

Course Title	Advanced Financial Reporting /Consolidations				
Course Code	AEF220				
Course Type	Compulsory				
Level	Bachelor (1 st Cycle)				
Year / Semester	2 nd Year / 4 th Semester				
Teacher's Name	TBA				
ECTS	6	Lectures / week	3 Hours / 14 weeks	Laboratories / week	None
Course Purpose and Objectives	The course focuses on the use of corporate reports as a primary source of information about company activities. It explains the principles and techniques of group accounting and examines the use of financial statements for reporting financial position and performance and assessing future prospects. The aim is to develop knowledge and skills in understanding and applying accounting standards in the preparation of financial statements of business combinations, and analyzing and interpreting those financial statements.				
Learning Outcomes	<p>Upon successful completion of this course students should be able to:</p> <ul style="list-style-type: none"> • Explain why firms engage in business combinations and know how to account for such combinations using the purchase or the pooling of interests method • Explain the conditions required for an undertaking to be a subsidiary or an associate of a group • Prepare a consolidated profit and loss account and a consolidated balance sheet for a group of companies • Analyze, interpret and report on financial statements (including cash flow statements) and related information to address users' and stakeholders' needs • Describe the limitations on the usefulness of corporate reports as an effective means of communication, including quality of disclosure and issues of creative accounting 				
Prerequisites	AEF200	Co-requisites	None		
Course Content	<p>1. The concept and principles of a group:</p> <p>Describe the concept of a group as a single economic unit; explain and apply the definition of a subsidiary within relevant accounting standards; describe why directors may not wish to consolidate a</p>				

subsidiary and the circumstances where this is permitted; explain the need for using coterminous year ends and uniform accounting policies when preparing consolidated financial statements; explain why it is necessary to eliminate intra-group transactions

2. The concept of consolidated financial statements:

Explain the objective of consolidated financial statements; indicate the effect that the related party relationship between a parent and subsidiary may have on the subsidiary's entity statements and the consolidated financial statements; explain why it is necessary to use fair values for the consideration for an investment in a subsidiary together with the fair values of a subsidiary's identifiable assets and liabilities when preparing consolidated financial statements; describe and apply the required accounting treatment of consolidated goodwill

3. Preparation of consolidated financial statements including an associate:

Prepare a consolidated statement of financial position for a simple group (parent and one subsidiary) dealing with pre and post-acquisition profits, minority interests and consolidated goodwill; Prepare a consolidated income statement and consolidated statement of comprehensive income for a simple group dealing with an acquisition in the period and minority interest; Explain and account for other reserves (e.g. share premium and revaluation reserves); Account for the effects in the financial statements of intra-group trading; account for the effects of fair value adjustments (including their effect on consolidated goodwill) to depreciating and non-depreciating non-current assets, inventory, monetary liabilities, assets and liabilities not included in the subsidiary's own statement of financial position, including contingent assets and liabilities; Account for goodwill impairment; Define an associate and explain the principles and reasoning for the use of equity accounting; Prepare consolidated financial statements to include a single subsidiary and an associate

4. Calculation and interpretation of accounting ratios and trends to address users' and stakeholders' needs:

Define and compute relevant financial ratios; Explain what aspects of performance specific ratios are intended to assess; Analyze and interpret ratios to give an assessment of an entity's performance and financial position in comparison with an entity's previous period's financial statements, another similar entity for the same reporting period, industry average ratios; Interpret an entity's financial statements to give advice from the perspectives of different stakeholders; Discuss how the interpretation of current value based

	<p>financial statements would differ from those using historical cost based accounts.</p> <p>5. Limitations of interpretation techniques:</p> <p>Discuss the limitations in the use of ratio analysis for assessing corporate performance; Discuss the effect that changes in accounting policies or the use of different accounting polices between entities can have on the ability to interpret performance; indicate other information, including nonfinancial information that may be of relevance to the assessment of an entity's performance.</p> <p>6. Statements of cash flows:</p> <p>Prepare a statement of cash flows for a single entity in accordance with relevant accounting standards using the direct and the indirect method; compare the usefulness of cash flow information with that of an income statement or statement of comprehensive income; interpret a statement of cash flows to assess the performance and financial position of an entity</p> <p>Recent developments and contemporary issues pertaining to the subject matter of the course.</p>		
Teaching Methodology	Face To Face		
Bibliography	<p>Elliott, B. and Elliott E, 'Financial Accounting, Reporting and Analysis, International Edition, Latest Edition, FT - Prentice Hall London</p> <p>Alexander D. and Britton A 'International Financial Reporting and Analysis, Latest edition, Chapman Hall</p> <p>B.D. Chatterjee, Financial Reporting under Consolidations of Subsidiaries, Associates and Joint Arrangements, Latest Edition.</p> <p>Krimpmann A., Principles of Group Accounting under IFRS, Latest Edition.</p> <p>BPP Notes for F7, Latest Edition.</p> <p>Relevant teaching material from the following organizations:</p> <p>ACCA - http://www.accaglobal.com/students</p> <p>BPP - http://www.bpp.com/acca/papers/f7/</p> <p>Kaplan - http://financial.kaplan.co.uk/TrainingandQuals/Accountancy/ACCA/Pages/default.aspx</p>		
Assessment	Examinations	80%	
	Class Participation and Attendance	10%	
	Assignments	10%	

		100%	
Language	English		