

Company Financial Reporting

The Company Financial Reporting (CFR) module follows on from the Financial Accounting (FA) module, developing knowledge and skills in recording financial transactions, applying International Financial Reporting Standards (IFRSs) and preparing financial statements, and also develops the topic of ethics that was introduced in FA. These are all fundamental to the stewardship role performed by finance professionals in modern organisations, and some also contribute to the business partner role.

The IFRSs that are studied in CFR are listed in the table of examinable standards. The table specifies the level of knowledge that candidates are required to attain for each standard, which ranges from a basic knowledge of the main requirements (level C) to the ability to demonstrate a solid understanding of the standard and apply the main requirements (level A).

Students study the regulatory and ethical frameworks in detail. This includes the application of the ethical principles that were learned in FA to the preparation of financial statements and to the provision of financial information to users. This is followed by application of the requirements of specified IFRSs to the preparation of financial statements for companies; firstly for single-entity companies and secondly in group combinations (subsidiaries and associates). In addition to preparing financial statements, students are required to explain how information has been determined and to demonstrate how accounting concepts and the requirements of IFRSs are applied to transactions and events. The final topic in the syllabus, the analysis of financial statements, requires students to use the content of financial statements to advise users and aid decision making.

Syllabus topics

A	Regulatory and ethical frameworks	10%
B	Single-entity financial statements	40%
C	Consolidated financial statements	25%
D	Analysis of financial statements	25%

Other information, including assessment

Prior knowledge:	FA
Standards:	IFRSs
Validity:	Up to and including March 2023 examinations
Assessment:	150 minute exam with 75 marks available, consisting of: 25 objective test questions worth 1 mark each; 6 short form questions worth 5 marks each and 2 longer scenario questions of 10 marks each. The pass mark is 50%.

Overall Aim	Learning outcome	Content
A Discuss the requirements of the main regulatory and ethical frameworks that impact on financial reporting (10%)	A1 Describe the role of the International Accounting Standards Board (IASB), the standard-setting process and the status of IFRSs	<ul style="list-style-type: none"> (i) IFRS Foundation and IASB (ii) International Financial Reporting Interpretations Committee (iii) IFRS Advisory Council (iv) Global Preparers Forum (v) Financial Crisis Advisory Group (vi) Compliance requirements of the IFRS regime (vii) Role and scope of generally accepted accounting practice (GAAP) locally and internationally
	A2 Discuss the benefits of the global harmonisation of financial reporting standards	<ul style="list-style-type: none"> (i) Rationale for harmonisation (ii) Role of the IASB, Financial Accounting Standards Board and the Memorandum of Understanding (iii) Implications of current global agreements (iv) Timetable for harmonisation
	A3 Discuss the ethical framework within which financial reporting is conducted and its application to financial reporting issues	<ul style="list-style-type: none"> (i) CIPFA Standard of Professional Practice on Ethics (ii) International Ethics Standards Board for Accountants handbook (iii) Impact of the financial reporting failures and global financial crises (iv) Ethical issues in relation to preparation of financial statements for companies and to the provision of financial reporting information
	A4 Discuss and apply the requirements of the IASB Conceptual Framework for Financial Reporting	<ul style="list-style-type: none"> (i) The users of financial statements and their information needs (ii) Elements of financial statements <u>(iii) Assumptions underlying the preparation of financial</u>

		statements
		(iv) Qualitative characteristics of financial statements
		(v) Recognition and measurement of elements of financial statements
		(vi) Concepts of capital and capital maintenance
		(vii) Concept of substance over form
		(viii) Problems of historic cost accounting
	A5 Discuss the recent developments in integrated reporting	(i) Development of the International Integrated Reporting Council
		(ii) Aims of integrated reporting
		(iii) Integrated Reporting Framework
B Prepare single-entity financial statements in accordance with IFRSs (40%)	B1 Determine information to be disclosed in financial statements and explain the application of relevant standards to transactions and events	(i) Transactions and events related to IFRSs
		(ii) Accounting policies; changes in accounting estimates; errors
	B2 Prepare prescribed financial statements and draft the relevant disclosure notes in accordance with standards	(i) Statement of comprehensive income
		(ii) Statement of financial position
		(iii) Statement of changes in equity
		(iv) Statement of cash flows – indirect and direct methods
C Prepare consolidated financial statements for combinations (25 %)	C1 Explain the principles underlying the preparation of consolidated financial statements	(i) Control and significant influence
		(ii) Need for consolidated financial statements
		(iii) Consolidation adjustments
		(iv) Usefulness of consolidated financial statements, including relevance for decision making
	C2 Prepare a consolidated statement of financial position and a consolidated statement of comprehensive income for	(i) Consolidation techniques for a single subsidiary
		(ii) Equity account for a single associate

a simple group

D Analyse and interpret financial statements for users (25%)	D1 Discuss the scope and limitations of published financial information in meeting the needs of a variety of users	(i) Users of financial information and their needs (ii) Limitations of financial information (iii) Additional information available to supplement financial statements
	D2 Calculate and apply ratios to address the needs of relevant users of financial statements	(i) Profitability ratios (ii) Efficiency ratios (iii) Short term solvency and liquidity ratios (iv) Long term solvency and stability ratios (v) Investment ratios
	D3 Interpret financial statements and other information and prepare analyses for relevant users	(i) Interpretation of financial statements, ratios and related information (ii) Reports to management and other users
