

Public Service Financial Reporting

The Public Service Financial Reporting (PSFR) module is designed to provide the candidate with the knowledge and skills required for financial reporting responsibilities within the UK public services. These are fundamental to the stewardship role performed by finance professionals in modern public service organisations.

PSFR follows on from the Financial Accounting and Company Financial Reporting modules and builds on the knowledge and skills in recording financial transactions, applying International Financial Reporting Standards (IFRSs) and preparing financial statements. It also develops the topic of ethics that was introduced in FA.

Students start by gaining an overview of the main elements of the financial framework in which public services in the UK operate. The focus then turns to the largest section of the syllabus: the preparation of financial statements for local government, central government (supply financed central government organisations), health and charities. This includes coverage of single entity organisations and also accounting for group combinations. In each case, students are expected to demonstrate knowledge of International Financial Reporting Standards (IFRSs) and the other specific regulations that are relevant to each of the sectors mentioned. The table of examinable standards specifies the IFRSs to be studied in PSFR and the level at which each is examinable.

For other sectors within the PSFR syllabus, ie central government non-supply financed entities, education and housing, the focus is on accounting for transactions that are specific to the sector and the overall requirements regarding the structure and presentation of financial statements. The module also focuses on how ratio analysis and other techniques can be used to analyse and interpret public service organisations' financial statements for a variety of users.

Syllabus topics

A Public services financial reporting framework	10%
B Financial statements for single entity organisations	60%
C Consolidated financial statements	15%
D Interpretation of financial statements	15%

Further information, including assessment

Prior knowledge: Financial Accounting;
Company Financial Reporting

Standards	None
Assessment:	An exam of 150 minutes with 75 marks available consisting of: 20 objective test questions of 1 mark each; 5 short form questions worth 5 marks each and 2 longer scenario questions worth 15 marks each. The pass mark is 50%.
Standards:	IFRSs and prescribed UK codes/manuals
Validity:	2022 examination

Overall Aim	Learning outcome	Content
A Discuss the external financial reporting framework for the public services (10%)	A1 Describe the main features of public service organisations	<ul style="list-style-type: none"> (i) Financial and non-financial objectives of public sector organisations and comparison with private sector organisations (ii) Sources of finance for public service organisations (iii) Relationships between organisations within the public sector (iv) Relationships between public sector and private sector organisations
	A2 Discuss the influences on financial reporting by public service organisations	<ul style="list-style-type: none"> (i) Impact of externally set objectives and targets (ii) Users, their needs and the impact on financial reporting (iii) Financial accountability in the public sector and its impact on external financial reporting (iv) Consolidation of external financial statements in the public sector and the role of whole-of-government accounts
	A3 Discuss the role of IFRSs in financial reporting for public service organisations	<ul style="list-style-type: none"> (i) Application of IFRSs via sector-specific codes/manuals and departures from IFRS requirements (ii) Influence of legislation and other forms of regulation by government (iii) Role and influence of International Public Sector Accounting Standards and European Public Sector Accounting Standards
	A4 Discuss the application of ethical principles in public service financial reporting	<ul style="list-style-type: none"> (i) Ethical issues in relation to preparation of financial statements for public service organisations and to the provision of financial reporting information

B Prepare and explain the key external financial statements for single-entity public service organisations applying current statute, regulation and accounting standards (60%)	B1 Apply and discuss the requirements of IFRSs and other relevant sources of regulation to transactions and events of public service organisations (all sectors)	(i) General principles (ii) Main requirements of IFRSs (iii) Sector-specific regulation
	B2 Apply requirements of IFRSs and sector-specific regulation and guidance in the preparation of financial statements for single-entity organisations in local government, central government, and health sectors	(i) Statement of comprehensive income or equivalent (ii) Statement of financial position or equivalent (iii) Statement of cash flows or equivalent (iv) Statement of changes in equity or equivalent (v) Disclosures
	B3 Apply requirements of IFRSs and sector-specific regulation and guidance in the preparation of financial statements for single-entity charities	(i) Statement of financial activities (ii) Balance sheet (iii) Disclosures
C Determine the approach to accounting for combinations involving a subsidiary, joint venture or associate and prepare the consolidated financial statements (15%)	C1 Discuss the group accounting process, identify and explain group combinations in the public services, and prepare accounting adjustments (all sectors)	(i) Determining the group boundary and issues of materiality (ii) Working with other organisations and determining the accounts production process and timetable (iii) Parent and subsidiary (iv) Associate (v) Joint ventures (vi) Joint arrangements that are not entities (vii) Other public-private arrangements (viii) Whole of government accounts
	C2 Prepare consolidated financial statements for public service combinations involving one subsidiary and/or one associate (local government, central government, health,	(i) Consolidated statement of comprehensive income or equivalent (ii) Consolidated statement of financial position or

	charities)	equivalent
D Apply ratio analysis and other techniques to analyse and interpret the financial statements of public service organisations (15%)	D1 Identify and discuss the needs of specific users of financial statements	<ul style="list-style-type: none"> (i) Providers of finance (ii) Service users and customers (iii) Government and other official bodies (iv) Public and others
	D2 Apply standard ratios to determine information that is relevant to particular users	<ul style="list-style-type: none"> (i) Efficiency (ii) Profitability and return (iii) Liquidity and solvency (iv) Limitations of ratios (v) Interpretation of ratios in the public service context (vi) Reports to management and other users