

# ACCA Financial Reporting (FR) ECR Study Guidance

## Your ACCA Enhanced Classroom product – useful information

Welcome to your ACCA ECR programme which is provided in partnership with BPP Professional Education. Below is an overview about the Enhanced Classroom element of your learning programme, plus some guidance for you to follow when studying.

### Key features of the BPP Enhanced Classroom product

- **Recorded lectures**

Your learning content is broken into syllabus topics. The recorded lectures, which can be viewed at any time, help you to understand and apply the syllabus content by either explaining a concept, showing you a worked example, or providing you with an opportunity to apply the concept yourself. The lectures follow the BPP Course Notes.

- **Assessment activities**

The online assessments and further question practice activities will help you identify your strengths and weaknesses on specific areas, demonstrate learning of the core syllabus knowledge and provide you with lots of opportunity to practice and include real life examples. You can attempt some of the assessments as many times as you wish, and feedback is provided on each answer you provide.

- **Updates & Announcements forum**

In the Forums area you will see Updates & Announcements – this provides information such as when the Hub will be unavailable, and for how long, due to scheduled maintenance. We recommend that you check this forum on a regular basis.

### How to log in to the BPP Hub.

You will receive a 'trigger' email to activate your account from 'hubwelcome@BPP.com' (note you may find this in your email 'junk' folder). All subsequent courses will be accessed via the same online account, so we recommend you take careful note of your login details. Once you have triggered your account, follow the below steps:

- 1) Go to <https://bpp.com/account>.
- 2) Log in with your User name and Password.
- 3) Navigate to Step 1 where you will find an introductory recording about your paper, and some FAQs about the Hub.

If you ever forget your Password, you can generate a new one by clicking the 'Forgotten password?' link and by typing in your email address. You will be sent an email to reset your password.

If you have received your login details and are experiencing any technical difficulties logging in, please contact BPP's 24/7 IT helpdesk via [bpptac@bpp.com](mailto:bpptac@bpp.com).

**We hope you enjoy your ACCA studies, and wish you luck in your exam.**



## Getting started

If you are new to studying online, before you begin you may find it useful to access the 'ECR product demonstration' video in the 'Making the most of your BPP Digital resources' section in the Hub:

## Guidance

### *Studying for FR*

We have structured this guidance so that you have a good idea of how much work you should be doing in preparation for each Step assessment. However, we recognise that everyone studies at different speeds, so you will need to ensure that any targets you set yourself are realistic.

### *How to study via ECR*

Your aim is to work through your BPP Workbook along with the recorded lectures and online assessments in the Enhanced Classroom online content. The Workbook you have been provided with should be annotated as you work through the material, and the lecture examples should be completed.

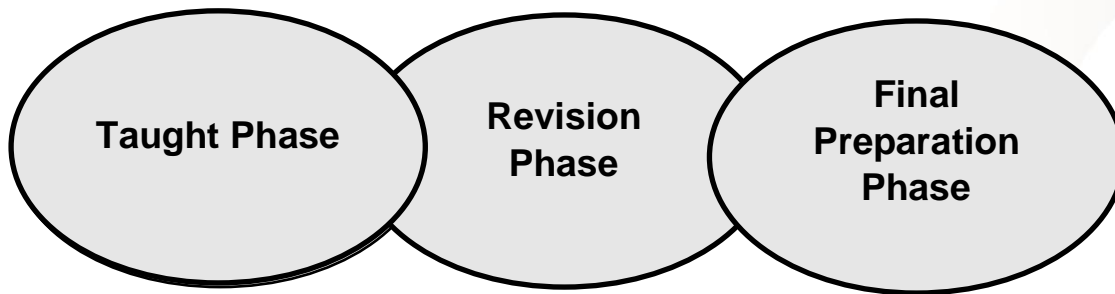
In order to work through the Workbook, we recommend you can use the following method:

- Listen to the recorded lectures in full and annotate the Workbook as you go;
- For lecture examples, have a go at them and if you find them easy, just use the answer at the back of the Workbook to check your understanding. If you have struggled with the lecture example, then use the recorded lectures to go through the theory and the answers in more detail.

The guidance below will give you some pointers as to which areas to prioritise. Try to cover the topics and activities in the guidance in the order shown. Before you start the next day of study, attempt any homework and recap any areas you have struggled with.

### *Errata*

As we become aware of errata in the material, the errata sheet will be updated. You can access this under the 'Syllabus Updates & errata' section, under 'Your course materials' on the Hub.



### **Taught Phase**

The emphasis of this first stage is studying the syllabus and gaining the knowledge required to attempt exam questions. During this stage you will work through each chapter of the Financial Reporting Workbook and Steps 1-6 of the Achievement Ladder.

### **Revision Phase**

During this stage the emphasis is on practising exam-standard questions to learn how to apply your knowledge and develop your exam technique.

### **Final Preparation Phase**

The aim here is to bring all of your skills and knowledge together in a final self-marked mock exam: Step 8 of the Achievement Ladder.

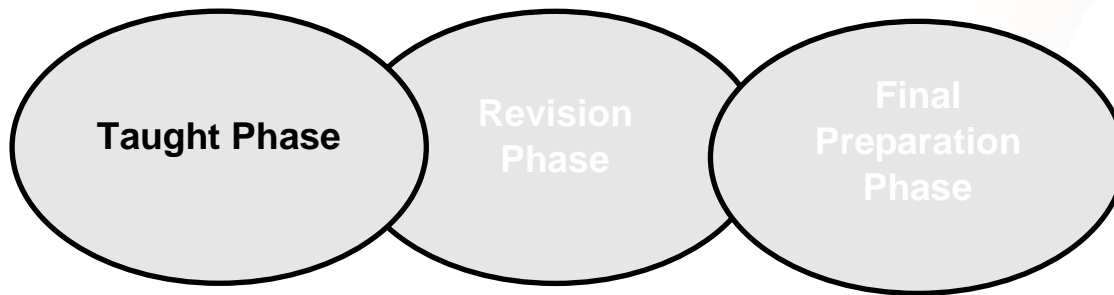
### **The Hub**

The Hub contains all the information, documents and videos for your course. The different phases of your course are clearly identified in different steps so you can easily find them.

Before you begin the Taught Phase, please take some time to look at the information provided in the **Qualification and Paper Guidance** section, in particular:

- Watch the *Introduction to ACCA Financial Reporting* and *How to study and pass* videos.
- Review the *ACCA Support Resources* and the *ACCA Practical Experience Requirement (PER) Support* documents

## Taught Phase



This guidance will take you through the Taught Phase of your course. The emphasis of the Taught Phase is on gaining the knowledge and beginning to develop the skills in order to attempt exam questions. During this phase you will work through the ACCA Financial Reporting (FR) Workbook, using the online lectures to guide you. You will also work through Steps 1-6 of the Achievement Ladder. The Taught Phase is divided into 6 steps, when you have covered all the chapters in that part, you should attempt the relevant Achievement Ladder Step, as shown in this guidance.

## Assumed Knowledge - Step 0

The purpose of Step 0 is to provide you with tailored support to get you up to speed with the brought forward knowledge required for your ACCA FR exam.

Included in Step 0 are 5 topic areas from your previous Financial Accounting studies that are important assumed knowledge for the ACCA FR exam.

You should start by completing the practice questions in the Step 0 assessment, there are 10 questions covering the five topics. This will give you an insight into how good your brought forward knowledge is.

Once you have completed these questions you will have access to 5 recordings which will provide you with some more in-depth knowledge.

The five key areas of brought forward knowledge for ACCA FR are:

- Topic 1 – Tangible non-current assets
- Topic 2 – Intangible non-current assets
- Topic 3 – Statements of cash flows
- Topic 4 – The consolidated Statement of Financial Position
- Topic 5 – The consolidated Statement of Profit or Loss

# Step 1

This guidance gives a total of approximately **13 hours of study\*** for Step 1 of the course.

*\*The timings given are approximate and include time to stop and review online lectures and to check your answers for any question practice. You may find that some study sessions take you more or less time than given here. Remember there is no such thing as a 'typical' student so these approximations are for guidance only.*

Chapter 1 – The Conceptual Framework	Approx. 2.5 hours
<p><b>Key area</b></p> <ul style="list-style-type: none"><li>• The IASB's <i>Conceptual Framework for Financial Reporting</i></li><li>• The elements of financial statements</li></ul> <p>The International Accounting Standard Board's (IASB) <i>Conceptual Framework for Financial Reporting</i> underpins the methods used in financial reporting. It is used as the basis to develop IFRS Accounting Standards and offers valuable guidance on how to account for an item where no IFRS Accounting Standard exists. It also explains how to understand and interpret standards.</p> <p>Knowledge of the <i>Conceptual Framework</i> will be examined by objective test questions (OTQ) in Section A or Section B of the Financial Reporting exam.</p>	
<p><b>Online lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	2 hours
<p><b>Question practice</b></p> <p>Attempt the following Practise and Apply question (question numbers relate to the BPP Practice &amp; Revision Kit): Q20-24 Lisbon Co</p>	0.5 hour
<p><b>Articles</b></p> <p>Read the following article available in the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"><li>• <i>Extreme makeover - IASB edition</i></li></ul>	15 mins

Chapter 2 – The regulatory framework	Approx. 0.5 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Need for the regulatory framework</li> <li>• Principles versus rules</li> </ul> <p>This chapter considers the reasons for the development of single set of international accounting standards (IFRS Accounting Standards) and the key aims of the International Accounting Standards Board. This chapter also looks at the impact of IFRS Accounting Standards worldwide and interactions with local accounting bodies.</p> <p>This is an area that is most likely to be tested as part of a Section A OTQ.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	0.5 hours

Chapter 3 – Tangible non-current assets	Approx. 3.5 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>Property, plant and equipment (IAS 16)</li> <li>Investment property (IAS 40)</li> <li>Borrowing costs (IAS 23)</li> </ul> <p>This chapter considers three important standards relating to tangible non-current assets: IAS 16, which you have already seen in your earlier studies; IAS 40 on investment property; and IAS 23 on borrowing costs.</p> <p>Accounting for property, plant and equipment is an important area of Financial Reporting and is likely to feature in your exam in at least one question.</p>	
<p><b>Online Lectures</b> Work through the online recordings and the relevant sections of the Workbook.</p> <p><b>Essential Reading</b> Read through the Essential Reading for Chapter 3 (available in the digital edition of the Workbook) to revise the important aspects of IAS 16 covered in your earlier studies and for further information related to IAS 40 and IAS 23.</p> <p><b>Question practice</b> Attempt the following questions from the Workbook Further Question Practice bank (a printable version is available under Your course materials&gt;Learning materials on the Hub): Section A Q4 Section B Q30 Section C Q39 Gains Co</p> <p><b>Articles</b> Read the following articles available in the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li><i>Property, plant and equipment – part 1: Measurement and depreciation</i></li> <li><i>Property, plant and equipment – part 2: Revaluation and derecognition</i></li> <li><i>Property, plant and equipment – part 3: Summary and detailed examples</i></li> </ul>	<p>2 hours</p> <p>30 mins</p> <p>1 hour</p> <p>30 mins</p>

Chapter 4 – Intangible assets	Approx. 2.5 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Recognition criteria</li> <li>• Internally generated intangible assets</li> </ul> <p>Intangible assets are increasingly important in modern business where the trend is away from investment in property, plant and equipment and inventory and towards building businesses around brands, data intelligence, software or workforce talent. IAS 38 considers how intangible assets can be recognised and measured in an entity’s financial statements, although there is some criticism as to whether the accounting treatment stipulated in the Standard reflects the true value of modern businesses.</p> <p>In the Financial Reporting exam, intangible assets could feature as an OTQ in Section A or B, or as an adjustment in a preparation question in Section C.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p><b>Essential Reading</b></p> <p>Read through the Essential Reading for Chapter 4 (available in the digital edition of the Workbook) to revise the accounting for research and development costs.</p> <p><b>Question practice</b></p> <p>Attempt the following question from the Workbook Further Question Practice bank: Section C Q40 Biogenics Co</p> <p><b>Articles</b></p> <p>Read the following article available in the FR study support resources section of ACCA’s website:</p> <ul style="list-style-type: none"> <li>• <i>Intangible assets – can’t touch this</i></li> </ul>	<p>1 hour</p> <p>30 mins</p> <p>30 mins</p> <p>20 mins</p>



<b>Chapter 5 – Impairment of assets</b>	<b>Approx. 2.5 hours</b>
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Recoverable amount</li> <li>• Cash-generating units</li> <li>• Recognition of impairment losses</li> </ul> <p>It is important that assets are not carried in the financial statements at more than their recoverable amount (ie what they are worth). An impairment arises when the carrying amount of an asset exceeds its value to an entity. Entities must consider whether there have been any internal events or external factors that would indicate that the carrying amount of assets is too high. Impairment is an important concept and applies mainly to non-current tangible and intangible assets.</p> <p>It is frequently examined as an OTQ in Section A and B of the Financial Reporting exam, and could be an adjustment you are required to make when preparing the primary financial statements in Section C.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p><b>Question practice</b></p> <p>Attempt the following Practise and Apply questions which cover all the non-current asset standards looked at so far in your FR course (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q49-53 Plethora Q64-68 Advent Q69-73 Systria</p>	<p>1 hour</p> <p>1.5 hours</p>
<b>Skills Checkpoint 1 – Approach to objective test questions (OT) case style questions</b>	<b>20 mins</b>
<p>Watch the online lecture which takes you through the recommended approach to answering OT questions in section A of the exam.</p>	
<b>Achievement Ladder Step 1</b>	<b>Approx. 1 hour</b>
<p>Now you have covered Taught Phase – Step 1, you are ready to take your first step towards exam success!</p> <p><b>Achievement Ladder Step 1</b> is an opportunity to consolidate your knowledge and see how far you have come. You are then able to concentrate on any weaknesses before moving onto the next part of your studies.</p> <p>This Step is an online test, based on topics covered so far, and is auto-marked. Make sure you work through the feedback very carefully, covering the questions you answered correctly as well as those you didn't. You will both reinforce and extend your understanding of the syllabus content if you do this.</p> <p>Estimated timings: attempting Step 1: 30 minutes, reviewing feedback carefully: 30 minutes</p>	

## Step 2

This guidance gives a total of approximately **11.5 hours of study**.

Chapter 6 – Revenue and Government Grants	Approx. 2.5 hours
<p><b>Key area</b></p> <ul style="list-style-type: none"> <li>IFRS 15 five steps to recognition of revenue</li> <li>Common types of transaction</li> </ul> <p>Understanding the rules of revenue recognition using IFRS 15 <i>Revenue from Contracts with Customers</i>, is vital in your Financial Reporting studies as it will be examined across all parts of the exam. You must become confident in accounting for revenue as this will be tested in the context of single and consolidated entities. Revenue is usually the single largest figure in a statement of profit or loss so it is important that it is measured correctly.</p> <p>This chapter also covers IAS 20 <i>Government Grants and Disclosure of Government Assistance</i>. This is more likely to be asked as part of an OTQ, particularly in a Section B case OTQ, perhaps with the case question also covering related topics of revenue and the acquisition of tangible assets.</p>	
<p><b>Online lecture</b></p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p><b>Question practice</b></p> <p>Attempt the following Practise and Apply questions (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q149-153 Derringdo Q154-158 Campbell</p> <p><b>Articles</b></p> <p>Read the following articles available in the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li><i>Revenue revisited</i></li> <li><i>IFRS 15 – Contract Assets and Contract Liabilities</i></li> </ul>	<p>1 hour</p> <p>1 hour</p> <p>30 mins</p>
Skills Checkpoint 2 – Approach to objective test questions (OT) case style questions	30 mins
<p>Watch the online lecture which takes you through the recommended approach to answering OTQs in section B of the exam.</p>	

Chapter 7 – Introduction to groups	Approx. 1.5 hours
<p><b>Key area</b></p> <p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Types of investment</li> <li>• Goodwill</li> <li>• Non-controlling interest</li> <li>• Mid-year acquisitions</li> </ul> <p>Companies often expand by acquiring a controlling interest in another entity. The two previously separate entities then form a group and group accounting needs to be applied. Group accounting is an important component of the Financial Reporting exam. It may be examined as an OTQ in Section A or B, but more importantly, the 20 mark Section C questions often cover the preparation and interpretation of financial statements either for a single entity or for a group.</p> <p>This chapter is an introduction to the preparation of group accounts. The concepts introduced in this chapter will be developed further in Chapters 8, 9 and 10. Interpretation of groups will be covered in Chapter 20.</p>	
<p><b>Online lecture</b></p> <p>Work through the online lecture and the relevant sections of the Workbook.</p>	1.5 hours

Chapter 8 – The consolidated statement of financial position	Approx. 6 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Goodwill</li> <li>• Fair values</li> <li>• Intragroup balances</li> <li>• Unrealised profit on transfer of inventory</li> </ul> <p>The consolidated statement of financial position is one of the key financial statements you need to be able to prepare and/or interpret in Section C of the Financial Reporting exam. It is important that you understand the approach to preparing the consolidated statement of financial position and that you can apply the approach efficiently and accurately in an exam question.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p> <p><b>Question practice</b></p> <p>Attempt the following question from the Workbook Further Question Practice bank:</p> <p>Section A Q8 Mammoth Co  Section C Q43 Barcelona Co and Madrid Co  Section C Q44 Reprise Group  Section C Q48 Highveldt Co  Section C Q68 Armstrong Co</p>	<p>3 hours</p> <p>2 hours</p>

### Articles

Read the following articles available in the FR study support resources section of ACCA's website:

- *Accounting for goodwill*
- *Watch your step*
- *The use of fair values in the goodwill calculation*

1 hour

### Achievement Ladder Step 2

Approx.  
1 hour

Now you have covered Taught Phase – Step 2, you are ready to take your next step towards exam success!

**Achievement Ladder Step 2** comprises two MCQ case questions based on topics covered so far (but excluding groups, which will be tested when all the group topics have been covered). Make sure you work through the feedback very carefully, covering the questions you answered correctly as well as those you didn't. You will both reinforce and extend your understanding of the syllabus content if you do this.

Estimated timings: attempting Step 2: 40 minutes, reviewing feedback carefully: 20 minutes

## Step 3

This guidance gives a total of approximately **10 hours of study**.

Chapter 9 – The consolidated statement of profit or loss and other comprehensive income	Approx. 2.5 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Mid year acquisitions</li> <li>• Intragroup trading</li> <li>• Disposal of subsidiary</li> </ul> <p>The group accounting question in Section C of the Financial Reporting exam may ask you to prepare and/or interpret a consolidated statement of profit or loss and other comprehensive income (SPLOCI). This chapter builds on the knowledge gained in Chapters 7 and 8 yet this time focuses on the preparation of a SPLOCI in the group financial statements. As with Chapter 8, it is important that you develop an approach to preparing the SPLOCI and that you can apply that approach efficiently in an exam question.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	1 hour
<p><b>Question practice</b></p> <p>Attempt the following questions from the Step 3 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q328 Pedantic Q308-312 Polestar</p>	1 hour
<p><b>Articles</b></p> <p>Read the following article available in the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li>• <i>The use of fair values in the goodwill calculation</i></li> </ul>	30 mins

Chapter 10 – Changes in group structures: disposals	Approx. 2 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Mid year acquisitions</li> <li>• Intragroup trading</li> <li>• Disposal of subsidiary</li> </ul> <p>You may be asked to calculate the effects of the disposal of a subsidiary in an OT question in Section A or B. You should be prepared for an OTQ that asks you to calculate the gain or loss on disposal, the amount that would be presented as the profit or loss from discontinued operations in the statement of profit or loss, or to calculate balances in the consolidated statement of financial position after taking account of a disposal.</p> <p>In Section C, disposals could feature if you are asked to prepare consolidated financial statements, or the disposal of a subsidiary could be an important reason for the difference between ratios, if comparing consolidated financial statements across two different periods.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	1 hour

<p><b>Question practice</b></p> <p>Attempt the following questions from the Further Question Practice bank:</p> <p>Section A Q5 Demetrios Co</p> <p>Section A Q19 Thames Co</p> <p><b>Articles</b></p> <p>Read the following article available in the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li>• <i>Watch your step</i></li> </ul>	<p>30 mins</p> <p>30 mins</p>
--	-------------------------------

Chapter 11 – Accounting for associates	Approx. 3 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Significant influence</li> <li>• Equity method</li> </ul> <p>When investing in another company a parent company may not wish to buy a controlling stake. It may instead buy a smaller stake but still obtain significant influence over another entity, resulting in the group having an associate. Section C of the exam may require you to prepare and/or interpret group financial statements that contain an associate.</p> <p>The approach to accounting for an associate is very different to that of a subsidiary and you must be clear on the differences between them.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	2 hours
<p><b>Question practice</b></p> <p>Attempt the following questions from the Step 3 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q313-317 Plateau</p> <p>Q331 Viagem</p>	1 hour

Skills Checkpoint 3 – Using spreadsheets effectively	15 mins
<p>Watch the online lecture which takes you through the recommended approach to answering OTQs in section B of the exam.</p>	

Achievement Ladder Step 3	Approx. 2 hours
<p>Now you have covered Taught Phase – Part 3, you are ready to take your next step towards exam success.</p> <p><b>Achievement Ladder Step 3</b> is a 40-mark online test based on topics covered so far. This Step is auto-marked. Make sure you work through the feedback very carefully, covering the questions you answered correctly as well as those you didn't. You will both reinforce and extend your understanding of the syllabus content if you do this.</p>	
<p>Estimated timings: attempting Step 3: 70 minutes, reviewing feedback carefully: 50 minutes</p>	

## Step 4

This guidance gives a total of approximately **12.5 hours of study**.

Chapter 12 – Financial instruments	Approx. 2 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Classification</li> <li>• Measurement - amortised cost</li> <li>• Measurement - fair value</li> </ul> <p>Financial instruments are frequently examined in all sections of the Financial Reporting exam. It is a technical area which students sometimes find challenging. The December 2018 examining team's report stated that students need to avoid a superficial understanding of this subject area and the June 2019 examiner's report identified that financial instruments is one of the more technical areas of the course that students struggle with. Therefore, it is important to spend sufficient time on this topic to ensure you can answer questions on it correctly in the exam.</p>	
<p><b>Online lectures</b></p> <p>Work through the online lectures and the relevant sections of the Workbook.</p> <p><b>Question practice</b></p> <p>Attempt the following questions from the Step 4 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q164-168 Bertrand</p> <p><b>Articles</b></p> <p>Read the following article available in the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li>• <i>Financial Instruments</i></li> </ul>	<p>1 hour</p> <p>30 mins</p> <p>30 mins</p>

Chapter 13 – Leasing	Approx. 4 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Identifying a lease</li> <li>• Right-of-use asset</li> <li>• Lease liability</li> <li>• Sale and leaseback transactions</li> </ul> <p>Leasing is an important area at the Applied Skills level, although you will be only looking at it from the perspective of the <b>lessee</b> for your Financial Reporting exam. It is vital that you understand the key steps and question practice is fundamental in consolidating your knowledge and application of this important topic.</p> <p>It is likely that this will come up as part of a longer Section C question, and you may be asked to comment on leasing and the accounting treatment as part of an interpretation of financial statements question. This is also an area that works well as part of a Section B case style OTQ.</p>	

<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p> <p><b>Question practice</b></p> <p>Attempt the following questions from the Step 4 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q169-173 Fino</p> <p><b>Articles</b></p> <p>Read the following articles on the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li>• <i>IFRS 16 Leases</i></li> </ul>	<p>3 hours</p> <p>30 mins</p> <p>30 mins</p>
---	--

<b>Skills Checkpoint 4 – Application of accounting standards</b>	<b>Approx. 10 mins</b>
Watch the online lecture which takes you through the recommended approach for applying accounting standards to questions.	

<b>Chapter 14 – Provisions and events after the reporting period</b>	<b>Approx. 2.5 hours</b>
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Recognition criteria (IAS 37)</li> <li>• Types of provisions</li> <li>• Events after the reporting period (IAS 10)</li> </ul> <p>You will already have covered the basic aspects of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> in your earlier studies. The Financial Reporting exam builds on this knowledge by looking at the criteria for provisions for restructuring. IAS 10 <i>Events After the Reporting Period</i> is also revisited, and you need to be able to review financial statements and correct for errors and omissions which occur after the reporting date.</p> <p>The exam will test your application of these skills within both OTQs and as part of Section C questions. If you require revision from your earlier studies, review the activities and information in the Essential reading section.</p>	
<p><b>Online lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p> <p><b>Article</b></p> <p>Read the following article on the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li>• <i>IAS 37, Provisions, contingent liabilities and contingent assets</i></li> </ul>	<p>2 hours</p> <p>30 mins</p>



Chapter 15 – Inventories and agriculture	Approx. 1.5 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Measurement of inventories (IAS 2)</li> <li>• Biological assets (IAS 41)</li> </ul> <p>Inventory is an important balance as it is often a key figure in the statement of financial position, particularly for retail companies, and impacts on cost of sales in the statement of profit or loss. Questions on inventory or biological assets could appear as OTQs in Section A or B and may also feature in the accounts preparation or when analysing the gross profit margin or the inventory holding period in interpretation questions in Section C.</p>	
<p><b>Online lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p> <p><b>Question practice</b></p> <p>Attempt the following questions from the Further Question Practice bank (available in the digital edition of the Workbook):</p> <p>Section A Q12</p> <p>Section C Q49 Villandry Co</p> <p>Section C Q50 Biological assets</p>	<p>30 mins</p> <p>1 hour</p>

## Step 5

This guidance gives a total of approximately **12 hours of study**.

Chapter 16 - Taxation	Approx. 2 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Current tax</li> <li>• Deferred tax</li> </ul> <p>Taxation is an important area of the syllabus and expected to feature in exam questions. Current tax will be included in a Section C financial statements preparation question. Deferred tax could be tested in Section A or Section B of the exam as an OTQ. Deferred tax may also feature as an adjustment in a financial statements preparation question.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	1 hour
<p><b>Question practice</b></p> <p>Attempt the following question from the Step 5 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit): Q174-1788 Julian</p>	30 mins
<p><b>Article</b></p> <p>Read the following article on the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li>• <i>Deferred tax</i></li> </ul>	30 mins

Chapter 17 – Presentation of published financial statements	Approx. 3.5 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Statement of financial position</li> <li>• Statement of profit or loss and other comprehensive income</li> <li>• Statement of changes in equity</li> <li>• Financial statement preparation questions</li> </ul> <p>The presentation of published financial statements is a key area of the Financial Reporting syllabus and will be tested in a constructed response question in Section C of the exam. In Section C you will be required to prepare the statement of financial position, statement of profit or loss and other comprehensive income and/or the statement of cash flows.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	1.5 hours
<p><b>Question practice</b></p> <p>Attempt the following questions from the Step 5 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit): Q339 Loudon Q345 Haverford</p>	2 hours

Chapter 18 – Reporting financial performance	Approx. 2 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Changes in accounting policies and accounting estimates (IAS 8)</li> <li>• Non-current assets held for sale and discontinued operations (IFRS 5)</li> <li>• Selecting correct exchange rates (IAS 21)</li> </ul> <p>This chapter looks at the IFRS Accounting Standards which consider how to deal with presentation issues, such as a change in an accounting policy or the correction of a fundamental error (IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>).</p> <p>The presentation of transactions in foreign currencies, and therefore which exchange rates to use, are covered in IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>. You are likely to be asked about IAS 21 in Sections A or B as part of an OTQ, although you may be asked to translate some foreign currency transactions as part of a longer Section C question.</p> <p>Finally, IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> looks at how to deal with business operations which have ceased in the year. Although you have already seen how to account for non-current assets, entities may also acquire them with the aim of reselling them in the near future.</p>	
<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p> <p><b>Question practice</b></p> <p>Attempt the following questions from the Step 5 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q206-210 Tunshell</p>	<p>1.5 hours</p> <p>30 mins</p>

Skills Checkpoint 5 – Interpretation skills	Approx. 10 mins
<p>Watch the online lecture which takes you through the recommended approach for interpreting financial statements.</p>	

Chapter 19 – Earnings per share	Approx. 1.5 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Basic EPS</li> <li>• Weighted average number of shares</li> <li>• Diluted EPS</li> </ul> <p>Earnings per share (EPS) is a commonly reported performance measure. It is widely used by investors as a measure of a company's performance and is of particular importance for comparing the results of an entity over time and for comparing the performance of one entity against another. It also allows investors to compare against the returns obtainable from loan stock and other forms of investment. It is important in the Financial Reporting exam that you can calculate basic and diluted EPS, and that you can interpret why changes or differences in EPS may have occurred.</p>	

<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	1 hour
<p><b>Question practice</b></p> <p>Attempt the following questions from the Step 5 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q211-215 Hemlock</p>	30 mins

<b>Achievement Ladder Step 5</b>	<b>Approx. 3 hours</b>
<p>Now you have covered Taught Phase – Part 5, you are ready to take your next step towards exam success.</p> <p><b>Achievement Ladder Step 5</b> is a 60-mark online test, including topics covered so far. This Step is auto marked. Make sure you work through the feedback very carefully, covering the questions you answered correctly as well as those you didn't, in order to both reinforce and extend your understanding of the syllabus.</p>	
<p>Estimated timings: attempting Step 5: 120 minutes, reviewing feedback carefully: 60 minutes</p>	

## Step 6

This guidance gives a total of approximately **19 hours of study**.

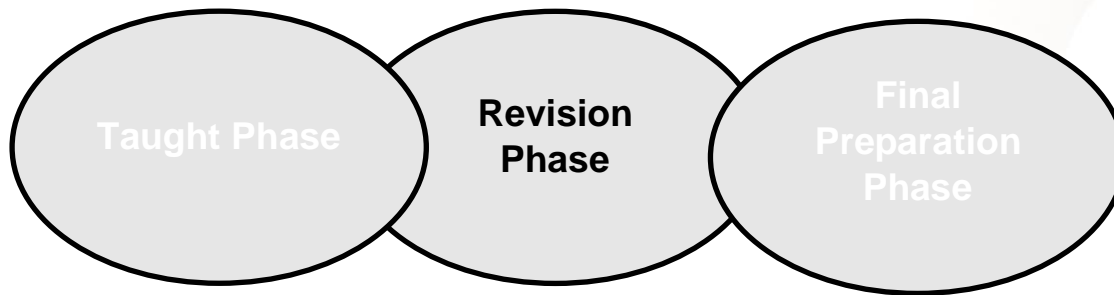
Chapter 20 – Interpretation of financial statements	Approx. 3 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Categories of ratios</li> <li>• Approach to analysing financial statements</li> <li>• Interpretation questions</li> </ul> <p>One of the 20-mark questions in Section C of the Financial Reporting exam will require you to interpret the financial statements of either a single entity or a group. The ACCA FR Examining team has stated that ‘although candidates will be expected to calculate various accounting ratios, Financial Reporting places emphasis on the interpretation of what particular ratios are intended to measure and the impact that consolidation adjustments may have on any comparisons of group financial statements. The financial statements that require interpretation will include the statement of profit or loss, the statement of financial position and the statement of cash flows’. Therefore, the focus of this chapter and your study should be on the interpretation, rather than the calculation, of ratios.</p>	
<p><b>Online Lecture</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p> <p><b>Articles</b></p> <p>Read the following articles on the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li>• <i>Tell me a story</i></li> <li>• <i>How to improve your answer to FR interpretation exam questions</i></li> </ul>	<p>2 hours</p> <p>1 hour</p>
Chapter 21 – Limitations of financial statements and interpretation techniques	Approx. 4.5 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Limitations of ratio analysis</li> <li>• Related party disclosures (IAS 24)</li> </ul> <p>In Chapter 20 we looked at the interpretation of financial statements as a useful basis for understanding the position and performance of an entity. In this chapter we will consider the reasons why relying on the financial statements in this way can be problematic. Financial statements are intended to give a fair presentation of the financial performance of an entity over a period and its financial position at the end of that period. The <i>Conceptual Framework</i> and the IFRS Accounting Standards are there to ensure, as far as possible, that they do. However, there are a number of reasons why the information in financial statements should not just be taken at face value. This chapter is likely to be a component of a Section C question that requires the interpretation of a single entity or a group.</p>	

<p><b>Online Lectures</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	1.5 hours
<p><b>Question practice</b></p> <p>Attempt the following questions from the Step 6 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q238-242 Sandbag</p> <p>Q243 Woodbank</p> <p>Q251 Karl</p>	3 hours

Chapter 22 – Statement of cash flows	Approx. 4 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Key sections of the statement of cash flows</li> <li>• Interpretations of statement of cash flows</li> </ul> <p>The preparation of statement of cash flows is examined in the Financial Accounting exam. Therefore, in this exam it is unlikely that you will be asked to prepare a statement of cash flows in a long Section C question. Instead the preparation of a statement of cash flows may be tested in the OTQs in Section A or B of the exam. However, in a Section C constructed response question, you may well be asked to interpret a statement of cash flows. Therefore, detailed knowledge of how to perform this type of analysis is required.</p>	
<p><b>Online Lecture</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p>	2 hours
<p><b>Question practice</b></p> <p>Attempt the following questions from the Step 6 - Practise &amp; Apply Guidance (question numbers relate to the BPP Practice &amp; Revision Kit):</p> <p>Q318-322 Pinto</p> <p>Q346 Flamingo</p>	1.5 hours
<p><b>Article</b></p> <p>Read the following article on the FR study support resources section of ACCA's website:</p> <ul style="list-style-type: none"> <li>• <i>Analysing a statement of cash flows</i></li> </ul>	30 mins

Chapter 22 – Not-for-profit and public sector entities	Approx. 3.5 hours
<p><b>Key areas</b></p> <ul style="list-style-type: none"> <li>• Three E's performance measurement</li> </ul> <p>In the exam you are likely to be given an OTQ on the types of performance indicator used by not-for profit companies. You may also be asked to analyse a set of not-for-profit company financial statements, commenting on any differences between the profit and not-for-profit ratios and performance indicators used in each case.</p>	
<p><b>Online Lecture</b></p> <p>Work through the online recordings and the relevant sections of the Workbook.</p> <p><b>Question practice</b></p> <p>Attempt the following questions from the Further Question Practice bank (available in the digital edition of the Workbook):</p> <p><i>Section C Q37 Standard setters</i>  <i>Section C Q66 Measurement</i>  <i>Section C Q67 Not for profit</i></p> <p><b>Articles</b></p> <p>Read the following articles on the <b>Performance Management</b> study support resources section of ACCA's website (Note that although these articles are in the Performance Management section, they are relevant to FR and you should read them):</p> <ul style="list-style-type: none"> <li>• <i>Not for profit organisations (part 1)</i></li> <li>• <i>Not for profit organisations (part 2)</i></li> </ul>	<p>30 mins</p> <p>2 hours</p> <p>1 hour</p>

# Revision Phase



This phase is all about taking the knowledge you gained in the taught phase and applying it to exam-standard questions. The emphasis here is very much on exam technique.

## Exam technique

Each Skills Checkpoint in the Workbook covers the Specific FR Skills and Exam Success Skills you need to pass. Working through the Skills Checkpoints using the online lectures for each Checkpoint will help you to develop your exam technique.

## Question practice

The most effective way of improving exam technique is through question practice. Before moving on to the Revision Phase, we recommend you start by ensuring you have attempted Steps 1 to 6 of the Achievement Ladder as well as the Practise & Apply questions recommended in each step.

There are also revision summaries which contain a short knowledge summary of each chapter in the Workbook if you want a quick reminder of the key points.

After completing Achievement Ladder Step 7, you should move on to Step 8 of the Online Classroom and attempt the Revision Questions available there.

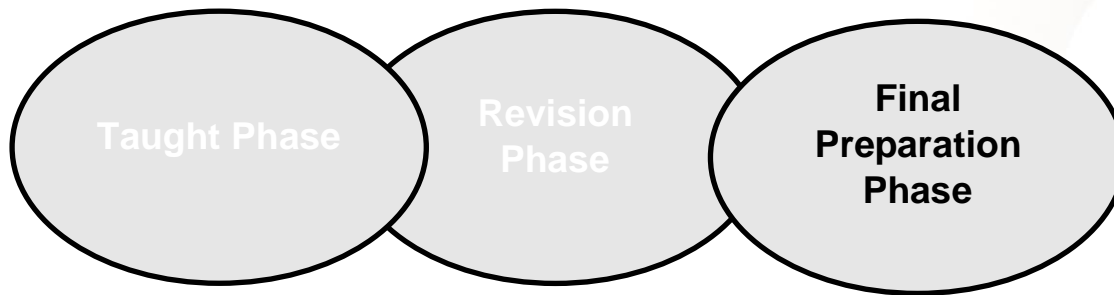
## Revision Questions - available in Step 8 of the Online Classroom

The Revision Questions are selected from our examiner reviewed Practice & Revision Kit and have been carefully selected by our Subject Matter Experts to ensure you get the best out of your revision time. Some questions have an online debrief to allow you to get the most out of the question.

It is essential that you take time to properly debrief the questions you attempt – for some questions you will be able to make use of the online recorded debriefs.



# Final Preparation Phase



The aim of the Final Preparation Phase is to bring all of your skills and knowledge together in a final dress rehearsal before the real exam. This will be done by attempting a self-marked mock exam, **Step 8 of the Achievement Ladder**, covering the entire syllabus in 3 hours.

Achievement Ladder Step 8	Approx. 5 hours
<p>Achievement Ladder Step 8 is a 100-mark exam-standard mock exam, covering all topics.</p> <p>You should ensure that you set aside 3 hours, in a quiet space, where you will not be interrupted. Aim to complete the exam without using any of your notes, so that it is a real test of how prepared you are.</p> <p>On completion you should self-mark your paper and carry out a self-review of your answers and your exam approach.</p> <p>Estimated timings: attempting Step 8: 3 hours, reviewing feedback carefully: 1.5 hours</p>	

You have now reached the end of the exam practise phase and you are ready to attempt the real exam.

Remember to manage your time and to use all the exam technique you have learned over the last few weeks.

Good luck!