

Unit Description

Financial Reporting Skills for SMEs

Level 5 – 5FR

Valid from December 2015 exams

Unit title	Financial Reporting Skills for SMEs	
Unit aim	<p>The aim of this unit is to develop the financial reporting skills of those who manage or seek to manage the day to day finances and financial needs of small and medium enterprises (SMEs) and small and medium practices (SMPs). SME is the inclusive acronym used to describe both types of organisation.</p> <p>The unit will provide knowledge and understanding of the conceptual and regulatory framework for accounting and reporting for SMEs.</p> <p>The unit will develop the ability to prepare financial statements according to the International Accounting Standard for Small and Medium-Sized entities (IFRS for SMEs) and to interpret financial statements prepared according to that standard.</p>	
Level	5	
Total Qualification Time	150	
GLH	0	
IFA Code	5FR	
In IFA qualifications	IFA Level 5 Diploma for SME Financial Managers	
Learning outcomes The learner can...	Assessment criteria The learner will...	Underpinning knowledge
1. Understand the regulatory framework for financial reporting of SMEs	<p>1.1 Explain the conceptual and regulatory framework for financial reporting of SMEs</p> <p>1.2 Explain the concepts and pervasive principles contained in the IFRS for SMEs</p> <p>1.3 Evaluate the objectives of financial statements for SMEs.</p>	<p>IFRS for SMEs IASB IFA 4FA</p>



<p>2. Prepare financial statements according to IFRS for SMEs</p>	<p>2.1 Prepare statements of financial position or parts thereof in accordance with the requirements of the IFRS for SMEs.</p> <p>2.2 Prepare statements of comprehensive income and retained earnings (or statements of comprehensive income and changes in equity) or parts thereof in accordance with the requirements of the IFRS for SMEs.</p> <p>2.3 Prepare statements of cash flows or parts thereof in accordance with the requirements of the IFRS for SMEs.</p> <p>2.4 Prepare notes relating to financial statements in accordance with the requirements of the IFRS for SMEs.</p> <p>2.5 Prepare consolidated and separate financial statements in accordance with the requirements of the IFRS for SMEs.</p>	<p>IFRS for SMEs IFA 4FA</p>
<p>3. Interpret financial Statements</p>	<p>3.1 Interpret the significance of an entity's financial position as presented in the statement of financial position</p> <p>3.2 Interpret the significance of an entity's performance shown in its statement of comprehensive income and statement of changes in equity (or retained profits)</p> <p>3.3 Interpret the significance of an entity's performance shown in its statement of cash flows</p> <p>3.4 Compare and contrast the financial performance of an SME using financial indicators</p> <p>3.5 Report the results of such analysis to internal and external stakeholders.</p>	<p>Ratios: Profitability Working capital Financing Investors</p> <p>Report writing</p>

Recommended reading

<p>Applying IFRS for SMEs, Bruce Mackenzie, Allan Lombard, Danie Coetsee, Tapiwa Njikizana & Raymond Chamboko</p>
<p>International Accounting Standards Board http://www.ifrs.org/ifrs-for-smes/Pages/ifrs-for-smes.aspx</p>
<p>http://www.ifrs.org/IFRS-for-SMEs/Pages/Training-Modules</p>
<p>https://www.iasplus.com/en/standards/other/ifrs-for-smes</p>
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