

IKAF CEA-P2 Corporate Reporting Syllabus and Study Guide

*CEA Certified External Auditor Qualification
(Based on ACCA Certifications)*

This syllabus and study guide is designed to assist in teaching and learning, also is intended to provide detailed information on the qualification, module and study guide.

Qualification Structure

It explains the content of Certified External Auditor Qualification level, which also includes the Corporate Reporting Module. Explains the connection of this module to other levels and modules of qualification; modules included at the specified level as well as membership criteria; as well as the characteristics of lectures that are held during the certification period. Modules and Qualifications are also presented through diagrams.

Module

It explains briefly the reasoning of the module's importance, the general and detailed objectives of the module and, also shows in the widest sense the skills that will be developed during the study of the module. The relation of the module to the other modules is presented through a diagram representing the links between them; in order to be as clear as possible for the reader. Also, topics that belong to the module are described; also, how the module's topics and subthemes are planned. Moreover, the form of examination and evaluation is explained in detail, what the exam will consider and why. In the end, the module's content is attached.

Syllabus Structure

It explains the syllabus content of the module Corporate Reporting, part of the Certified External Auditor Qualification Level. This module contains the main reasoning, aim, and capabilities expected to get learned during the course of the study. In addition, the syllabus includes the topics of the modules, the structure of the examination after the successful completion of the module as well as reading and scheduling the time.

Study Guide

This is the main document that students, education and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations

QUALIFICATION STRUCTURE

*CEA Certified External Auditor Qualification
(Based on ACCA Certifications)*

The Certified External Auditors must first get qualified as a Certified Accountant in IKAF. Not all Certified Accountants are required or need to qualify as Certified Auditors, unless they choose a career in providing legal audits and related services. The Kosovo Financial Reporting Council (KKRF) licenses Auditors in Kosovo and the role of IKAF is to ensure that they are certified in accordance with International Education Standards, the EU's 8th Directive and best international practices. In recent years, education standards and professional practice requirements for Legal Auditors have been updated, so the new IKAF qualification scheme aims to ensure that Kosovo auditors are qualified with the highest international standards.

To get Certified Auditor training you must first be an IKAF member and have completed the Qualification For a Certified Accountant. Membership at this level is open to all professionals who work in accounting and auditing and who have completed the level for a Certified Accountant.

Certified Auditor Candidates should demonstrate knowledge of Corporate Reporting.

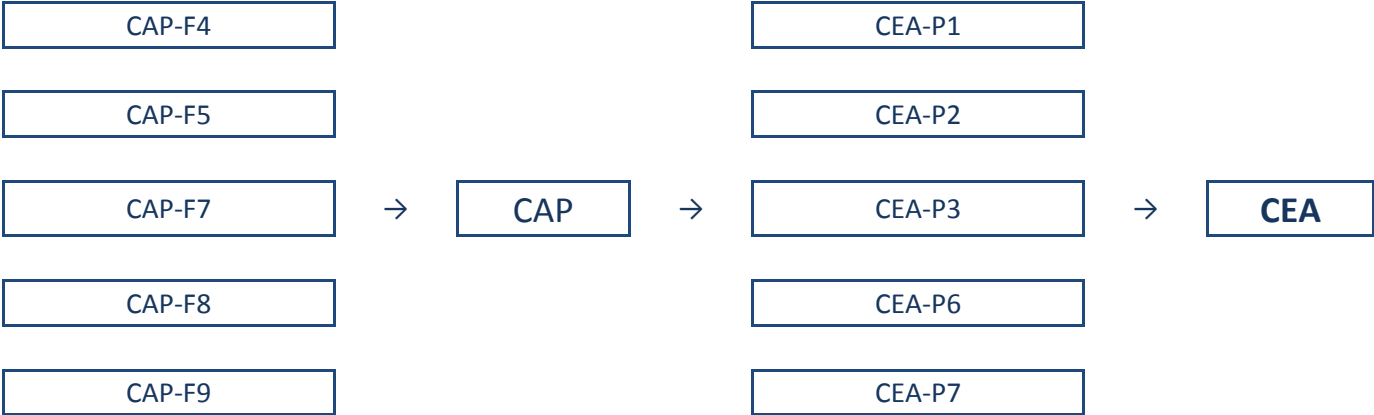


Diagram.1: Certified External Auditor Qualification relations with other modules and certified qualifications

Modules

CEA Certified External Auditor Qualification Level consists of five modules and is mandatory to pass all five in order to obtain the title:



Diagram.2: CEA Certified External Auditor Qualification Level Modules

Qualification and Membership Criteria: Certified External Auditor

- University Degree;
- Completion of Certified Accountant Level
- Proof for at least three (3) years of verified work experience in accounting - which can be acquired during or after the training;
- Have attended and passed five (5) certification exams for this purpose (Exam is passed if 50% of test points are reached) ;
- A person who has been certified in this qualification by IKAF and continues to have a regular membership status of the IKAF has the right to use the title "Certified Accountant" by fulfilling all of the above criteria;
- Regular members of the IKAF to use the title "Certified Accountant" are required to attend Continuing Professional Development (CPD) as defined in the IKAF Regulation.

Training Features:

- A comprehensive review of modules and during the training, participants will be provided with case studies, exercises similar to those given in the ACCA exams, and mock exam.
- Trainers are holding professional qualifications, and well experience in their field
- ACCA materials shall be used in the training
- Upon completion of this course, participants will be able to take the exams of modules at IKAF center.

SYLLABUS STRUCTURE

Rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Relational diagram linking modules

This diagram shows direct and indirect links between this exam and other exams preceding or following it. It indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall Aim

This explains briefly the overall objective of the syllabus and indicates in the broadest sense the capabilities to be developed within the exam.

Main Capabilities

The aim of the syllabus is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Topics

Certain topics that module contains and that will be treated during tuitions.

Examining Structure

This section briefly explains the structure of the examination and how it is assessed.

Annex: Detailed Syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

MODULE

This syllabus and study guide is designed to help with study planning and to provide detailed information on what could be assessed in any examination session.

Rationale

The syllabus for Paper P2, Corporate Reporting, assumes knowledge acquired at the fundamentals level including the core technical capabilities to prepare and analyses financial reports for single and combined entities



Diagram.1: Module

The Paper P2 syllabus takes the subject into greater depth and contextualizes the role of the accountant as a professional steward and adviser / analyst by initially exploring the wider professional duties and responsibilities of the accountant to the stakeholders of an organisation.

The syllabus examines the financial reporting framework within which the accountant operates and examines the detailed financial reporting requirements for the entities leading to the preparation of group financial reports in accordance with generally accepted accounting practice and relevant standards.

The syllabus then deals with the nature of reporting for specialized entities including not-for-profit and small and medium-sized enterprises

The final sections of the syllabus explore – in more depth – the role of the accountant as financial analyst and adviser through the assessment of financial performance and position of entities, and the accountant’s role in assessing and advising on the implications of accounting regulation on corporate reporting.

Finally, the syllabus covers the evaluation of current developments and their implications for financial reporting.

Aim

To apply knowledge, skills and exercise professional judgment in the application and evaluation of financial reporting principles and practices in a range of business contexts and situations. In detail:

Main capabilities

- Discuss the professional and ethical duties of the accountant
- Evaluate the financial reporting framework

- Advise on and report the financial performance of entities
- Prepare the financial statements of groups of entities in accordance with relevant accounting standards
- Explain reporting issues relating to specialized entities
- Discuss the implications of changes in accounting regulation on financial reporting
- Appraise the financial performance and position of entities

Topics

Major topics of Corporate Reporting Module that will be covered during the training:



Diagram.2: Topics of Corporate Reporting Module that will be covered during the training

Examination Structure

The syllabus is assessed by a three-hour examination available in paper-based format. * All questions are compulsory. Some questions will adopt a scenario/case study approach. Candidates are provided with a formulae sheet.

Reading and Time Planning

For paper-based exams 15 minutes are added to the three hours to reflect the manual effort required. The total exam time is therefore three hours and 15 minutes. Prior to the start of the exam candidates are given an extra 10 minutes to read the exam instructions.

The pass mark for all IKAF Qualification examinations is 50%.

Annex: Detailed Syllabus

DETAILED SYLLABUS

A The professional and ethical duties of the accountant

1. Professional behavior and compliance with accounting standards
2. Ethical requirements of corporate reporting and the consequences of unethical behavior
3. Social responsibility

B The financial reporting framework

1. The applications, strengths and weaknesses of an accounting framework
2. Critical evaluation of principles and practices

C Reporting the financial performance of entities

1. Performance reporting
2. Non-current assets
3. Financial instruments
4. Leases
5. Segment reporting
6. Employee benefits
7. Income taxes
8. Provisions, contingencies and events after the reporting date
9. Related parties
10. Share-based payment
11. Reporting requirements of small and medium-sized entities (SMEs)

D Financial statements of groups of entities

1. Group accounting including statement of cash flows
2. Continuing and discontinued interests
3. Changes in group structures
4. Foreign transactions and entities

E Specialized entities

1. Financial reporting in specialized, not-for-profit and public sector entities
2. Entity reconstructions

F Implications of changes in accounting regulation on financial reporting

1. The effect of changes in accounting standards on accounting systems
2. Proposed changes to accounting standards

G The appraisal of financial performance and position of entities

1. The creation of suitable accounting policies
2. Analysis and interpretation of financial information and measurement of performance

H Current developments

1. Environmental and social reporting
2. Convergence between national and international reporting standards
3. Current reporting issues

STUDY GUIDE

A THE PROFESSIONAL AND ETHICAL DUTIES OF THE ACCOUNTANT

1. Professional behavior and compliance with accounting standards

- a) Appraise and discuss the ethical and professional issues in advising on corporate reporting.
- b) Assess the relevance and importance of ethical and professional issues in complying with accounting standards.

2. Ethical requirements of corporate reporting and the consequences of unethical behavior

- a) Appraise the potential ethical implications of professional and managerial decisions in the preparation of corporate reports.
- b) Assess the consequences of not upholding ethical principles in the preparation or corporate reports.

3. Social Responsibility

- a) Discuss the increased demand for transparency in corporate reports, and the emergence of non-financial reporting standards.
- b) Discuss the progress towards a framework for environmental and sustainability reporting.

B THE FINANCIAL REPORTING FRAMEWORK

1. The applications, strengths and weaknesses of an accounting framework

- c) Evaluate the valuation models adopted by standard setters.

- c) Discuss the use of an accounting framework in underpinning the production of accounting standards.
- d) Assess the success of such a framework in introducing rigorous and consistent accounting standards.

3. Critical evaluation of principles and practices

- a) Identify the relationship between accounting theory and practice.
- b) Critically evaluate accounting principles and practices used in corporate reporting.

C REPORTING THE FINANCIAL PERFORMANCE OF ENTITIES

1. Performance reporting

- a) Prepare reports relating to corporate performance for external stakeholders.
- b) Discuss the issues relating to the recognition of revenue.
- c) Evaluate proposed changes to reporting financial performance.

2. Non-current assets

- a) Apply and discuss the timing of the recognition of non-current assets and the determination of their carrying amounts including impairments and revaluations.
- b) Apply and discuss the treatment of non-current assets held for sale.
- c) Apply and discuss the accounting treatment of investment properties including classification, recognition and measurement issues.
- d) Apply and discuss the accounting treatment of intangible assets including the criteria for

recognition and measurement subsequent to acquisition and classification.

3. Financial Instruments

- a) Apply and discuss the recognition and de-recognition of financial assets and financial liabilities.
- b) Apply and discuss the classification of financial assets and financial liabilities and their measurement.
- c) Apply and discuss the treatment of gains and losses arising on financial assets and financial liabilities.
- d) Apply and discuss the treatment of impairments of financial assets.
- e) Account for derivative financial instruments, and simple embedded derivatives.
- f) Outline the principles of hedge accounting and account for fair value hedges and cash flow hedges including hedge effectiveness.

4. Leases

- a) Apply and discuss the classification of leases and accounting for leases by lessors and lessees.
- b) Account for and discuss sale and leaseback transactions.

5. Segment Reporting

- a) Determine the nature and extent of reportable segments.
- b) Specify and discuss the nature of segment information to be disclosed.

6. Employee Benefits

- a) Apply and discuss the accounting treatment of short term and long term employee benefits.

b) Apply and discuss the accounting treatment of defined contribution and defined benefit plans.

- c) Account for gains and losses on settlements and curtailments.
- d) Account for the "Asset Ceiling" test and the reporting of actuarial gains and losses.

7. Income taxes

- a) Apply and discuss the recognition and measurement of deferred tax liabilities and deferred tax assets.
- b) Determine the recognition of tax expense or income and its inclusion in the financial statements.

8. Provisions, contingencies and events after The reporting date

- a) Apply and discuss the recognition, de-recognition and measurement of provisions, contingent liabilities and contingent assets including environmental provisions.
- b) Calculate and discuss restructuring provisions.
- c) Apply and discuss the accounting for events after the reporting date.
- d) Determine and report going concern issues arising after the reporting date.

9. Related parties

- a) Determine the parties considered to be related to an entity.
- b) Identify the implications of related party relationships and the need for disclosure.

10. Share based payment

- a) Apply and discuss the recognition and measurement criteria for share-based payment transactions.
- b) Account for modifications, cancellations and settlements of share based payment transactions.

11. Reporting requirements of small and medium-sized entities (SMEs)

- a) Outline the principal considerations in developing a set of accounting standards for SMEs.
- b) Discuss solutions to the problem of differential financial reporting.
- c) Discuss the reasons why the IFRS for SME's does not address certain topics.
- d) Discuss the accounting treatments not allowable under the IFRS for SME's including the revaluation model for certain assets
- e) Discuss and apply the simplifications introduced by the IFRS for SME's including accounting for goodwill and intangible assets, financial instruments, defined benefit schemes, exchange differences and associates and joint ventures.

D FINANCIAL STATEMENTS OF GROUPS OF ENTITIES

1. Group accounting including statements of cash flows

- a) Apply the method of accounting for business combinations including complex group structures.
- b) Apply the principles in determining the cost of a business combination.
- c) Apply the recognition and measurement criteria for identifiable acquired assets and

liabilities and goodwill including step acquisitions.

- d) Apply and discuss the criteria used to identify a subsidiary and an associate.
- e) Determine and apply appropriate procedures to be used in preparing group financial statements.
- f) Identify and outline:
 - the circumstances in which a group is required to prepare consolidated financial statements.
 - the circumstances when a group may claim and exemption from the preparation of consolidated financial statements.
 - why directors may not wish to consolidate a subsidiary and where this is permitted.
- g) Apply the equity method of accounting for associates.
- h) Outline and apply the key definitions and accounting methods which relate to interests in joint arrangements.
- i) Prepare and discuss group statements of cash flows.

2. Continuing and discontinued interests

- a) Prepare group financial statements where activities have been discontinued, or have been acquired or disposed of in the period.
- b) Apply and discuss the treatment of a subsidiary which has been acquired exclusively with a view to subsequent disposal.

3. Changes in group structures

- c) Discuss the reasons behind a group reorganisation.
- d) Evaluate and assess the principal terms of a proposed group reorganisation.

4. Foreign transactions and entities

- e) Outline and apply the translation of foreign currency amounts and transactions into the functional currency and the presentational currency.
- f) Account for the consolidation of foreign operations and their disposal.

E SPECIALISED ENTITIES AND SPECIALISED TRANSACTIONS

1. Financial reporting in specialized, not for profit and public sector entities

- a) Apply knowledge from the syllabus to straightforward transactions and events arising in specialised, not-for-profit, and public sector entities.

2. Entity reconstructions

- a) Identify when an entity may no longer be viewed as a going concern or uncertainty
- b) Identify and outline the circumstances in which exists surrounding the going concern status. A reconstruction would be an appropriate alternative to a company liquidation.
- c) Outline the appropriate accounting treatment required relating to reconstructions.

F IMPLICATIONS OF CHANGES IN ACCOUNTING REGULATION ON

FINANCIAL REPORTING

1. The effect of changes in accounting standards on accounting systems

- a) Apply and discuss the accounting implications of the first time adoption of a body of new accounting standards.

2. Proposed changes to accounting standards

- a) Identify issues and deficiencies which have led to a proposed change to an accounting standard.

G THE APPRAISAL OF FINANCIAL PERFORMANCE AND POSITION OF ENTITIES

1. The creation of suitable accounting policies

- a) Develop accounting policies for an entity which meet the entity's reporting requirements.
- b) Identify accounting treatments adopted in financial statements and assess their suitability and acceptability.

2. Analysis and interpretation of financial information and measurement of performance

- a) Select and calculate relevant indicators of
- b) Identify and evaluate significant features and financial and non-financial performance issues in financial statements.
- c) Highlight inconsistencies in financial information through analysis and application of knowledge.
- d) Make inferences from the analysis of information taking into account the limitation of the information, the analytical methods used and the business environment in which the entity operates.

H CURRENT DEVELOPMENTS

1. Environmental and social reporting

- a) Appraise the impact of environmental, social, and ethical factors on performance measurement.

- b) Evaluate current reporting requirements in the area.
- c) Discuss why entities might include disclosures relating to the environment and society.

2. Convergence between national and international reporting standards

- a) Evaluate the implications of worldwide convergence with International Financial Reporting Standards
- b) Discuss the influence of national regulators on international financial reporting.

3. Current reporting issues

- a) Discuss current issues in corporate reporting.