

Mind the Gap

F7 to P2



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Agenda

- Syllabus
- Exam format
- Question style
- Assumed knowledge from F7
- Tricky areas in P2
- More complex areas in P2

F7 Syllabus

A	A conceptual framework for financial reporting
B	A regulatory framework for financial reporting
C	Financial statements
D	Business combinations
E	Analysing and interpreting financial statements

P2 Syllabus

A	The professional & ethical duty of the accountant
B	The financial reporting framework
C	Reporting the financial performance of entities
D	Financial statements of groups of entities
E	Specialised entities
F	Implications of changes in regulation on financial reporting
G	The appraisal of financial performance and position of entities
H	Current developments

F7 Examiner & Format of the Exam

Examiner: Steve Scott

Format of the Exam		Marks
Question 1	Preparation of group FS	25
Question 2	Preparation/restatement of non group FS	25
Question 3	Appraisal of performance and may include statements of cash flows	25
Question 4	Will test the remainder of the syllabus	15
Question 5	Will test the remainder of the syllabus	10
Total		100

P2 Examiner & Format of the Exam

Examiner: Graham Holt

Format of the Exam		Marks
Section A (compulsory)		50
Q1	<ul style="list-style-type: none">• Preparation of consolidated FS (incl adjustments on other syllabus areas)• Written part – re an accounting treatment + ethical & social issues	
Section B (<i>2 from 3 25-mark questions</i>)		50
Qs 2-4	<ul style="list-style-type: none">• 2 scenario or case-study based questions• Essay-style discussion question	
Total		100

Question style

- F7
 - A ‘number crunching’ paper
 - Very often testing knowledge of a single standard
- P2
 - 60% computations : 40% written/discursive
 - E.g. ‘Advise the directors’, ‘Draft a report’, ‘Discuss’
 - Very often testing knowledge of various standards (“Mixed-bag”)
 - Time-pressure

Assumed knowledge from F7

- Double entry accounting
- Presentation of published financial statements
- Preparation of consolidated SOFP and SOCI, including Fair Value and Unrealised Profit (PuP) adjustments
- Approach to Statement of Cash Flows
- *'Assumed knowledge from Paper F7'* course available through *MyStudy*
- Revise F7 before embarking on a P2 course

Make sure you're comfortable with...

- Non-current assets
 - IAS 16 *Property, plant and equipment*
 - IAS 36 *Impairment* (though more detailed in P2)
 - IAS 38 *Intangible Assets*
 - IAS 40 *Investment property*
- Non-current assets held for sale (IFRS 5)
- Changes in accounting policies and correction of prior period errors (IAS 8)
- Revenue (IAS 18) & Leases (IAS 17)
- Provisions, contingent assets/liabilities

Tricky areas in P2 – Deferred tax

- Areas covered in F7
 - Recognition
 - Depreciating assets
 - Revaluation of non-current assets
 - Losses carry-forwards
- Additional areas covered in P2
 - Deferred tax on consolidations, e.g. on FV adjustments and PuP
 - More complex issues, e.g. development costs, share-based payments, leases

Tricky areas in P2 – Financial instruments

- Areas covered in F7
 - Definitions
 - Types of financial asset
 - Classification – debt vs equity
- Additional areas covered in P2
 - Recognition & derecognition
 - Measurement – initial and subsequent
 - Impairment
 - Hedging

Tricky areas in P2 – Employee benefits

- Not covered in F7
- Areas covered in P2
 - Defined contribution plans
 - Defined benefit plans

More complex area in P2 - Consolidations

- Revision of Basic Groups/consolidations
- Complex Groups:
 - Vertical structures
 - D-shaped groups
- Changes in group structures
 - Partial disposals
 - Piecemeal acquisitions
- Continuing and discontinued operations
- Foreign subsidiaries
- Consolidated statements of cash flows