

Module 5 Revision

(Financial Reporting)

FR Revision Blog on Module 5:

Module 5 counts 24% of the CPA FR exam. Here is a checklist to help you assess your knowledge of this module and direct you to the relevant KnowledgeEquity resources.

| <u>Summary check points/questions</u> | <u>Do I know this?</u> (yes/no/I need to brush up) | <u>Links to KnowledgeEquity materials</u> |
|---|---|---|
| <p>Module 5 Part A:</p> <ul style="list-style-type: none"> • Do you know the steps in the acquisition method? • Can you determine purchase consideration? • Can you calculate goodwill using the partial and full goodwill method? • Do you know how to calculate net identifiable assets including deferred tax? • Do you know what can be recognised (contingent liabilities, intangible assets) and what cannot be recognised (contingent assets)? | | <ol style="list-style-type: none"> 1. Module 5 Units – Watch each video and attempt each Mini-Quiz <ol style="list-style-type: none"> a. The acquisition method (IFRS 3) b. Calculating purchase consideration 2. Flowcharts <ol style="list-style-type: none"> a. Goodwill and purchase consideration formulas 3. Module 5 Part A Practice exercise 4. Webinar week 6 recording |
| <p>Part B:</p> <ul style="list-style-type: none"> • Are you able to discuss the theory relating to 'control'? • Do you know how to account for intra-group transactions? <ul style="list-style-type: none"> ○ intra-group sale of inventory ○ intra-group sale of depreciable asset ○ intra-group management fees, dividends, interest • Do you know how to account for a revaluation that took place at acquisition but the sub did not revalue the asset. • Do you know the journals for at acquisition transaction (i.e. the elimination of pre-acquisition | | <ol style="list-style-type: none"> 1. Webinar week 6 (consolidation worksheet) 2. Webinar week 7 (intra-group transactions and NCI) 3. Flowcharts <ol style="list-style-type: none"> a. Types of intra-group transactions b. Theashen's approach to intra-group transactions c. Theashen's steps for consolidation worksheet d. Business combination calculations e. Steps to calculating NCI portion of profits/retained earnings f. Intra-group journals g. Intra-group inventory and asset sales journals h. Concept of control 4. Intra-group transactions Practice exercise |



Visit [KnowledgeEquity.com.au](https://www.knowledgeequity.com.au) for practice questions, videos, case studies and support for your CPA studies

Module 5 Revision

(Financial Reporting)

| | | |
|---|--|---|
| equity and the recognition of goodwill)? <ul style="list-style-type: none">• can you calculate NCI portion of profits and retained earnings? | | 5. Online support exercises <ul style="list-style-type: none">a. FR 5 – Preparation of consolidated AFSb. NCI and Pre-acquisition elimination entries |
| <u>Part C:</u> | | |
| <ul style="list-style-type: none">• Can you discuss the theory relating to significant influence and the equity method?• Are you able to apply the equity method to calculate the share of associate's profits and investment in associate balance?• Do you know how to account for the investor's share of the associate's losses? | | <ol style="list-style-type: none">1. Webinar week 82. Flowcharts<ul style="list-style-type: none">a. Equity accounting rulesb. Investment in associate carrying amount3. Investor and associate pre-webinar exercise4. Webinar week 11 (Troll Ltd and Billy Goat Ltd) |



Visit [KnowledgeEquity.com.au](https://www.knowledgeequity.com.au) for practice questions, videos, case studies and support for your CPA studies