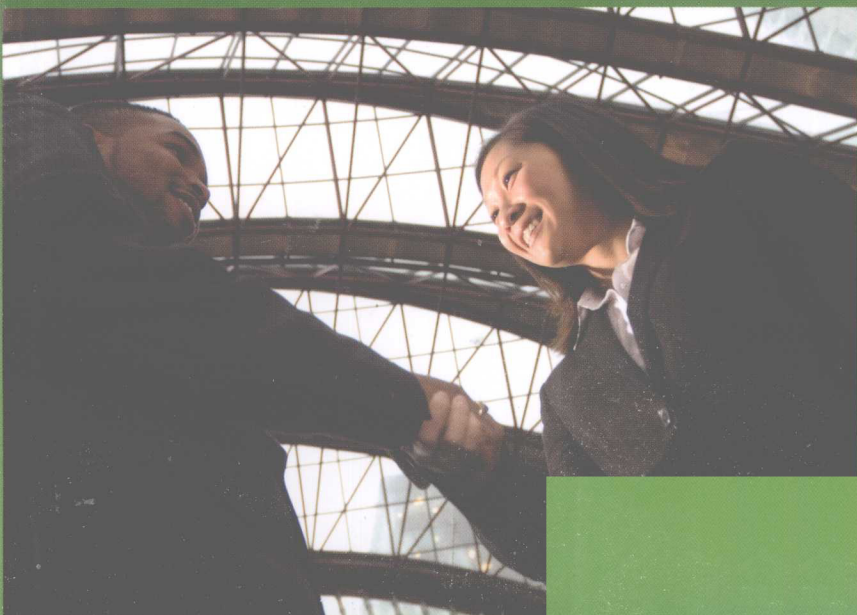


# ACCA



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## PAPER F7

### 财务报告（国际版）

#### FINANCIAL REPORTING (INTERNATIONAL)

BPP Learning Media 著

FOR EXAMS IN JUNE AND DECEMBER 2010



华中科技大学出版社

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In this new syllabus first edition approved by ACCA

- We discuss the best strategies for studying for ACCA exams
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## F7 INT（课本）简介

通过本课本的学习，你将能够编制、列报、分析并解释遵循国际标准的财务报表。我们的课本设计专注于大纲中最重要的方面，包括：

- 财务报告的概念框架
- 财务报告的制度框架
- 财务报表
- 企业合并
- 分析并解释财务报表

F7 INT 课本经由考官审核，并根据考官关于考试中如何考察知识点的指导，在内容上注重大纲中的重要部分。课本逐步讲解编制合并财务报表的过程，同时搭配大量的练习。课本帮助你掌握编制单个公司财务报表时可能产生疑问的知识点，并鼓励你培养应对财务报告中任何问题的能力，而这一点是本阶段考官非常看重的。



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# How the BPP ACCA-approved Study Text can help you pass your exams – AND help you with your Practical Experience Requirement!

## NEW FEATURE – the PER alert!

Before you can qualify as an ACCA member, you do not only have to pass all your exams but also fulfil a three year **practical experience requirement** (PER). To help you to recognise areas of the syllabus that you might be able to apply in the workplace to achieve different performance objectives, we have introduced the '**PER alert**' feature. You will find this feature throughout the Study Text to remind you that what you are **learning to pass** your ACCA exams is **equally useful to the fulfilment of the PER requirement**.

## Tackling studying

Studying can be a daunting prospect, particularly when you have lots of other commitments. The **different features** of the text, the **purposes** of which are explained fully on the **Chapter features** page, will help you whilst studying and improve your chances of **exam success**.

## Developing exam awareness

Our Texts are completely **focused** on helping you pass your exam.

Our advice on **Studying F7** outlines the **content** of the paper, the **necessary skills** the examiner expects you to demonstrate and any **brought forward knowledge** you are expected to have.

**Exam focus points** are included within the chapters to highlight when and how specific topics were examined, or how they might be examined in the future.

## Using the Syllabus and Study Guide

You can find the syllabus, Study Guide and other useful resources for F7 on the ACCA web site: [www.accaglobal.com/students/study\\_exams/qualifications/acca\\_choose/acca/professional/fr/](http://www.accaglobal.com/students/study_exams/qualifications/acca_choose/acca/professional/fr/)

The Study Text covers **all aspects** of the syllabus to ensure you are as fully prepared for the exam as possible.

## Testing what you can do

Testing yourself helps you develop the skills you need to pass the exam and also confirms that you can recall what you have learnt.

We include **Questions** – lots of them – both within chapters and in the **Exam Question Bank**, as well as **Quick Quizzes** at the end of each chapter to test your knowledge of the chapter content.

# Chapter features

Each chapter contains a number of helpful features to guide you through each topic.

## Topic list

Topic list	Syllabus reference

Tells you what you will be studying in this chapter and the relevant section numbers, together the ACCA syllabus references.

## Introduction

Puts the chapter content in the context of the syllabus as a whole.

## Study Guide

Links the chapter content with ACCA guidance.

## Exam Guide

Highlights how examinable the chapter content is likely to be and the ways in which it could be examined.

Knowledge brought forward from earlier studies

What you are assumed to know from previous studies/exams.

FAST FORWARD

Summarises the content of main chapter headings, allowing you to preview and review each section easily.

## Examples

Demonstrate how to apply key knowledge and techniques.

## Key terms

Definitions of important concepts that can often earn you easy marks in exams.

## Exam focus points

Tell you when and how specific topics were examined, or how they may be examined in the future.

## Formula to learn

Formulae that are not given in the exam but which have to be learnt.



This is a new feature that gives you a useful indication of syllabus areas that closely relate to performance objectives in your Practical Experience Requirement (PER).



Question

Give you essential practice of techniques covered in the chapter.



Case Study

Provide real world examples of theories and techniques.

## Chapter Roundup

A full list of the Fast Forwards included in the chapter, providing an easy source of review.

## Quick Quiz

A quick test of your knowledge of the main topics in the chapter.

## Exam Question Bank

Found at the back of the Study Text with more comprehensive chapter questions. Cross referenced for easy navigation.



## Studying F7

F7 is a demanding paper covering all the fundamentals of financial reporting. It has five main sections:

1. The conceptual framework of accounting
2. The regulatory framework
3. Preparation of financial statements which conform with IFRS
4. Preparation of consolidated financial statements
5. Analysis and interpretation of financial statements

All of these areas will be tested to some degree at each sitting. Sections 3 and 4 are the main areas of application and you must expect to have to produce consolidated and single company financial statements in your exam.

Some of this material you will have covered at lower level papers. You should already be familiar with accounting for inventories and non-current assets and preparing simple income statements, statements of financial position and statements of cash flows. You should know the basic ratios.

F7 takes your financial reporting knowledge and skills up to the next level. New topics are consolidated financial statements, construction contracts, financial instruments and leases. There is also coverage of the substance of transactions and the limitations of financial statements and ratios. The examiner wants you to think about these issues.

If you had exemptions from lower level papers or feel that your knowledge of lower level financial reporting is not good enough, you may want to get a copy of the study text for F3 Financial Accounting and read through it, or at least have it to refer to. You have a lot of new material to learn for F7 and basic financial accounting will be assumed knowledge.

The way to pass F7 is by practising lots of exam-level questions, which you will do when you get onto revision. Only by practising questions do you get a feel for what you will have to do in the exam. Also, topics which you find hard to understand in the text will be much easier to grasp when you have encountered them in a few questions. So don't get bogged down in any area of the text. Just keep going and a lot of things you find difficult will make more sense when you see how they appear in an exam question.

## The exam paper

The exam is a three hour paper with five compulsory questions.

### Format of the paper

Question 1	Marks
Question 2	25
Question 3	25
Question 4	25
Question 5	15
	<u>10</u>
	<u>100</u>

Question 1 will be on consolidated financial statements.

Question 2 will be on single company financial statements.

Question 3 is likely to be on cash flow statements or interpretation of accounts

Questions 4 and 5 will be on other areas of the syllabus

A certain number of IFRSs/IASs will be tested in questions 1 and 2. Others will appear in questions 4 and 5. The examiner has in the past used questions 4 and 5 to test construction contracts, deferred tax, provisions and issues relating to non-current assets.

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## Analysis of past papers

The table below provides details of when each element of the syllabus has been examined and the question number and section in which each element appeared. Further details can be found in the Exam Focus Points in the relevant chapters.

Covered in Text chapter		Pilot Paper	Dec 2007	June 2008	Dec 2008
	<b>A CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING</b>				
1	The need for a conceptual framework				
1	Understandability, relevance, reliability and comparability <ul style="list-style-type: none"> <li>Framework qualitative characteristics</li> <li>Accounting policies, changes in accounting estimates and errors</li> </ul>	Q4(a)(b) Q4(b)	Q4(a)(b) Q5(b)	Q4(a)(b) Q2	Q4(a)
1	Recognition and measurement				Q4(a)
15	The legal versus the commercial view of accounting			Q2	
22	Alternative models and practices (accounting for inflation)	Q4(b)			
1	The concept of 'faithful representation' ('true and fair view')		Q4(a)		
	<b>A REGULATORY FRAMEWORK FOR FINANCIAL REPORTING</b>				
2	Reasons for the existence of a regulatory framework				
2	The standard setting process				
23	Specialised, not-for-profit and public sector entities				
	<b>FINANCIAL STATEMENTS</b>				
21	Statements of cash flows			Q3	
4	Tangible non-current assets <ul style="list-style-type: none"> <li>Property, plant and equipment</li> <li>Investment properties</li> <li>Government grants</li> <li>Borrowing costs</li> </ul>	Q2 Q2	Q2	Q2	Q2, Q5
5	Intangible assets		Q5(a)(b)		Q2
12	Inventories and construction contracts	Q2, Q5		Q4(b)	
14	Financial assets and financial liabilities <ul style="list-style-type: none"> <li>Fair value through profit or loss</li> <li>Amortised cost</li> <li>Convertible debt</li> </ul>	Q2	Q1(a) Q2	Q2 Q5	Q2
16	Leases	Q2, Q4(b)	Q4(b)		
13	Provisions, contingent liabilities and contingent assets				Q2, Q4
6	Impairment of assets <ul style="list-style-type: none"> <li>Group accounting</li> <li>Other</li> </ul>	Q1(b)	Q1(a)		
17	Taxation <ul style="list-style-type: none"> <li>Current tax</li> <li>Deferred tax</li> </ul>	Q2 Q2	Q2 Q2	Q2 Q2	Q2 Q2



Covered in Text chapter		Pilot Paper	Dec 2007	June 2008	Dec 2008
	<b>FINANCIAL STATEMENTS</b>				
3	Regulatory requirements relating to the preparation of financial statements <ul style="list-style-type: none"> <li>Income statement</li> <li>Statement of comprehensive income</li> <li>Statement of financial position</li> <li>Statement of changes in equity</li> </ul>	Q2 Q2 Q2	Q2(a) Q2(b)	Q2(a) Q2(c) Q2(b)	Q2(a) Q2(c) Q2(b)
7	Reporting financial performance <ul style="list-style-type: none"> <li>Discontinued operations</li> <li>Non-current assets held for sale</li> <li>Earnings per share</li> </ul>		Q2(c)		
	<b>BUSINESS COMBINATIONS</b>				
8	The concept and principles of a group	Q1(a)		Q1(c)	
8	The concept of consolidated financial statements		Q1(b)		
9	Preparation of consolidated financial statements: <ul style="list-style-type: none"> <li>Consolidated income statement</li> </ul>			Q1(b)	Q1(a)
10	Consolidated statement of comprehensive income	Q1(b)	Q1(a)		Q1(b)
11	Consolidated statement of financial position	Q1(b)		Q1(b)	
	<b>ANALYSING AND INTERPRETING FINANCIAL STATEMENTS</b>				
20	Limitations of financial statements				
19	Calculation and interpretation of accounting ratios and trends to address users' and stakeholders' needs	Q3(a)(b)	Q3(a)(b)	Q3(b)	Q3(a)(b)
20	Limitations of interpretation techniques				Q3(c)
23	Specialised, not-for-profit and public sector entities	Q3(c)			

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# The conceptual framework

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1 Conceptual framework and GAAP	A1
2 The IASB's <i>Framework</i>	A1
3 The objective of financial statements	A2
4 Underlying assumptions	A2
5 Qualitative characteristics of financial statements	A2
6 The elements of financial statements	A3
7 Recognition of the elements of financial statements	A3
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## Introduction

The IASB's document *Framework for the preparation and presentation of financial statements* represents the **conceptual framework** on which all IASs are based.

A conceptual framework for financial reporting can be defined as an attempt to codify existing **generally accepted accounting practice (GAAP)** in order to reappraise current accounting standards and to produce new standards.

## Study guide

		Intellectual level
<b>A</b>	<b>A CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING</b>	
<b>1</b>	<b>The need for a conceptual framework</b>	
(a)	describe what is meant by a conceptual framework of accounting	2
(b)	discuss whether a conceptual framework is necessary and what an alternative system might be	2
<b>2</b>	<b>Understandability, relevance, reliability and comparability</b>	
(a)	discuss what is meant by understandability in relation to the provision of financial information	2
(b)	discuss what is meant by relevance and reliability and describe the qualities that enhance these characteristics	2
(c)	discuss the importance of comparability to users of financial statements	2
<b>3</b>	<b>Recognition and measurement</b>	
(a)	define what is meant by 'recognition' in financial statements and discuss the recognition criteria	2
(b)	apply the recognition criteria to:	2
	(i) assets and liabilities	
	(ii) income and expenses	
(c)	discuss revenue recognition issues and indicate when income and expense recognition should occur.	2
(d)	demonstrate the role of the principle of substance over form in relation to recognising sales revenue.	2
(e)	explain the following measures and compute amounts using:	2
	(i) historical cost	
	(ii) fair value/current cost	
	(iii) net realisable value	
	(iv) present value of future cash flows.	
<b>6</b>	<b>The concept of 'faithful representation' ('true and fair view')</b>	
(a)	describe what is meant by financial statements achieving a faithful representation.	2
(b)	discuss whether faithful representation constitutes more than compliance with accounting standards.	1
(c)	indicate the circumstances and required disclosures where a 'true and fair' override may apply.	1

# 1 Conceptual framework and GAAP

## FAST FORWARD

There are advantages and disadvantages to having a conceptual framework.

## 1.1 The search for a conceptual framework

A **conceptual framework**, in the field we are concerned with, is a statement of generally accepted theoretical principles which form the frame of reference for financial reporting.

These theoretical principles provide the basis for the development of new accounting standards and the evaluation of those already in existence. The financial reporting process is concerned with providing information that is useful in the business and economic decision-making process. Therefore a conceptual framework will form the **theoretical basis** for determining which events should be accounted for, how they should be measured and how they should be communicated to the user. Although it is theoretical in nature, a conceptual framework for financial reporting has highly practical final aims.

The **danger of not having a conceptual framework** is demonstrated in the way some countries' standards have developed over recent years; standards tend to be produced in a haphazard and fire-fighting approach. Where an agreed framework exists, the standard-setting body act as an architect or designer, rather than a fire-fighter, building accounting rules on the foundation of sound, agreed basic principles.

The lack of a conceptual framework also means that fundamental principles are tackled more than once in different standards, thereby producing **contradictions and inconsistencies** in basic concepts, such as those of prudence and matching. This leads to ambiguity and it affects the true and fair concept of financial reporting.

Another problem with the lack of a conceptual framework has become apparent in the USA. The large number of **highly detailed standards** produced by the Financial Accounting Standards Board (FASB) has created a financial reporting environment governed by specific rules rather than general principles. This would be avoided if a cohesive set of principles were in place.

A conceptual framework can also bolster standard setters **against political pressure** from various 'lobby groups' and interested parties. Such pressure would only prevail if it was acceptable under the conceptual framework.

## 1.2 Advantages and disadvantages of a conceptual framework

### Advantages

- (a) The situation is avoided whereby standards are developed on a patchwork basis, where a particular accounting problem is recognised as having emerged, and resources were then channelled into **standardising accounting practice** in that area, without regard to whether that particular issue was necessarily the most important issue remaining at that time without standardisation.
- (b) As stated above, the development of certain standards (particularly national standards) have been subject to considerable **political interference** from interested parties. Where there is a conflict of interest between user groups on which policies to choose, policies deriving from a conceptual framework will be **less open to criticism** than the standard-setter buckled to external pressure.
- (c) Some standards may concentrate on the **income statement** whereas some may concentrate on the **valuation of net assets** (statement of financial position).

### Disadvantages

- (a) Financial statements are intended for a **variety of users**, and it is not certain that a single conceptual framework can be devised which will suit all users.
- (b) Given the diversity of user requirements, there may be a need for a variety of accounting standards, each produced for a **different purpose** (and with different concepts as a basis).
- (c) It is not clear that a conceptual framework makes the task of **preparing and then implementing** standards any easier than without a framework.



Before we look at the IASB's attempt to produce a conceptual framework, we need to consider another term of importance to this debate: generally accepted accounting practice; or GAAP.

### 1.3 Generally Accepted Accounting Practice (GAAP)

**GAAP** signifies all the rules, from whatever source, which govern accounting.

In individual countries this is seen primarily as a **combination** of:

- National company law
- National accounting standards
- Local stock exchange requirements

Although those sources are the basis for the GAAP of individual countries, the concept also includes the effects of **non-mandatory sources** such as:

- International accounting standards
- Statutory requirements in other countries

In many countries, like the UK, GAAP does not have any statutory or regulatory authority or definition, unlike other countries, such as the USA. The term is mentioned rarely in legislation, and only then in fairly limited terms.

There are different views of GAAP in different countries. The UK position can be explained in the following extracts from *UK GAAP* (Davies, Paterson & Wilson, Ernst & Young, 5<sup>th</sup> edition).

'Our view is that GAAP is a dynamic concept which requires constant review, adaptation and reaction to changing circumstances. We believe that use of the term 'principle' gives GAAP an unjustified and inappropriate degree of permanence. GAAP changes in response to changing business and economic needs and developments. As circumstances alter, accounting practices are modified or developed accordingly..... We believe that GAAP goes far beyond mere rules and principles, and encompasses contemporary permissible accounting **practice**.

It is often argued that the term 'generally accepted' implies that there must exist a high degree of practical application of a particular accounting practice. However, this interpretation raises certain practical difficulties. For example, what about new areas of accounting which have not, as yet, been generally applied? What about different accounting treatments for similar items – are they all generally accepted?

'It is our view that 'generally accepted' does **not** mean 'generally adopted or used'. We believe that, in the UK context, GAAP refers to accounting practices which are regarded as permissible by the accounting profession. The extent to which a particular practice has been adopted is, in our opinion, not the overriding consideration. Any accounting practice which is legitimate in the circumstances under which it has been applied should be regarded as GAAP. The decision as to whether or not a particular practice is permissible or legitimate would depend on one or more of the following factors:

- Is the practice addressed either in the accounting standards, statute or other official pronouncements?
- If the practice is not addressed in UK accounting standards, is it dealt with in International Accounting Standards, or the standards of other countries such as the US?
- Is the practice consistent with the needs of users and the objectives of financial reporting?
- Does the practice have authoritative support in the accounting literature?
- Is the practice being applied by other companies in similar situations?
- Is the practice consistent with the fundamental concept of 'true and fair'?

**This view is not held in all countries**, however. In the USA particularly, the equivalent of a 'true and fair view' is 'fair presentation in accordance with GAAP'. Generally accepted accounting principles are defined as those principles which have 'substantial authoritative support'. Therefore accounts prepared in accordance with accounting principles for which there is not substantial authoritative support are presumed to be misleading or inaccurate.