

Module 9

6.9.1. Financial Reporting and Analysis

Module title						Financial Reporting and Analysis					
Module NFQ level (only if an NFQ level can be demonstrated)						7					
Module number/reference						BS09					
Parent programme(s)						Bachelor of Arts (Honours) in Business Studies					
Stage of parent programme						Stage 2					
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 (see * below)						6					
Module-specific physical resources and support required per centre (or instance of the module)						One lecture hall and a number of smaller classrooms for tutorials.					
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 9.1** Describe and discuss key financial accounting concepts, principles, and terminology.
- MIMLO 9.2** Prepare a basic set of financial statements, and critically assess and select available accounting and financial tools for solving specific business problems.
- MIMLO 9.3** Appraise and apply the international regulatory framework of financial reporting (IFRSs and IASs)
- MIMLO 9.4** Analyse, present and interpret financial and related information to give an assessment of company performance.

Module content, organisation and structure

Indicative Syllabus:

Presentation of financial statements

- Identify and explain the various users and key stakeholders in the use of financial statement comparing and contrasting their objectives and reporting requirements
- Preparation of financial statements (statement of financial position, income statement, statement of cash flows, statement of changes in equity) from a trial balance and information provided in accordance with the provisions of IAS 1, IAS 8 and IAS 34
- Prepare and calculate adjustments for incomplete records and/or errors in the current and/or previous accounting period (IAS 8)

- Prepare and calculate adjustments for accruals and prepayments from information provided
- Explain and apply the definition of a subsidiary and discuss the implications on the financial statements
- Explain and apply the definition of an associate and discuss the implications on the financial statements
- Explain and apply the international accounting definition of a group and explain the circumstances when consolidated accounts are required and when an exemption from consolidation
- Prepare consolidated accounts in circumstances where there is a subsidiary and/or an associate company in compliance with the provisions of IAS 27, IAS 28, IAS 31 and IFRS 3

Application of International Financial Reporting Standards (IFRSs)

- Discuss the requirements for global financial reporting standards and the extent to which IFRSs and IASs meet these requirements
- Explain the structure of the IASB, the IFRS Interpretations Committee and the IFRS Advisory Council and describe the standard setting process
- Explain, discuss, apply and complete calculations in respect of IAS 16, IAS 20 and IAS 23 including:
 - Definition of property plant and equipment as well as investment properties
 - Recognition and de-recognition, initial and subsequent measurement requirements for PP&E
 - Depreciation calculations, accounting policies and disclosure notes
 - Preparation of disclosure notes for the financial statements
- Explain, discuss, apply and complete calculations in respect of IAS 38 and IFRS 3, including:
 - Definition of intangible assets, distinguishing between various types of intangible asset (in particular goodwill, research and development)
 - Recognition and de-recognition and subsequent measurement requirements
 - Distinguishing between internally generated goodwill and purchased goodwill, including the fair value requirement and associated accounting entries
 - Preparation of disclosure notes for the financial statements
- Explain, discuss, apply and complete calculations in respect of impairment of assets (IAS 36) including:
 - Definition of recoverable amount
 - Identification and explanation of impairment indicators
 - Explanation and definition of a cash generating unit
 - Accounting for the recognition of impairment
 - Preparation of the required disclosure notes
- Explain, discuss, apply and complete calculations in respect of leases (IAS 17) including:
 - Explanation of the nature of a lease and its difference from other contracts
 - Explanation and classification of leases as operating or finance leases
 - Accounting transactions to reflect the lease obligations from the perspective of the lessee
- Explain, discuss, apply and complete calculations in respect of current and deferred taxation (IAS 32) including:
 - Accounting for current taxation in the financial statements
 - Explanation of the deferred taxation concept
 - Accounting for adjustments to deferred taxation
 - Preparation of disclosure requirements

- Explain, discuss, apply and complete calculations in respect of events after the reporting period end (IAS 10) including:
 - Definition of an event after the reporting period
 - Explanation of adjusting and non-adjusting events
 - Accounting for adjusting events and preparation of the disclosure notes
- Explain, discuss, apply and complete calculations in respect of inventories (IAS 2 and IAS 11) including:
 - Explanation of the components of the cost of inventory
 - Measurement and accounting for inventories in the financial statements
- Explain, discuss, apply and complete calculations in respect of revenue recognition (IAS 11 and IAS 18) including:
 - Explanation of what constitutes revenue in a set of financial statements
 - Explanation and application of the basis for the measurement of revenue
 - Application of revenue recognition principles in respect of sale of goods and services
 - Preparation and calculation of the revenue recognition in construction contracts
- Explain, discuss, apply and complete calculations in respect of earnings per share (EPS) including:
 - Explanation of the need for consistent calculation and presentation of EPS
 - Identification of the entities required to disclose EPS
 - Calculation of basic EPS including where there has been changes to the equity capital during the period
 - Explanation of the significance of diluted EPS and calculation of diluted EPS where there is convertible loan stock, options and warrants in place
- Explain, discuss, apply and complete calculations in respect of the statement of cash flows (IAS 7) including:
 - Explanation and discussion of the purpose and usefulness of statements of cash flows
 - Preparation of statements of cash flows using the direct and the indirect method as required
- Explain, discuss, apply and complete calculations in respect of provisions, contingent liabilities and contingent assets (IAS 37) including:
 - Definition and application of provisions, contingent liabilities and contingent assets
 - Application and evaluation of the recognition requirements in financial statements
 - Application of the measurement and subsequent changes to provisions

Analysis and Interpretation of Financial Statements

- Explain the importance of assessing financial performance and the significance of the financial statements in this process
- Calculate, explain and interpret the main accounting ratios (profitability, liquidity, gearing and investor ratios) providing advice/recommendations based on the analysis.
- Explain and discuss the importance of comparisons with industry averages, trend analysis and comparison of actual results with established strategic objectives
- Identify and discuss the merits and limitations of using ratio analysis to assess financial performance
- Explain and discuss the importance of non-financial factors in assessing performance both internal to the organisation and externally
- Prepare a report to management setting out the key ratios, interpreting their meaning and providing guidance and action plans to rectify any deficiencies identified

Reading lists and other information resources

Title	Author	Publisher	Year
Essential:			
Financial Accounting and Reporting 17 th Edition	Elliott, B. and Elliott, J.	Pearson	2015
Financial Reporting (Int.) – ACCA F7 Textbook		BPP Learning Media	2013 annual update
International Financial Accounting & Reporting – 3 rd Edition	Connolly, C	Chartered Accountants Ireland	2011
Recommended:			
Essentials of Accounting – 10 th Edition	Anthony, R	FT Prentice Hall	2010

REFERENCE:

Journals:

Accounting and Business Ireland (ACCA)
Journal of Business, Finance and Accounting
Journal of Finance