

## Examiner's approach to the Diploma in International Financial Reporting

The ACCA Diploma in International Financial Reporting (DipIFR) is primarily intended for professional accountants working in practice and industry. Many professionals who are qualified in accordance with national accounting standards now need to develop technical awareness of International Financial Reporting Standards (IFRS) because of the increasing global use of IFRS, for example by listed entities in the European Union in their consolidated financial statements.

The DipIFR bridges the knowledge gap that currently may exist regarding IFRS by providing an understanding of the following areas:

- international sources of authority
- elements of financial statements and associated accounting treatments
- presentation of consolidated financial statements and additional disclosure requirements
- preparation of external reports for combined entities and joint ventures.

The DipIFR can be attempted by:

- holders of a nationally recognised accounting qualification or
- those who have a relevant degree plus two-years' accounting work experience or
- those who hold an ACCA Certificate in International Financial Reporting plus two-years' work experience or
- anyone with three-years' accounting work experience.

### The underlying approach

The exam will test a mixture of technical preparation of consolidated financial statements and identification of appropriate financial reporting treatments. The three-hour exam is paper-based.

The level of difficulty lies between ACCA Qualification Papers F7 and P2. The paper contains four compulsory questions.

Question 1 is for 40 marks. This question will require candidates to prepare the consolidated statement of financial position and/or the consolidated statement of comprehensive income and may additionally include possibly the consolidated statement of changes in equity. Questions involving the preparation of the consolidated statement of cash flows will not be set. A key purpose of this question is to assess technical consolidation skills. However, the question will also require candidates to adjust a number of transactions (typically three or four) that have been incorrectly or incompletely accounted for in the financial statements of group entities (usually the parent entity). In order to make these adjustments candidates will need to apply the provisions

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of relevant IFRSs. In Question 1 the emphasis will be on application rather than explanation.

Questions 2, 3 and 4 are for 20 marks each. In all three questions there will be more emphasis on explanation of financial reporting issues than of numerical financial statements preparation.

Note: This is a change from pre-2011 where preparation of single company financial statements (including statements cash flow) were examinable. Past exam papers on this area are still good exam preparation as this area contains accounting adjustments which are examinable.

Question 2 will often present candidates with a scenario or a range of scenarios for which the correct financial reporting treatment is complex or uncertain. Often the question will place the candidate in a 'real-life' role, for example chief accountant reporting to the chief executive officer or senior accountant supervising an assistant. The question frequently requires candidates to address a series of questions that have been posed by the other party in the scenario. The question will often ask candidates to present a reply or report that deals with the appropriate financial reporting of the issues raised in the scenario. The primary skill in this question is identifying and describing the issues, rather than the detailed computation of numbers. However, some marks may be available for numerical calculations.

Question 3 will usually deal with a particular IFRS in some detail. Such a question would require candidates to describe key features of the IFRS and apply it to two or more situations that the question describes. In contrast with Question 1, there will only be a limited number of marks available for technical preparation in such circumstances, the majority of marks being available for identifying and quantifying the appropriate adjustments.

Question 4 will often present candidates with three or four reasonably complex issues and require them to prepare extracts from the financial statements that show the appropriate financial reporting of those issues. This question will usually involve a little more computational work than Question 2. Examples of issues that could be examined in this question include, but are not restricted to, impairment calculations for a cash-generating unit, computation of the cost of a constructed item of property, plant and equipment, and accounting for the decommissioning provision relating to an asset such as a nuclear power station.

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