

# Module outline



# Financial Accounting & Reporting

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## Overview

Financial accounting is a pivotal aspect of an accountant's work and is the main reporting mechanism for preparing financial statements for organisations across all sectors of the economy.

FIN includes practical examples and activities that will develop your understanding of the conceptual framework for financial reporting, and enable you to reference Accounting Standards and pronouncements and apply your knowledge to a variety of practical scenarios.

The FIN module is one of the five compulsory modules in the Chartered Accountants Program. It requires a good understanding of financial accounting from a candidate's previous tertiary studies.

## How is the FIN module taught?

The FIN module is 12 weeks in duration and offers flexible learning options with the delivery of materials online through myLearning. myLearning is accessible after you enrol in the module by logging into myAccount and selecting myLearning.

## Assumed knowledge

It is assumed that candidates have a good understanding of financial accounting and reporting from their tertiary studies. Detailed below is a summary of the assumed knowledge of the module:

- Understanding of the relevant framework, in particular the definitions of and recognition criteria for assets, liabilities, equity, income and expenses.
- Basic understanding of financial accounting and reporting concepts, particularly the general format and content of a set of financial statements.
- Understanding of the principles of disclosure relating to the presentation of financial statements.
- Understanding of the principles relating to the selection and changing of accounting policies.
- Understanding of the accounting treatment and disclosure of changes in accounting policies, accounting estimates and corrections of errors.
- Basic understanding of revenue recognition requirements.
- Understanding of the principles of accrual accounting.
- Basic understanding of the taxation treatments for assets, liabilities, income and expenses.
- Understanding of accounting for inventory.
- Basic understanding of accounting for property, plant and equipment and intangible assets.
- Basic understanding of the principles of consolidated financial statements.
- Basic understanding of accounting for intragroup transactions.
- Basic understanding of acquired goodwill – its nature and accounting treatment under the relevant standard on business combinations.
- Understanding of the concept of the time value of money and discounted cash flows and how to calculate its impact.
- Understanding of accounting for equity.
- Understanding of accounting for the issue of equity and movements in retained earnings and other reserves.
- Basic understanding of the accounting for income tax.

- Basic understanding of the accounting for a business combination.
- Understanding of the translation of an amount from one currency to a foreign currency.

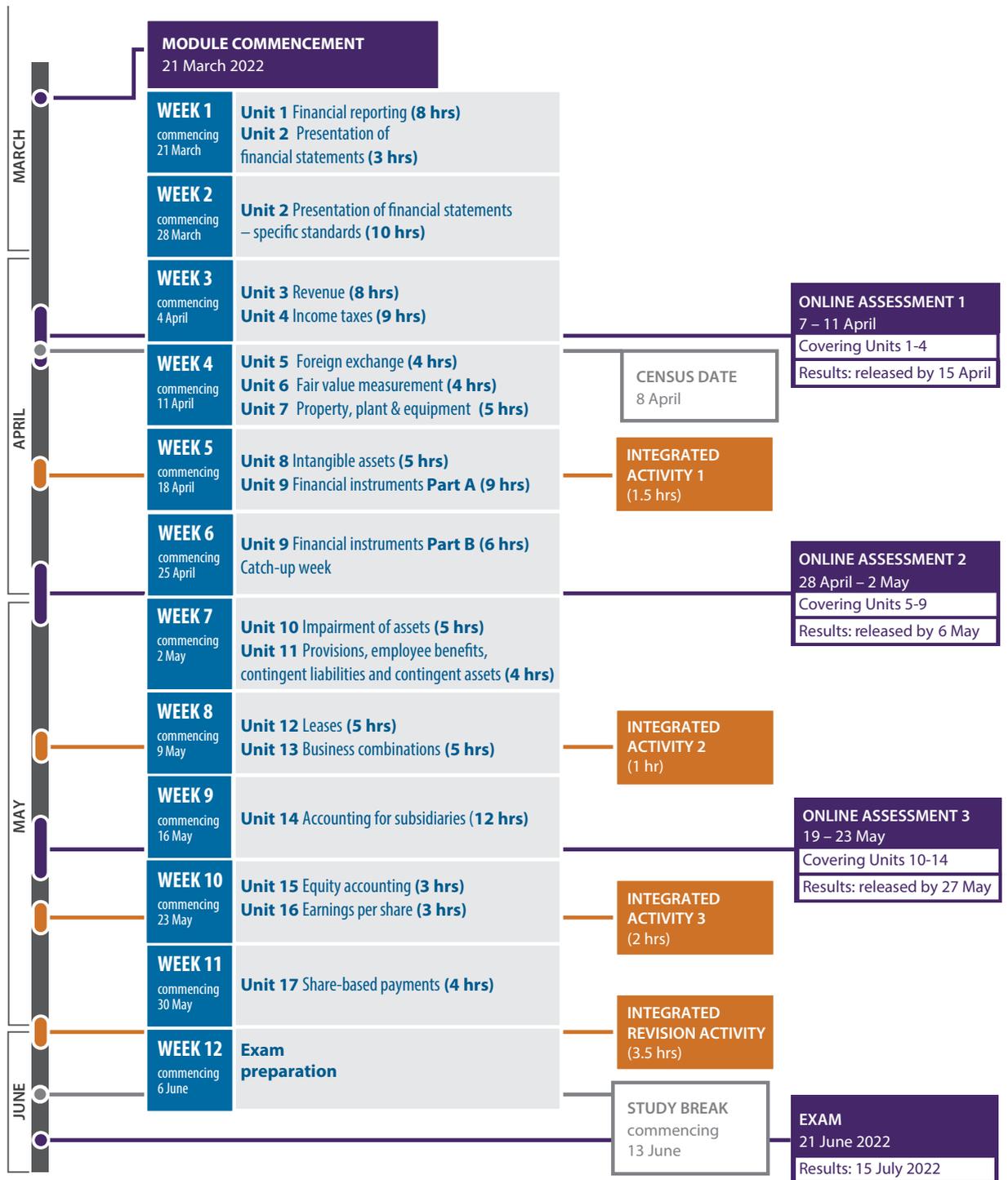
Candidates can check their assumed knowledge for each of the technical modules by taking the Quiz in myLearning.

### **Suggested module plan and time allocation**

The expected workload for this module is a minimum of 10 hours per week over 12 weeks, or 120 hours in total, excluding module orientation, online assessments, final exam and study time for the final exam. Candidates are advised to plan their enrolment carefully around work and other commitments, to ensure they are able to devote the time required to their studies.

The suggested module plan with key dates for FIN122 is provided below. It is also available on myLearning.

# Suggested module plan



## Module learning outcomes and how they align with module (CSG) units

Module learning outcomes provide an outline of the expected knowledge and skill level achieved on completion of the module.

On successful completion of the module candidates will be able to:

Module Learning Outcomes	Unit																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
MLO1 Apply technical knowledge to account for complex transactions and events		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MLO2 Prepare financial statements in accordance with International Financial Reporting Standards (IFRS) or local equivalents, and applicable legislation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MLO3 Evaluate future changes that impact the financial reporting environment	✓																	
MLO4 Evaluate and respond appropriately to complex ethical issues in the context of financial reporting	✓																	

## Unit learning objectives

Unit learning objectives provide an outline of the expected knowledge and skill level achieved on completion of the unit. Unit learning objectives are shown on the unit learning page and on the first CSG page for each unit. Each unit learning objective commences with a verb, such as explain, calculate, demonstrate etc. These terms are defined in the 'Task words' section below.

FIN module	
Unit topic	Unit learning objectives
Unit 1: Financial reporting	<ul style="list-style-type: none"> <li>Describe the purpose of financial reporting</li> <li>Analyse the reporting requirements of an entity based on the national regulatory framework including whether an entity is a reporting entity</li> <li>Explain the interaction between the national and international financial reporting regulatory frameworks including the relationship with their respective Accounting Standards</li> <li>Explain a Chartered Accountant's ethical requirements relating to financial reporting</li> <li>Explain contemporary issues affecting financial reporting</li> </ul>
Unit 2: Presentation of financial statements	<ul style="list-style-type: none"> <li>Advise on the requirements for financial statements</li> <li>Prepare, analyse and explain a complete set of financial statements</li> <li>Explain and account for changes in accounting policies, revisions of accounting estimates and errors</li> <li>Identify and analyse related parties</li> <li>Explain and account for discontinued operations</li> <li>Explain and account for events after the reporting period</li> </ul>
Unit 3: Revenue	<ul style="list-style-type: none"> <li>Identify, measure and recognise revenue from contracts with customers</li> </ul>

<b>FIN module</b>	
<b>Unit topic</b>	<b>Unit learning objectives</b>
Unit 4: Income taxes	<ul style="list-style-type: none"> <li>• Explain the purpose of tax effect accounting</li> <li>• Calculate and account for current tax</li> <li>• Calculate and account for deferred tax</li> <li>• Explain and account for changes in prior year taxes</li> <li>• Explain and account for income tax expense</li> </ul>
Unit 5: Foreign exchange	<ul style="list-style-type: none"> <li>• Explain and account for foreign currency transactions and balances</li> <li>• Determine the functional currency</li> <li>• Explain and account for the translation of financial statements of an entity from its functional currency to its presentation currency</li> </ul>
Unit 6: Fair value measurement	<ul style="list-style-type: none"> <li>• Explain and identify the key principles of fair value measurement, along with the related disclosure requirements</li> </ul>
Unit 7: Property, plant and equipment	<ul style="list-style-type: none"> <li>• Describe the nature of property, plant and equipment</li> <li>• Explain and account for property, plant and equipment during its useful life</li> <li>• Explain and account for borrowing costs in relation to a qualifying asset</li> </ul>
Unit 8: Intangible assets	<ul style="list-style-type: none"> <li>• Identify and explain the key characteristics of an intangible asset, including whether it can be recognised for financial reporting purposes</li> <li>• Explain and account for an intangible asset</li> </ul>
Unit 9: Financial instruments	<ul style="list-style-type: none"> <li>• Explain and identify financial instruments and the principles for classifying them as financial assets, financial liabilities or equity instruments of the issuer</li> <li>• Account for financial assets, financial liabilities and equity instruments of the issuer (including derivatives)</li> <li>• Explain and account for basic cash flow and fair value hedges</li> <li>• Explain and account for impairment of financial assets</li> <li>• Explain and account for the derecognition of financial assets and financial liabilities</li> </ul>
Unit 10: Impairment of assets	<ul style="list-style-type: none"> <li>• Explain and account for an impairment loss for an individual asset</li> <li>• Identify, explain and account for an impairment loss for a cash-generating unit (CGU) including impairment of goodwill</li> <li>• Explain and account for reversals of impairment losses</li> </ul>
Unit 11: Provisions, employee benefits, contingent liabilities and contingent assets	<ul style="list-style-type: none"> <li>• Explain and account for a provision</li> <li>• Identify and explain a contingent liability</li> <li>• Identify and explain a contingent asset</li> </ul>
Unit 12: Leases	<ul style="list-style-type: none"> <li>• Discuss the characteristics of a lease</li> <li>• Explain and account for lease transactions (for lessees)</li> <li>• Explain and account for lease transactions (for lessors)</li> <li>• Explain and account for sale and leaseback transactions</li> </ul>
Units 13-15: Introduction to units 13–15 (Business combinations, accounting for subsidiaries, joint arrangements and investments in associates)	<ul style="list-style-type: none"> <li>• Identify the appropriate classification for investments as subsidiaries, associates or joint arrangements</li> </ul>
Unit 13: Business combinations	<ul style="list-style-type: none"> <li>• Identify a business combination</li> <li>• Explain the concept of control</li> <li>• Explain and account for a business combination in the books of the acquirer</li> <li>• Account for subsequent adjustments to the initial accounting for a business combination</li> </ul>

FIN module	
Unit topic	Unit learning objectives
Unit 14: Accounting for subsidiaries	<ul style="list-style-type: none"> <li>• Explain how a business combination is accounted for in the books of the acquiree</li> <li>• Explain and account for a consolidation for a wholly-owned subsidiary</li> <li>• Explain and account for a consolidation for a partly-owned subsidiary</li> <li>• Account for movements in the parent's interest in a subsidiary</li> </ul>
Unit 15: Equity accounting	<ul style="list-style-type: none"> <li>• Explain and account for an investment using the equity method</li> <li>• Explain the concepts of significant influence and joint control</li> </ul>
Unit 16: Earnings per share (EPS)	<ul style="list-style-type: none"> <li>• Explain the requirements for disclosing earnings per share (EPS) information, including which entities need to include EPS information</li> <li>• Calculate basic and diluted EPS for continuing and discontinued operations</li> </ul>
Unit 17: Share-based payments	<ul style="list-style-type: none"> <li>• Identify and account for share-based payments</li> </ul>

## Learning resources and support materials

The FIN module has a range of resources and supports available for candidates, including:

### Hard copy learning material

- Candidate Study Guide – after enrolment in the FIN module, candidates will receive a hard copy of the core content for the module.

### Online learning material

- Announcements – to alert you to important matters.
- Module orientation and unit introductions – to help get you started.
- Core content – to 'tell' you the relevant theory.
- Worked examples and embedded examples – to 'show' you how to do the task.
- Activities – for you to 'do' the task unassisted.
- Technical videos – to help you understand and integrate topics.
- Unit quizzes – to help you check your understanding of certain key concepts.
- Practice online assessments – to help you prepare for each assessment.
- Past exam papers from the previous terms.
- Assessment results and feedback.

### Additional online support tools

- Videos providing focus on key areas, with a variety of content in each video.
- Discussion forums
  - Unit forums – where candidates can ask specific technical questions related to unit content.
  - Peer-to-peer forum – where candidates can form study groups or discuss issues in groups with other candidates.
  - Other forums – where module leaders can post additional guidance for candidates.
  - Online exam forum: where candidates can post specific questions regarding the administration and IT requirements of the online exam.
- Past exams library in 'Chartered Accountants Program' area of myLearning – to help candidates prepare for the final exam, past exams will be available to download with suggested solutions. Supplementary exams and solutions from the FIN119 module onwards will not be released.

## Date convention

Generally, the date format is as follows:

Dates for the current decade are expressed as 20XX, the preceding decade are expressed as 20WX and future years outside of this decade dates are expressed as 20Y3. For example, if a date given in an example is 20X6, 20W6 would be 10 years earlier and 20Y6 would be 10 years in the future. All years are treated as having 365 days.

Dates in the exam will use actual years e.g. 2021.

## Required reading

The examinable content for the FIN module includes the Candidate Study Guide, worked examples, activities and the Accounting Standards and other specified readings listed in the 'Required reading' sections for each unit.

The FIN module is based on the International Financial Reporting Standards and other pronouncements. Australia-specific and New Zealand-specific guidance is provided in the CSG where relevant.

The 'Required reading' section in each unit indicates corresponding readings under International, Australian and New Zealand Standards and other pronouncements. Candidates are required to choose and apply one set of Standards throughout the module – either International Standards, Australian Standards or New Zealand Standards.

Australian and MICPA candidates should refer to the Australian-specific guidance and exclude the New Zealand-specific material from the studies. New Zealand candidates should refer to the New Zealand-specific boxes and exclude the Australian-specific guidance from their studies.

All required readings are examinable. Where a question refers or requires candidates to provide a reference to a Standard you may use International Standards, Australian Standards or New Zealand standards.

## Prescribed required reading

The required reading for this module can be accessed from the prescribed textbook:

### For Australia:

Chartered Accountants Australia New Zealand 2021, *Financial Reporting Handbook Australia 2021*, John Wiley & Sons Australia Ltd, Milton, Qld.

### For New Zealand:

Chartered Accountants Australia New Zealand 2021, *Financial Reporting Handbook New Zealand 2021*, John Wiley & Sons Australia Ltd, Milton, Qld.

There will be no 2022 version of the prescribed textbook due to the timing of the Term 1 FIN module.

## Six-month rule

Legislation changes constantly. In the Program modules, you are expected to be up to date with relevant legislation, Standards, cases, rulings, determinations and other guidance as they stand six months before the exam date unless otherwise stated. In some instances the International Accounting Standard may have been updated while the Australian Standard or New Zealand Standard may not. International Standards can be accessed from the IFRS website ([www.ifrs.org](http://www.ifrs.org)), you will need to register to access the content on this website but it is free to do so.

You are always encouraged to be aware of developments in financial reporting. The relevant date for legislation is the date the legislation receives royal assent. The relevant date for Accounting Standards and other material is the issue date. Early adoption of Standards is generally encouraged.

## Goods and service tax

You should ignore the impact of goods and service tax (GST) throughout the module unless the learning element specifically refers to it.

## Assessment

The assessment components are outlined below:

Assessment component	Contribution to final marks	Details
Online assessment	20 marks	<p>Three (3) online assessments</p> <p>Before being eligible to attempt each online assessment, you must formally affirm the Candidate Code of Conduct (3 affirmations, each completed online)</p> <p>Each assessment will consist of 10 single response, multiple-choice questions</p> <p>Each assessment has a time limit of 90 minutes</p> <p>It is important you attempt all online assessments</p>
Online exam	80 marks	<p><b>Format:</b> Four (4) compulsory multi-part written questions based on the module learning outcomes</p> <p><b>Time:</b> Three (3) hours, and 30 minutes</p> <p><b>Resources:</b> The exam is open book</p>
	100 marks	<p>You must achieve 50 marks or more overall, <b>AND</b> 40 marks out of 80 in the exam to pass the module</p>

To pass the module, you must:

1. pass the exam (achieving 40 out of 80 marks or more) and
2. pass the module overall (achieving 50 out of 100 marks or more).

It is therefore critical to practise your exam technique and make the most of the time that you have.

## Task words

Below is a glossary of task words as they apply to the Chartered Accountants Program.

Word	Meaning
Account for	Demonstrate the accounting treatment by using a set of accounts
Advise	Communicate appropriately the recommended course of action based on an analysis of specific circumstances
Analyse	Examine closely; examine something in terms of its parts and show how they are related to each other
Apply	Use established methods/tools/procedures to resolve relatively straightforward scenario or problem
Appraise	Assess the value or quality of something; or assess its performance
Assess	Decide the value of something in a particular context
Calculate	Ascertain or determine by mathematical processes, usually by the ordinary rules of arithmetic
Classify	Place objects/concepts into appropriate categories using an established tool/methodology or framework
Compare	Critically consider two or more things, emphasising their similarities
Consider	Think carefully about something before making a decision, to look closely or attentively at something
Construct	Build or make something, to form an idea, a process or procedure by bringing together various theoretical and conceptual elements
Contrast	Critically consider two or more things, emphasising their differences
Critique	Give a judgement about the value of something and support that judgement with evidence
Define	Make clear what is meant by something; or use a definition or definitions to explore a concept
Demonstrate	A practical explanation of how something works or is performed
Describe	Present a detailed account of something focusing on depth of knowledge
Design	Develop a procedure/process or course of action based on a selection of the optimum combination from a range of available options
Determine	Establish the most appropriate or most correct answer or course of action from a range of available options
Develop	Bring something into existence that has not previously existed, or to reshape something from its initial position into something more refined
Discuss	Present a detailed account offering an interpretation of something or focusing on breadth of knowledge
Distinguish	Separate one from the other by distinct difference
Evaluate	Determine the value of something, normally with reference to specific criteria
Examine	Inspect something in detail and investigate the implications
Explain	Make clear the details of something; or show the reason for or underlying cause of something; or the means by which something occurs
Identify	Point to the essential part or parts. You might also have to explain clearly what is involved
Illustrate	Offer an example or examples, to show how something happens, or that something happens, or to make concrete a concept by giving examples

Word	Meaning
Integrate	Combine one aspect of their learning with another to form a holistic understanding of a process, procedure or course of action
Interpret	Make clear the meaning of something and its implications
Justify	Provide reasons why certain decisions should be made, conclusions reached and/or courses of action taken
List	Note or itemise in point form
Outline	Go through and identify briefly the main features of something
Plan	Prepare a detailed proposal for doing or achieving something
Prepare	Follow established procedures/methods to create a report of financial information or commentary (e.g. Using a pro forma spreadsheet)
Prioritise	Designate or treat something as being very or more important; or determine the order for dealing with (a series of items or tasks) according to their relative importance
Produce	Without using a pro forma spreadsheet, or without any guidance, create a report of financial information with commentary
Recommend	Advocate a particular outcome or course of action based on an analysis of a range of available options
Review	Report the main facts about something
Select	Carefully choose as being the best or most suitable
Solve	Resolve; or work out to a result or conclusion
State	Accurately articulate established principles, concepts, terms, etc.
Summarise	Describe something concisely

## CA Program Candidate Code of Conduct and other policies

As a CA Program candidate, you are bound by CA ANZ's Chartered Accountants Program Candidate Code of Conduct. This code outlines rights and responsibilities that candidates and staff have to each other and to the Chartered Accountants community and applies also to social media use. Candidates need to behave professionally and ethically when posting anything about the CA Program on social media.

You are bound also by all other CA Program regulations, policies and procedures. Cheating, plagiarism, falsifying data, breaching copyright, collusion and other forms of academic dishonesty are breaches of the CA Program's Candidate Academic Integrity Policy and Procedure and will be addressed in accordance with this policy and procedure.

## Candidate support and Special consideration

The CA Program's policy and procedure for special consideration is available in our Candidate Assessment and Grading Policy and Procedure.

Should you find you require additional support during your studies, please get in touch with us via email to [FINmodule@charteredaccountantsanz.com](mailto:FINmodule@charteredaccountantsanz.com), or contact our Candidate Support team at [CandidateSupportProgram@charteredaccountantsanz.com](mailto:CandidateSupportProgram@charteredaccountantsanz.com).