

# Published Accounts



### 8.5.3 **Appreciation of Annual Reports of Public Limited Companies (HL)**

The student is introduced to

- o basic knowledge of the rights and duties of directors
- o directors' report
- o basic knowledge of the functions of the auditor
- o auditor's report
- o a basic knowledge of the impact of the relevant statutory requirements on published financial statements
- o an analysis of published company reports.





On completion the student should

- o be aware of the legal requirements to produce company accounts
- o have an appreciation of the functions and duties of the directors and auditors of a company
- o understand the difference between accounts prepared for internal use and for publication
- o be able to understand published company reports and accounts
- o have an ability to discuss and comment on the published annual reports of a limited company.

## 8.2 *The Regulatory Framework of Accounting (H.L.)*

The student is introduced to

- o The nature and objectives of the regulation of financial reporting
- o The predominant regulatory bodies

- the Government
  - the European Union
  - the accountancy profession
  - the Stock Exchange

The regulatory mechanism used by the Government, the European Union, the accountancy profession and the Stock Exchange

- o The importance of the true and fair view
- o The role of the auditor
- o The procedures for monitoring the regulation of financial reporting.



On completion the student should

- o Show an understanding of the nature and objectives of the regulation of financial reporting
- o Be aware of the main regulatory bodies and how they regulate financial reporting
- o Be able to describe the accounting standard-setting mechanism in Ireland
- o Understand the significance of the true and fair view
- o Appreciate the role of the auditor in the regulation of financial reporting
- o Be able to describe the procedures used to monitor compliance with financial reporting regulations.

## Examination 'history'

Year	Q	P&L a/c	B/S	Notes	Theory
1997	6	45	20	20(5)	15
1998					
1999	6	45	22	18(5)	15
2000	3	35	-	10(5)	15
2001					
2002	6	45	22	18(5)	15
2003	2	38	-	12(5)	10
2004					
2005	6	36	27	21(5)	9
2006	4	35	-	13(5)	12
2007					
2008	4	37	-	13(5)	10
2009	6	40	26	19(4)	15
2010	?				

# When ?

- Best that these topics are complete;
  - Final a/c s
  - Company Final a/c s
  - Appropriation a/c s
  - Adjustments to Final a/c

# Plan topic

- Handout template ( from SEC solutions)

Stress importance of correct sequence

Some simple Qs ( simple adjustments )

- Higher level Qs ( with HL adjustments )
- Handout 'Notes to Accounts'
- Theory
- Full HL Qs ( from SEC)



# A Step by Step Approach

- Step 1 – Notes
- Step 2 – Make out Trading P&L
- Step 3 – Make out B/S
- Step 4- Notes to A/C s
- Step 5 – Theory

# Step 1

## Notes

Make out notes for ;

Cost of sales

Distribution Expenses

Administration Expenses

Other Operating Income

Tangible Fixed Assets

Debtors

Creditors; amounts ...<

1 Yr

Cost of sales [ COS ]

- Opening Stock
- + Purchases
- Purchases Returns
- + Carriage In
- + Import Duty
- + Patent Amortised
- Closing Stock

# Notes

Distribution Expenses

Selling Expenses

Advertising

Carriage Out

Showroom expenses

Depreciation of Vans

Administration Expenses

Rent & Rates

Insurance

Directors Fees

Audit Fees

Deprec. Of Eq. & Build

Light & Heat

Office Expenses

General Expenses

# Notes

Tangible Fixed Assets

[often asked in part(b)]

If so, use Formal Format]

Cost Dep NBV

Equip

Bldgs

Vans

Debtors

Trade debtors

Investment Income due

Expenses Prepaid

Loans to Directors

Rent rec. due

# Notes

Creditors

Trade Creditors

Debenture Interest Due

Bank Overdraft

PRSI Due

Tax Due

Bills Payable

- It is absolutely critical that detailed calculations/notes of any sort do NOT appear on the face of your answer in published accounts.
- Once labelled in workings no need for referencing .

# Step 5 - Theory

- Classes of Company
  - Public / Private
  - Large / Medium / Small
- Regulatory Agencies
  - Standards
- Auditor - role
  - qualified / unqualified Report
  - True and fair view
  - Fraud
  - Limitations
- Directors – report
  - Responsibilities
- Contingent Liability
- Exceptional item
- Users of accounting Info
- Accounting Concepts
- Published A/C must inc.
  - P & L , B/S
  - Notes to A/C
  - Audit & Directors Report

# Areas of weakness

- Sequence ( in P&L and B/S )
- Showing too much detail on face of P&L or B/S
- No note showing CoS, Admin Exps etc.
- Notes to A/C
  - Dividends – omit cent per share
  - Tangible Fixed Assets – omit
- Theory – omit ( or answer a previous years Q)