Advanced Financial Reporting Overview
OVERVIEW

INTRODUCTION
Welcome to Advanced Financial Reporting. This six-week course builds on the financial accounting skills that you acquired in introductory and intermediate financial accounting courses. It is focused primarily on the following topics:

- consolidation
- foreign currency
- not-for-profit and public sector accounting

COURSE PREREQUISITES
- The prerequisites for this course are the following courses or equivalent post-secondary course credits:
  - Intermediate Financial Reporting 2
- **Mathematics**: You are expected to have a sound understanding of basic mathematics and their application in the business context. The required level of knowledge can be gained from any standard business mathematics text.
- **Software skills**: You are expected to have basic competence with Microsoft Windows and Microsoft Excel.

STRUCTURE AND DELIVERY
Advanced Financial Reporting is delivered over six weeks and includes the following material:

- Student Notes
- Practice Problems with Solutions
- Student Slides (PDF format)
- In-Class Problems
- Quizzes
- Projects
- Instructional videos
- Suggested Study Plans

The student notes are the basis for learning the material presented in the course. The notes cover each concept in sufficient detail as related to the competency map. The practice problems give you individual practice in mastering the concepts taught in the student notes. The student slides provide a summary of the main concepts covered in
the course and should be used concurrently while reviewing the instructional videos and/or in-class lectures. In-class problems (ICPs) are facilitator led — either taught in class or, for distance students, presented as a video of each ICP. ICPs help you establish an effective approach to use while working through the practice problems. Quizzes are detailed in the assessment section of this course overview document. You will be required to submit two separate projects. Finally, suggested study plans are provided to assist in planning study time. You are encouraged to personalize these plans to meet your individual needs.

THE CPA WAY
You are encouraged to use the CPA Way, a methodical process for working through complex problems, when answering judgment-based questions in the course materials. CPA Way videos are located on the course homepage.

CPA CANADA LEARNING EBOOK
A link to the CPA Canada Learning eBook: Volume 1 – Financial Reporting is included in the Course Reference Materials section of D2L. Although it is not required reading, it includes many chapters of financial reporting content, which provide additional clarity on many topics, as well as multiple-choice questions for you to practise on.

ASSESSMENTS
The overall mark needed to pass the course is 60% (with an average of 65% across all prerequisite courses required for entry into the CPA Professional Education Program). There are three components to the evaluation of Advanced Financial Reporting: quizzes, the projects and the final exam.

Quizzes
- Quizzes are worth 12% of the course mark.
- You are encouraged to print off the quiz questions and work through them as you study each week’s material.
- Study group discussion/collaboration is encouraged, but you must individually complete all quizzes.
- Quizzes are due at the end of each week. Ensure that you submit your answers online by the required dates and times listed in the calendar in D2L. Do not wait until the last minute to submit in case you have an Internet connection problem. There is only one opportunity to submit each quiz.
- Quizzes are graded based on the marks you receive. (If you answer four out of the five questions on the quiz correctly, you would receive 80% on that quiz.)
Projects

- The projects are worth 18% of the course mark.
- Completion and submission of the projects is mandatory.
- Study group discussion/collaboration is encouraged, but you must individually complete and submit your projects.
- There are two separate projects:
  - Project 1 is due at the end of Week 3.
  - Project 2 is due at the end of Week 5.
- Ensure that you submit your work online by the required dates and times listed in the calendar in D2L. The projects cannot be submitted late.
- The projects will require approximately 15 to 20 hours of work in total.
- Upload your submission to D2L following the instructions in the Project Formatting document.
- It is highly recommended that you start working on the projects after you have reviewed the content for each week. This will prevent you from spending a large amount of time completing the projects near the due dates.

Exam

- The exam is worth 70% of the course mark.
- It is four hours in length.
- It consists of approximately 50% multiple-choice questions and approximately 50% constructed-response questions.
- An exam review webinar will take place for study purposes. The webinar will be recorded and available on D2L.
- The exam tests material covered throughout the entire course.
- Your provincial/regional affiliate will communicate the date and time of your final exam.
- The exam must be written in order to pass the course.

Rewriting the exam

- Students who score 50% or more in the course can attempt to write the exam again in the next available offering of the course. The mark received on this exam attempt will replace the mark received for the previously written exam (70% of the course mark).
- For study purposes, exam review materials will be posted after the final course marks are released.
• Your provincial/regional affiliate will communicate the date and time of the next available offering of the course exam.

**MARKS CALCULATION EXAMPLE**

The following scenarios with Student A and Student B demonstrate how course marks are calculated.

**Student A**

Student A struggled to complete the quizzes and received a mark of 1/5 on three of the quizzes and 2/5 on the other three. Quizzes are worth 12% of the final mark, or 2% per quiz. Student A received a mark of 15 out of 40 on the first project and 15 out of 45 on the second. Projects are worth 18% of the final mark, or 9% each. Student A received a mark of 55% on the exam, which is worth 70% of the final mark. Student A’s final course mark would be calculated as follows:

Quizzes = \((1/5 \times 2) + (1/5 \times 2) + (1/5 \times 2) + (2/5 \times 2) + (2/5 \times 2) + (2/5 \times 2) = 3.6\)

Project 1 = \(15/40 \times 9 = 3.4\)

Project 2 = \(15/45 \times 9 = 3.0\)

Exam = \(55/100 \times 70 = 38.5\)

Final course mark = 3.6 + 3.4 + 3 + 38.5 = 48.5%

**Student B**

Student B did very well on the quizzes, and received a mark of 4/5 on four of the quizzes, and a perfect score of 5/5 on the other two quizzes. Quizzes are worth 12% of the final mark, or 2% per quiz. Student B received 35 out of 40 on the first project and 43 out of 45 on the second. Projects are worth 18% of the final mark, or 9% each. Student B received a mark of 85% on the exam, which is worth 70% of the final mark. Student B’s final course mark would be calculated as follows:

Quizzes = \((4/5 \times 2) + (4/5 \times 2) + (4/5 \times 2) + (4/5 \times 2) + (5/5 \times 2) + (5/5 \times 2) = 10.4\)

Project 1 = \(35/40 \times 9 = 7.9\)

Project 2 = \(43/45 \times 9 = 8.6\)

Exam = \(85/100 \times 70 = 59.5\)

Final course mark = 10.4 + 7.9 + 8.6 + 59.5 = 86.4%
OVERVIEW OF TOPICS
The following is a brief overview of the topics covered in Advanced Financial Reporting by week.

Week 1
The primary focus of this course is accounting for different types of strategic investments. Week 1 begins by looking at accounting for significant influence and control investments, including an in-depth discussion of the equity method of accounting for investments. This week introduces the concept of a business combination and establishes a framework for accounting for business combinations. The notes discuss consolidation at the date of acquisition both when control is established and when the parent acquires less than 100% ownership and there is a non-controlling interest. The acquisition differential (AD) amortization and impairment schedule is introduced.

Week 2
Week 2 builds on the consolidation process discussed in Week 1 and documents how to measure and report investments in the years subsequent to acquisition. The discussion on the AD amortization and impairment schedule is expanded to illustrate how to complete this schedule in future periods and its effect on the consolidated financial statements. Both control investments and non-control investments are covered.

Week 3
Week 3 continues to illustrate the consolidation process, specifically for intercompany transactions. This week looks at the preparation of a schedule detailing intercompany transactions and covers how to account for realized and unrealized profits on intercompany transactions.

Week 4
Week 4 provides an overview of various topics related to financial accounting and consolidation, including:

- subsidiaries with preference shares outstanding
- indirect shareholdings
- deferred taxes arising on acquisition
- consolidated statements of cash flows
- operating segments
- accounting for joint operations and joint ventures
- financial statement presentation and disclosure
Week 5

Week 5 examines various aspects of accounting for business transactions denominated in foreign currencies. Three areas are explored:

- accounting for foreign currency transactions
- hedging foreign currency and other risks, and how to account for the hedges
- translation and consolidation of the financial statements of foreign subsidiaries

While there are some similarities between accounting for foreign currency transactions and translating the financial statements of a foreign subsidiary during the consolidation process, there can be differences as well.

Week 6

Week 6 completes this course by looking at accounting for not-for-profit organizations (NFPOs) and public sector entities. Typically, these types of organizations must demonstrate to the users of their financial statements that they are exercising good stewardship over the funds under their control. An introduction to accounting for NFPOs and public sector entities is presented, as well as the standards governing both types of organizations.

CPA CANADA HANDBOOK – ACCOUNTING

Financial accounting is the field of accounting that deals with recording, summarizing and reporting the financial results of an entity’s business operations, including the preparation of useful financial statements.

For publicly reportable enterprises and many other entities, these financial statements must usually be prepared in accordance with specific guidance, for example International Financial Reporting Standards (IFRS). While there is considerable need for the use of professional judgment when preparing financial statements, the starting point is the governing standards.

In the courses Introductory Financial Reporting, Intermediate Financial Reporting 1 and Intermediate Financial Reporting 2, the student notes, for the most part, explained what the governing standards mean, rather than referring you directly to the CPA Canada Handbook – Accounting for reference. The Advanced Financial Reporting course continues to explain what the standards mean, but in many cases the material provides specific CPA Canada Handbook – Accounting references as well.

At this point in your accounting education, you are encouraged to refer directly to the referenced governing standards found in the CPA Canada Handbook – Accounting and compare them to the student notes. The purpose of this is to gradually increase your comfort level with the format, layout and wording of the Handbook. Throughout the balance of your accounting education and your career, you will undoubtedly refer to the Handbook on innumerable occasions, so you are encouraged to become familiar with it and know how to use it as a reference document.