

PUBLIC SECTOR FINANCIAL REPORTING

Public Sector Financial Reporting (PSFR) is designed to provide candidates with the technical knowledge and skills required to perform financial reporting responsibilities within the public sector. The module takes the candidate through the key International Public Sector Accounting Standards (IPSAS). It also covers the processes required for the preparation of financial statements for both single entities and groups and how ratio analysis can be used to analyse and interpret the financial statements of public sector organisations.

The learning outcomes for this module are designed to reflect the financial and performance reporting tasks found in typical job descriptions of financial accountants within the public sector, focused in particular on the stewardship role of accountants but also their role as business partners.

Syllabus topics

A	Public sector financial reporting framework	10%
B	Single entity public sector financial statements	60%
C	Financial statements of public sector combinations	20%
D	Interpretation of public sector financial statements	10%

Other information, including assessment

Prior knowledge:	Financial Accounting
Standards:	International Public Sector Accounting Standards
Validity:	2019 examinations
Assessment:	An exam of 150 minutes with 75 marks available consisting of: 25 objective test questions of 1 mark each; 4 short form questions worth 5 marks each and 2 longer scenario questions worth 15 marks each. The pass mark is 50%.

Overall Aim	Learning outcome	Content
A Explain the external financial reporting framework for the public sector (10%)	A1 Describe the nature of public sector organisations and their objectives	<ul style="list-style-type: none"> (i) Objectives of public sector organisations and comparison with private sector organisations (ii) Sources of finance for public sector organisations (iii) Relationships between organisations within the public sector (iv) Relationships between public sector and private sector organisations (v) Role of financial and non-financial objectives in public sector organisations and comparisons with the private sector
	A2 Explain the objectives of external financial reporting within the public sector	<ul style="list-style-type: none"> (i) Impact of externally-set financial objectives and financial targets (ii) Users, their needs and the impact on financial reporting (iii) Financial accountability in the public sector and its impact on external financial reporting (iv) Consolidation of external financial statements in the public sector and the role of whole-of-government accounts
	A3 Discuss the role and significance of International Public Sector Accounting Standards (IPSAS) in public sector accounting and financial reporting	<ul style="list-style-type: none"> (i) Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (ii) Development, content and coverage of International Public Sector Accounting Standards (IPSAS) and their impact on financial accounting and reporting (iii) Approaches to adopting IPSASs (iv) Development of EPSASs.
B Prepare the key external	B1 Discuss and apply the requirements of	(i) Definition of key terms and general principles

financial statements for single-entity public sector organisations, applying relevant IPSASs (60%)	IPSASs	(ii) Accounting treatment for transactions required by IPSASs as detailed in the table of examinable standards
	B2 Discuss and apply the requirements of the IPSAS Financial reporting under the cash basis of accounting	(i) Presentation and disclosure requirements (ii) Consolidation (iii) Foreign currency (iv) Budget information (v) External assistance (vi) Preparation of consolidated statement of cash receipts and payments (vii) Preparation of statement of comparative budget and actual amounts
	B3 Apply accounting principles and techniques in the preparation of accruals-based single-entity financial statements for public sector organisations (excluding Government Business Enterprises)	(i) Statement of financial performance (ii) Statement of financial position (iii) Cash flow statement (iv) Statement of changes in net assets/equity (v) Disclosures
C Prepare the key external financial statements for public sector group combinations, applying relevant IPSASs (20%)	C1 Explain group combinations in the public services, and prepare accounting adjustments	(i) Controlled entities (ii) Associates (iii) Joint ventures (iv) Other public-private arrangements
	C2 Apply accounting principles and the requirements of IPSASs in the preparation financial statements for a public sector group consisting of one subsidiary and/or one associate	(i) Consolidated statement of financial performance (ii) Consolidated statement of financial position

D Apply ratio analysis to analyse and interpret the financial statements of public sector organisations (10%)

D1 Identify and discuss the needs of specific users of financial statements

- (i) Providers of finance
- (ii) Service users and customers
- (iii) Government and other official bodies
- (iv) Public and others

D2 Apply standard ratios to determine information that is relevant to particular users

- (i) Efficiency
 - (ii) Profitability and return
 - (iii) Liquidity and solvency
 - (iv) Limitations of ratios
 - (v) Interpretation of ratios in the public service context
 - (vi) Reports to management and other users
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EXAMINABLE STANDARDS

NB: The following table is intended to provide a general indication only of the extent to which knowledge and application of each standard may be tested in the PSFR examination. Syllabus guidelines, learning materials and the specimen examination paper will provide further detail on the specific aspects of each standard that candidates should focus their attention on and the style of examination question that they are likely to encounter.

EXAMINATION STATUS OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSASs)			
IPSAS	Public Sector Financial Reporting at level		
	A	B	C
Financial Reporting Under the Cash Basis of Accounting Part I	X		
Financial Reporting Under the Cash Basis of Accounting Part II			X
Preface to International Public Sector Accounting Standards			X
Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (Chapters 1 to 4), 2013		X	
IPSAS 1 Presentation of Financial Statements	X		
IPSAS 2 Cash Flow Statements	X		
IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors	X		
IPSAS 4 The Effects of Changes in Foreign Exchange Rates	Not examinable		
IPSAS 5 Borrowing Costs		X	
IPSAS 9 Revenue from Exchange Transactions		X	
IPSAS 10 Financial Reporting in Hyperinflationary Economies	Not examinable		
IPSAS 11 Construction Contracts			X
IPSAS 12 Inventories	X		
IPSAS 13 Leases		X	
IPSAS 14 Events after the Reporting Date	X		
IPSAS 15 Financial Instruments: Disclosure and Presentation	Not examinable		

IPSAS 16 Investment Property			X
IPSAS 17 Property, Plant and Equipment	X		
IPSAS 18 Segment Reporting			X
IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets	X		
IPSAS 20 Related Party Disclosures			X
IPSAS 21 Impairment of Non-Cash-Generating Assets	X		
IPSAS 22 Disclosure of Financial Information about the General Government Sector			X
IPSAS 23 Revenue from Non-Exchange Transactions	X		
IPSAS 24 Presentation of Budget Information in Financial Statements			X
IPSAS 25 Employee Benefits			X
IPSAS 26 Impairment of Cash-Generating Assets	X		
IPSAS 27 Agriculture	Not examinable		
IPSAS 28 Financial Instruments: Presentation			X
IPSAS 29 Financial Instruments: Recognition and Measurement			X
IPSAS 30 Financial Instruments: Disclosures			X
IPSAS 31 Intangible Assets	X		
IPSAS 32 Service Concession Arrangements: Grantor			X
IPSAS 33 First time adoption of Accruals Basis IPSASs		X	
IPSAS 34 Separate Financial Statements		X	
IPSAS 35 Consolidated Financial Statements		X	
IPSAS 36 Investments in Associates and Joint Ventures		X	
IPSAS 37 Joint Arrangements		X	
IPSAS 38 Disclosure of Interests in Other Entities		X	

Levels of knowledge required for examinations

Level A: A thorough knowledge with a solid understanding of the subject matter and some experience in its application in practice sufficient to: exercise reasonable professional judgement in the application of the subject matter in those circumstances generally encountered in practice; and recognise when the assistance of a specialist may be required. This level of knowledge is lower than that of a specialist.

Level B: A working knowledge with a broad understanding of the subject matter and a modicum of experience in its application sufficient to: apply the subject matter in straightforward circumstances; and identify issues requiring professional attention in more complex situations.

Level C: a general knowledge with a basic understanding of the subject matter and training in its application sufficient to: identify significant issues; evaluate their potential implications or impact; and recognise that additional work or advice may be required to be performed by a person technically competent in this area of expertise. This level of knowledge is significantly greater than that of a layperson.