

# Financial Reporting and Analysis: Advanced

HIGHER NATIONAL DIPLOMA

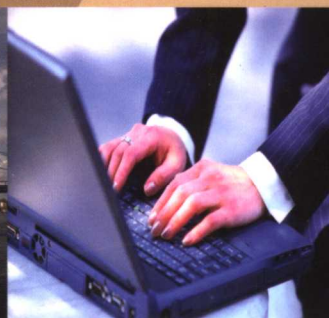
## 财务报告与分析 (高级)


【英】苏格兰学历管理委员会 (SQA)

### Unit Student Guide

BUSINESS

DE5G 35



 中国时代经济出版社

SCOTTISH  
QUALIFICATIONS  
AUTHORITY



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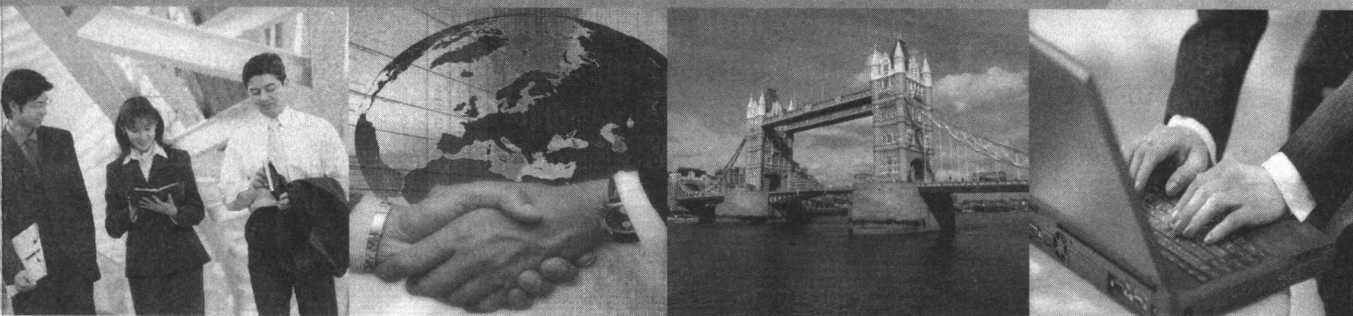
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财务报告与分析 (高级)

苏格兰学历管理委员会著

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# 1

## Introduction to the Scottish Qualifications Authority

This Unit **DE5G 35 Financial Reporting and Analysis** has been devised and developed by the Scottish Qualifications Authority (SQA). Here is an explanation of the SQA and its work:

The SQA is the national body in Scotland responsible for the development, accreditation, assessment and certification of qualifications other than degrees.

Its website can be viewed on: [www.sqa.org.uk](http://www.sqa.org.uk).

SQA's functions are to:

- devise, develop and validate qualifications, and keep them under review;
- accredit qualifications;
- approve education and training establishments as being suitable for entering people for these qualifications;
- arrange for, assist in, and carry out the assessment of people taking SQA qualifications;

- quality-assure education and training establishments which offer SQA qualifications;
- issue certificates to candidates.

In order to pass SQA Units, students must complete prescribed assessments. These assessments must meet certain standards.

The Unit Specification outlines the four Outcomes that students must complete in order to achieve this Unit. The Specification also details the knowledge and/or skills required to achieve the Outcome or Outcomes. The Evidence Requirements prescribe the type, standard and amount of evidence required for each Outcome or Outcomes.

# 2

## Introduction to the Unit

### 2.1

What is the  
Purpose of  
this Unit?

This Unit is designed to develop general knowledge and understanding of the theoretical concepts, principles and standards which are applied when preparing a set of limited company accounts for annual or other reporting purposes. This includes the way in which accounting concepts relate to UK Company Law and, ultimately, determine accounting practice. Study of the Unit also provides a foundation knowledge of the methods used by preparers of accounts to communicate company/group results to users of accounts. Allied to the preparation of accounts is their interpretation by means of ratio analysis. This Unit will be of particular benefit to those who wish to undertake further study in the fields of accounts preparation and interpretation.

### 2.2

What are the  
Outcomes of  
this Unit?

1. explain the regulations and underlying concepts governing the preparation of the financial statements of limited liability companies.
2. produce the financial statements of a limited company for publication.

- prepare consolidated financial statements for a group of companies.
- analyse and report on company final accounts and identify appropriate sources of long-term finance.

Further details can be found in Appendix 3 — Unit Specifications.

### 2.3

What do I  
Need to be  
Able to do in  
Order to  
Achieve this  
Unit?

It is recommended that candidates should have some prior knowledge and skill in preparation of accounts, demonstrated by achievement of the Higher National Unit **Recording Financial Information**.

### 2.4

Approximate  
Study Time  
for this Unit

Completion of this Unit is intended to be flexible. The notional study time for this Unit is 80 hours but actual time allocated is at the discretion of the centre. You will find it of benefit to you to read relevant text books or visit the websites suggested in Section 2.5 below.

## 2.5 Equipment/ Material Required for this Unit

A calculator is of benefit to those completing this Unit but not essential.

To understand the rules and regulations governing the preparation of financial accounting, you may find the following websites and textbooks of use during your studies:

- [www.accountingtechnician.co.uk](http://www.accountingtechnician.co.uk)
  - website of AAT magazine
  - a study zone with articles written exclusively for the web
  - question and answer surgery
  - archive of magazine articles
  - past AAT questions which are similar to the topics covered by this Unit.
- [www.accountingweb.co.uk](http://www.accountingweb.co.uk)
  - news and information
- [www.asb.org.uk](http://www.asb.org.uk)
  - the Accounting Standards Board
  - gives details of accounting standards and current projects
  - includes a student section
  - links to related sites including the Financial Reporting Council and the Financial Reporting Review Panel.
- [www.iasb.org.uk](http://www.iasb.org.uk)
  - the International Accounting Standards Board gives a summary of international accounting standards.
- [www.financial-training.com](http://www.financial-training.com)
  - provider of financial training and relevant textbooks and materials.
- [www.osbornebooks.co.uk](http://www.osbornebooks.co.uk)
  - provider of financial training and relevant textbooks and materials.

- [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) ■ gives information about forming and running companies.
  - provides detail of how to obtain copies of company accounts and other statutory information.
- [www.hmso.gov.uk](http://www.hmso.gov.uk) ■ access to statutory instruments affecting the preparation of company accounts.

The following are website addresses for a selection of accountancy bodies and associations. Some sites provide a news and information service. They also give information regarding assessment and examination schemes.

- [www.acca.org.uk](http://www.acca.org.uk) ■ The Association of Chartered Certified Accountants.
- [www.cima.org.uk](http://www.cima.org.uk) ■ The Chartered Institute of Management Accountants.
- [www.aat.co.uk](http://www.aat.co.uk) ■ The Association of Accounting Technicians.
- [www.icas.org.uk](http://www.icas.org.uk) ■ The Institute of Chartered Accountants of Scotland.
- [www.cipfa.org.uk](http://www.cipfa.org.uk) ■ The Chartered Institute of Public Finance Accountants.
- [www.icaew.co.uk](http://www.icaew.co.uk) ■ The Institute of Chartered Accountants in England and Wales.

The following is a list of websites for a selection of accountancy firms. Some of these provide technical information and updates as well as notes on recent developments in accounting.

- [www.deloitte.co.uk](http://www.deloitte.co.uk)     ■ Deloitte & Touche.
- [www.ey.com](http://www.ey.com)     ■ Ernst & Young.
- [www.kpmg.co.uk](http://www.kpmg.co.uk)     ■ KPMG.
- [www.pwcglobal.com](http://www.pwcglobal.com)     ■ PricewaterhouseCoopers.

Examples of appropriate textbooks for additional reading or worked examples and questions are:

Frank Wood Business Accounting 1  
Published by Prentice Hall—ISBN 0–273–63742–8

Frank Wood Business Accounting 2  
Published by Prentice Hall—ISBN 0–273–63743–6

Drafting Financial Statements — Combined text & workbook  
Published by The Financial Training Company—ISBN 1–84390–203–6

Limited Company Accounts  
Published by Osborne Books Ltd.—ISBN 1–872962–96–3

Any textbook covering the topics to be addressed in this Unit will be of use. It is useful if you remember that

there is usually more than one method of treating financial information. Textbooks will be prepared using a range of appropriate methodologies and you may find it useful to find a book that suits you and stick to it rather than trying to read a number of texts, which will give worked examples using different methods, as this could lead to confusion and frustration.

## 2.6 Symbols Used in this Unit

The various Learning Materials sections are designed so that you can work at your own pace, with tutor support. As you work through the Learning Materials (see Section 5), you will encounter symbols. These symbols indicate that you are expected to do a task. **These tasks are not Outcome Assessments.** They are exercises designed to consolidate learning or encourage thought, in preparation for the Outcome Assessment (see Section 3—Assessment Information for this Unit).

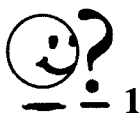
### Activity



This symbol indicates an Activity (A). Usually, Activities are used to improve or consolidate your understanding of the subject in general or a particular feature of it.

The Activities will not serve this purpose if you refer to the responses prior to having attempted the Activity.

### Self-Assessed Question



This symbol indicates a Self-Assessed Question. Using a Self-Assessed Question helps you check your understanding of the content that you have already covered.

Everything is provided for you to check your own responses. Answers to the Self-Assessed Questions and Activities are to be found at the back of the Unit Student Guide. Where suggested responses to Self-Assessed Questions and Activities are provided in the Unit Student Guide, **students are strongly discouraged from looking at these responses before they attempt the Self-Assessed Questions and Activities.** The Self-Assessed Questions and Activities throughout the Unit Student Guide will help you to prepare yourself for the formal assessments, and to identify topic areas in which you will require clarification and additional tutor support. The Self-Assessed Questions and Activities will not serve this purpose if you look at the answers before trying them!

Self-Assessed Questions and Activities are designed to be checked by you. No tutor input is necessary at this stage unless special help is requested, although from time to time your tutor may wish to view your responses to Self-Assessed Questions to see how you are progressing.

# 3

## Assessment Information for this Unit

### 3.1

What Do I  
Have to Do to  
Achieve this  
Unit?

It is not essential to follow these Outcomes in strict order, but it is logical to try to do this. Topics covered in Outcome 1 will help you to understand those covered in later topics. Similarly, in order to complete Outcome 3 it will be beneficial to you if you have achieved Outcome 2 first, as it covers the preparation of financial statements which is built upon in Outcome 3.

### **Outcome 1 Explain the regulations and underlying concepts governing the preparation of the financial statements of limited liability companies.**

This Outcome is covered in the Unit Student Guide: An Introduction.

For this you must cover topics as follows:

- accounting concepts and principles:
  - three basic accounting concepts
    - accruals/matching
    - consistency

- going concern
- other accounting concepts and principles
  - duality
  - entity
  - historic cost
  - materiality
  - money measurement
  - objectivity
  - prudence
  - realisation
  - substance over form
  - time period for reporting (periodicity)
- the effect of accounting concepts and principles on asset valuation and income measurement
- alternative accounting models, for example historical cost and current value.
- the relationship between the Companies Acts and Accounting Standards.

The above topics will be assessed using a series of extended response questions, and evidence will be written and gathered under closed-book examination conditions.

(When you see the term 'evidence will be written' this means handwritten and not word processed! )