal
 - o Distinguish between and account for the different treatments of investment and other properties
 - o Explain and discuss the disclosure requirements in respect of property, plant and equipment
- Explain, discuss and apply IASs in respect of intangible assets in the following areas:

- Define and calculate the value of and the accounting treatment of internally created and purchased intangible assets and implement the criteria for initial measurement of the intangible assets
- Explain and apply the accounting treatment of goodwill, research and development expenditure and other intangible assets and present the accounting treatment of subsequent impairment of intangible assets
- Explain and show the accounting treatment of 'negative goodwill' where the payment for an investment may be less than the value of the acquired investment
- Explain and discuss the disclosure requirements in respect of intangible assets, including goodwill
- Explain, discuss and apply the IASs in respect of impairment of assets in the following areas:
 - Define an impairment loss and a cash generating unit
 - Identify and explain the circumstances in which an impairment loss might occur
 - Present and account for the allocation of an impairment loss to a cash generating unit
 - Explain and discuss the disclosure requirements in respect of impairment losses
- Explain, discuss and apply the IASs in respect of inventory in the following areas:
 - Explain and apply the approach to inventory valuation (including biological assets and agricultural produce)
 - Explain, discuss and calculate the treatment of construction contracts, including circumstances where contracts are partly completed
 - Present and calculate the relevant accounting information in respect of construction contracts for the financial statements
 - Explain and discuss the disclosure requirements in respect of inventory
- Explain, discuss and apply IASs in respect of financial assets and financial liabilities in the following areas:
 - Explain the origins and objectives of international accounting standards on financial instruments
 - Define financial instruments (assets and liabilities) and identify the various forms of financial instrument (e.g. those being held to maturity, those available for resale, Trade and other receivables, loans and debt)
 - Distinguish between equity capital and debt capital and the respective accounting treatments (in particular apply international standards to preference shares and convertible debt)
 - Explain, discuss and prepare the disclosure requirements of financial instruments
- Explain, discuss and apply IASs in respect of leases in the following areas:
 - Explain and clarify the distinguishing features of a finance lease and an operating lease and what distinguishes leases from other contracts
 - Identify the appropriate accounting treatment for both operating and finance leases and correct and inaccurate treatment of finance leases in particular scenarios

- Prepare accounting entries for finance and operating leases from the perspective of the lessee
- Explain, discuss and prepare disclosure requirements in respect of leases
- Explain, discuss and apply IASs in respect of taxation in the following areas:
 - Calculate the accounting treatment of current income taxation liabilities and prepare the relevant accounting entries
 - Explain the concept of deferred taxation and calculate and present the accounting entries in respect of deferred taxation
 - Explain, discuss and prepare the required deferred taxation disclosure requirements
- Explain, discuss and apply IASs in respect of provisions and contingencies in the following areas
 - Explain the origins and objectives of an international accounting standard in respect of provisions and contingencies
 - Explain and apply the principles relating to the measurement of provisions and subsequent charges
 - Define the concepts of contingent assets and liabilities and the required accounting treatment
 - Identify and account for various forms of contingent assets and liabilities as well as provisions
 - Discuss and apply the disclosure requirements for provisions, contingent liabilities and contingent assets
- Prepare a statement of cash flows for a given scenario under the provisions of IASs) using the direct and indirect approaches
- Explain and discuss the importance and the relevance of the statement of cash flows to the users of financial statements
- Use the statement of cash flows along with the other financial statements to assess the financial performance of an organisation in a given scenario or an organisation you have researched
- Explain, discuss and apply the IASs provisions in respect of Small and Medium Enterprises (SMEs)

Consolidated financial statements:

- Explain and discuss the concept of a group, a subsidiary company and an associate company and the objectives of preparing consolidated financial statements
- Identify and explain the circumstances where a group is required to prepared consolidated financial statements and explain the circumstances where an exemption can be granted and the reasons for applying for such an exemption
- Explain and discuss the importance of harmonising the year end dates throughout the group for consolidation purposes
- Explain, discuss and calculate the impact of eliminating inter-group transactions and explain the reason for such reversals
- Explain and discuss the importance of applying fair value concepts when preparing consolidated financial statements and calculate the accounting treatment of goodwill consolidation

- Prepare financial statements (statement of financial position and consolidated statement of comprehensive income) for a group with only one subsidiary, only one associate and where there is both a subsidiary and an associate, involving pre and post acquisition profits, minority interest and goodwill (positive and negative)
- Prepare consolidated financial statements in circumstances of mid-year acquisitions
- Apply the fair value concept to the preparation of consolidated financial statements as required in respect of tangible and intangible assets and liabilities, in particular the treatments of consolidated goodwill and its possible impairment.

Interpretation of financial statements:

- Explain and discuss the benefits and limitations of using financial statements and ratio analysis as a basis for assessing financial performance and the difficulty created by creative accounting
- Explain and discuss the problems created by the unrepresentative nature of the statement of financial position at a particular year end date and the difficulty of incorporating provisions, contingencies and changes in accounting policy into the financial performance assessment
- Calculate, interpret and provide guidance on possible causes of the conventional ratio analysis and make recommendations on possible corrective actions where appropriate providing a perspective from a variety of stakeholders
- Prepare, analyse and interpret ratios to assess an organisation's financial performance in comparison with previous years, its competitors and the industry in which it operates
- Understand and implement the significance of assessing performance in the context of the industry in which the organisation operate using industry averages and analyse the trends in comparison to the organisations stated plans
- Explain, identify and discuss the range of internal non-financial factors and the external financial and non-financial factors which could be used to provide a more comprehensive assessment of performance and highlight the relevance of non-financial information
- Discuss the different approaches required when seeking to assess the relative performance of not-for-profit organisations and public sector entities
- Calculate and interpret key ratios and other information provided by an analysis of the statement of cash flows and segmental reports.

International regulation and emerging issues:

- Discuss the need for global financial reporting and assess whether IFRSs meet that need and discuss progress towards harmonisation of accounting standards internationally
- Explain the structure and role of the IASC Foundation and its organisations, including the International Accounting Standards Board (IASB) and the IFRS advisory board
- Describe the standard setting process and explain the concept of 'fair presentation'

- Explain, discuss and apply the role and scope of the conceptual framework for financial reporting
- Explain and discuss the increased significance of physical environmental and social accounting issues, capitalisation of environmental expenditure & the recognition of future environmental costs by means of provisions.
- Explain and discuss the significance of initiatives such as the Global Reporting Initiative and the potential impact on new IAS developments
- Explain and discuss the developments in IASs in respect of employee benefits, the accounting and disclosure issues
- Explain and discuss the concept of accounting for human capital and the unique challenges for accounting to address this issue
- Understand and explain the pressures for improved quality of financial reporting following the large scale corporate collapses in the US and UK and the resulting corporate governance implications.

Reading lists and other information resources

Title	Author	Publisher	Year
Essential:			
Financial Reporting (Int.) – ACCA F7 Textbook		BPP Learning Media	2018 Annual update
Introduction to Financial Accounting 10 th Edition – Global Edition	Horngren, C. Sundem, G Elliot, & Philbrick, D.	Pearson Education	2012
Financial Accounting and Reporting 17 th Edition	Elliot, B & Elliot, J	Pearson Education	2015
Recommended:			
Accounting For Groups – Theory & Practice	Barker, P. & O’ hOgartaigh, C.	Oak Tree Press	1998
Financial Information Analysis - 2 nd Edition	O’ Regan, P.	Wiley	2006
Irish Company Accounts: Regulation and Reporting	Brennan, A & Pierce, A	Oak Tree Press	1996

REFERENCE:

Journals:

Accounting & Business Ireland (ACCA)

Websites:

www.accaglobal.com

www.cimaglobal.com

www.icaew.com

www.asb.org.uk

www.ft.com