

Corporate reporting for strategic business – advanced

Unit level 7

Unit code F/617/9086

GLH 60

Credit value 20

Unit grading structure

Pass-Merit-Distinction

Unit aims

The unit will ensure that students are able to examine corporate reporting from a number of perspectives, i.e. the preparer of corporate reports and from the perspective of a variety of different stakeholders such as finance providers.

On completion of the unit, students will also be proficient in the assessment and evaluation of the reporting decisions made by management and their implications for a range of stakeholders and entities.

The unit also explores the professional and ethical responsibilities of the accountant to these stakeholders. The unit requires students to have a cohesive understanding of the International Accounting Standards Board's (IASB) Conceptual Framework for Financial Reporting and to use the Framework as a basis for judgement in applying International Financial Reporting Standards in corporate reports. While studying this unit, the student will consider both the principles and practices of International Financial Reporting Standards (IFRS) and uses these principles as a basis for the preparation of the financial statements of single entities and groups. By reflecting on the usefulness of corporate reports to stakeholders including developments in narrative reporting such as Integrated Reporting, students will be able to discuss the nature of the information that would help various stakeholders.

Learning outcomes

The learner will:

Assessment criteria

The learner can:

Pass

Merit

Distinction

1. Understand fundamental ethical and professional principles in relation to accounting standards and corporate reporting.

1. Explain the importance of professional behaviour and compliance with accounting standards.
2. Analyse ethical requirements of corporate reporting.

2. Understand the appropriateness of the financial reporting framework.

1. Assess the applications of the financial reporting framework.
2. Analyse the strengths and weaknesses of the financial reporting framework.

1. Compare and contrast the reporting of financial performance of different entities.

3. Be able to prepare financial statements for groups of entities.

1. Prepare group accounts including statements of cash flows.
2. Prepare group accounts incorporating associates and joint arrangements.
3. Prepare group accounts that involve changes in group structures.

1. Analyse the accounting requirements that relate to foreign transactions and entities.

1. Evaluate the need to prepare detailed financial statements when changes in a group structure occur.

4. Be able to interpret financial statements and make justified recommendations for business stakeholders.

1. Interpret financial statements using ratio analysis.
2. Make justified recommendations based on financial statement integration.

1. Analyse solutions to current issues in financial reporting that may affect the interpretation of key financial statements.



Indicative content

1. Understand fundamental ethical and professional principles in relation to accounting standards and corporate reporting

- Professional behaviour characteristics and practical examples
- Compliance with accounting standards
- Ethical requirements
- Understanding of the consequences of non-compliance.
- Consequences of unethical behaviour.
- Understanding of different accounting bodies in different countries around the world, to include AAT, ACCA, ICAEW, CIMA, CIPFA etc.

- International Accounting Standards, to include:
 - IAS 1 Presentation of financial statements
 - IAS 2 Inventories
 - IAS 7 Statement of cash flows
 - IAS 8 Accounting policies, changes in accounting estimates and errors
 - IAS 10 Events after the reporting period
 - IAS 16 Property, plant and equipment
 - IFRS 15 Revenue
 - IAS 36 Impairment of assets
 - IAS 37 Provisions, contingent liabilities and contingent assets
 - IAS 38 Intangible assets.

2. Understand the appropriateness of the financial reporting framework

Financial performance of different entities:

- Revenue
- Non-current assets
- Financial instruments
- Leases
- Employee benefits
- Income taxes
- Provisions, contingencies and events after the reporting date
- Share-based payment
- Fair value measurement
- Reporting requirements of small and medium sized entities
- Other reporting issues.

Sole traders and partnerships:

- Understanding of Financial Reporting Statements for sole traders and partnerships, for example:
 - Income statements
 - Statements of financial position
 - Capital and current accounts
 - Appropriation accounts

2. Understand the appropriateness of the financial reporting framework (continued)

Sole traders and partnerships: (continued)

- Period end adjustments:
 - Valuation of inventory
 - Depreciation of non-current assets, i.e.
 - straight line method
 - reducing (diminishing) balance method
 - Irrecoverable debts
 - Provision for doubtful debts
 - Accruals
 - Prepayments
- Understanding of Financial Reporting Statements for limited companies:
 - Main elements of private limited companies' annual accounts, i.e. income statement and statement of financial position
 - Main elements of public limited companies' annual reports, i.e. general corporate information, accounting policies, income statement, statement of financial position, statement of cash flows, notes to the financial statements, chairperson's and directors' reports and auditor's report.
- Period end adjustments:
 - Valuation of inventory
 - Depreciation of non-current assets, i.e.
 - straight line method
 - reducing (diminishing) balance method
 - Irrecoverable debts
 - Provision for doubtful debts
 - Accruals
 - Prepayments.

3. Be able to prepare financial statements for groups of entities

- Statements of cash flows
- Structure and preparation of group accounts
- Associate and joint arrangements – understanding and practical application
- Changes in group structures – application of the relevant accounting procedures in the financial statements of a parent company
- Foreign transactions and entities

4. Be able to prepare financial statements for groups of entities

- Calculation and interpretation of:
 - Liquidity ratios
 - Profitability ratios
 - Working capital ratios
 - Efficiency ratios
 - Resource utilisation ratios.

4. Be able to prepare financial statements for groups of entities (continued)

- Interpretation of accounting ratios and comparison of them to similar companies and industry average ratios.
- Justified recommendations and conclusions to meet the needs of relevant parties.
- The usefulness of ratio analysis when assessing the performance of a business.
- Application of relevant accounting standards, for example, IASs and IFRSs, international financial reporting standards and UK GAAP for FRS102 and FRS 105.

- Stakeholders to include:
 - Shareholders
 - Employees
 - Potential investors
 - Directors
 - Managers
 - Suppliers
 - Customers
 - Lenders
 - Government
 - Analysts.

- Current issues in corporate reporting may include accounting policy changes, developments in sustainability reporting and materiality in the context of reporting.

Unit assessment

The assessment for each unit is based on the achievement of the learning outcomes at the standards set by the assessment criteria for that unit. The learner can achieve a Pass, Merit, Distinction or Fail for each unit based on the quality of the work submitted and the assessor's judgements made against the criteria provided.

The assessment is completed through the submission of internally assessed learner work which is subject to external moderation or verification.