

**Lead City University, Ibadan**  
**Faculty of Environment, Management & Social Sciences**  
**Department of Accounting & Finance**  
**2<sup>nd</sup> Semester, 2017/2018 Session**

**Course Title: Financial Reporting & Ethics**

**Course Code: ACC 417**

**Lecturers: Mr J A Adejuwon, Dr Oladipo Oguntola & Tunde Onamusi**

**Section A**

**Introduction:** Financial Reporting & Ethics is an elective course for Accounting students, carrying 2 units. The course is taught by two lecturers for two hours a week during the semester.

**Course Description:** The course is a new course just introduced in the department in its efforts to move with the dynamic world particularly in the accounting profession. It introduces students to the regulatory framework of Financial Reporting, critical analysis of corporate annual reports and financial statements, analysis and interpretation of financial statements, ethical framework, concepts and value, fundamental codes of ethics in accounting, codes of professional ethics, ethical threats and safeguards etc.

**Course Objectives:** This course is to enable students recognize the fact that every professional organization expects its members to accept and adhere to the highest standards of ethical conduct, behaviour and practice, consistent with the public image and reputation of that profession. Accounting is not an exception. Those who use financial statements for decision making expect that the statements have been prepared honestly and objectively by competent people based on generally accepted accounting principles. Also, these financial experts are expected to possess high degree of honesty and integrity in the performance of their professional duties. All these are guided in a framework of professional ethical standards to which the accounting graduate must be very well familiar.

**Section B: Teaching Plan**

Weeks	Topics
1	Introduction to the scope of Financial Reporting and Ethics.
2	Analysis of the contents of Annual Reports and Accounts.
3	Analysis and Interpretation of Financial Statements: Introduction, purpose, tools and process.
4	Analysis and Interpretation of Financial Statements: ratio analysis, inter firm analysis, trend analysis. Limitations of ratio analysis
5	Regulatory framework of Financial Reporting
6	Financial Statements: Users, objectives and disclosure patterns.
7	International Financial Reporting Standards (IFRS)

- 8 Ethical framework, Concepts and value
- 9 Professional Ethics and codes of professional ethics.
- 10 Professional values, attitudes and code of conduct for accountants
- 11 Interests, behaviour, influence and conflicts of stakeholders
- 12 Professional requirements in Financial Reporting and Auditing
- 13 Ethical threats and safeguards.
- 14 Conflicts of interest in corporate and professional environment
- 15 Revision & Examination

**Course Requirement/Assessment:** The approach will be relying on assigned readings, normal class lectures, problem solving, and case analysis. The assessment shall be based on Continuous Assessments (40%) and semester examination (60%). The Continuous Assessment shall be made up of attendance, class work/participation and graded tests/assignments. In addition to the worked examples that would be treated in class, 12 additional tutorial questions, covering all the topics treated have been provided for students' practice.

### **Section C: Reading List:**

- 1 Elegido J M (2004) Fundamentals of Business Ethics – a developing nation perspective. Spectrum Books Ltd, Ibadan
- 2 Eno L Inanga & Olatundun Adelegan (2013) Principles of Accounting . HEBN Publishers, Ibadan
- 3 Alexander & Britton: Financial Reporting – 5<sup>th</sup> Edition. International Thompson publishing Co.
- 4 Institute of Chartered Accountants of Nigeria: Financial Reporting & Ethics Study Pack. VI Publishers
- 5 International Federation of Accountants (IFAC): Code of Ethics for Professional Accountants. July 2009
- 6 International Accounting Standards Board (IASB): International Financial Reporting Standards (IFRS) 2001
- 7 Nigerian Accounting Standards Board: Statements of Accounting Standards  
3 Professional Accountancy Journals.

### **Section D: Tutorial Questions**

- 1. IAS 1 describes and provides guidance on the general features of financial statements. You are required to discuss in details the following features as provided by the Standard.
  - (a) Fair Presentation and compliance with IFRS
  - (b) Going Concern
  - (c) Materiality and aggregation
  - (d) Offsetting
  - (e) Comparative information

- 2 (a) Discuss the nature of ratio analysis in assessing the performance of firms, emphasizing principally profitability, liquidity and gearing ratios  
 (b) Discuss five uses and five limitations of ratio analysis in the interpretation of financial statements.
  
- 3 Section 342 of the Companies and Allied Matters Act 1990 as amended, requires directors to include certain information in their reports on annual accounts of a Public Limited Liability Company.  
 (a) State the matters which should be included in a directors' report.  
 (b) Explain the auditor's statutory responsibility for the contents of such director' report
  
- 4 (a) Who is responsible for the preparation of financial statements?  
 b. What is the role of the auditor as to the financial statements?  
 c. Auditors are often included as defendants in lawsuits that relate to the financial statements. Speculate as to why this is the case.  
 d. State the types of audit opinions that the auditor can express  
 e. List the users of this audit report and of what use the report is to each of them?
  
5. (a) What are the contents of a statement of changes in equity (SOCIE)?  
 (b) What are the requirements of IAS 8 (Accounting policies, changes in accounting estimates and errors) with respect to SOCIE ?  
 © What are "Notes to the financial statements"?  
 (d) Discuss the disclosure requirements of the Accounting Standards with respect to disclosure in IAS 8.
  
- 6(a) What are the objectives of IAS 10 (Events after the reporting period)?  
 (b) In line with IAS 10, how do you account for adjusting events after the reporting period?  
 (c) What are the disclosure requirements for non-adjusting events after the reporting period?
  
- 7 (i) Who are the parties that will be interested in the financial report of a Public Limited Company and what do they need it for?  
 (ii) What should be the objectives and characteristics of corporate reporting?  
 (iii) State the essence of regulating Financial Reporting
  
- 8 (a) Discuss the objectives and structure of the Financial Reporting Council of Nigeria (FRCN)  
 (b) Explain specifically the responsibilities of the FRCN  
 (c.)What is the implication of adopting International Financial Reporting Standards (IFRS).

- 9 The Code of Ethics for professional Accountants of July 2009 issued by the International Federation of Accountants (IFAC) stipulates the fundamental principles, under section 100.5, which a professional accountant should comply with. You are required to discuss these fundamental principles.
10. (a) Under what circumstances may professional accountants disclose confidential information under IFAC code of ethics 2009?  
 (b) Write short notes on "Quality Control" and "Peer Review" Programme.
- 11 (a) Explain "Conflict of Interest in Corporate and Professional Environments."  
 (b) Discuss the recommendations of IFAC, adopted by ICAN, for the management of conflicts of interest.
- 12 (a) What is "Creative Accounting"?  
 (b) Discuss five general sources of ethical threat that creative accounting pose.  
 (c.) How should ethical threats be managed?  
 (d) Discuss the concept of "Whistle-Blowing", relating it to the creation of the Audit alarm Committee.  
 (e) When can whistle-blowing be justified?

**Course Title: Financial Reporting & Ethics**

**Course Code: ACC 417**

**2017/2018 Session, 2<sup>nd</sup> Semester**

**Marking Guide**

Q1		
(a)	Fair Presentation and compliance with IFRS	3marks
(b)	Going Concern	3 marks
(c)	Materiality and aggregation	3 marks
(d)	Offsetting	3 marks
(e)	Comparative information	3 marks
<b>Total</b>		<b>15 marks</b>
Q2	Nature of ratio analysis	2.5 marks
	Profitability ratios	2.5 marks
	Liquidity ratios	2.5 marks
	Gearing ratios	2.5 marks
	Five uses of ratio analysis	2.5 marks
	Five limitations of ratio analysis	2.5 marks
	<b>Total</b>	<b>15 marks</b>

Q3 (a) Matters which should be included in a directors' report.	10 marks
(b) The auditor's statutory responsibility for the contents of director' report	5 marks
<b>Total</b>	<b>15 marks</b>

Q 4 (a) Person responsible for the preparation of financial statements	2 marks
b. The role of the auditor as to the financial statements?	2marks
c. Why Auditors are often included as defendants in lawsuits that relate to the financial statements.	2marks
d. Types of audit opinions that the auditor can express	2 marks
e. The users of the audit report and the use to each of them	7 marks
<b>Total</b>	<b>15 marks</b>

Q 5 (a) Contents of a statement of changes in equity (SOCIE)	4 marks
(b) Requirements of IAS 8 (Accounting policies, changes in accounting estimates and errors) with respect to SOCIE	4 marks
© Notes to the financial statements	3 marks
(d) The disclosure requirements of Accounting Standards with respect to disclosure in IAS 8.	4 marks
<b>Total</b>	<b>15 marks</b>

Q 6 (a) What are the objectives of IAS 10	5 marks
(b) Accounting for adjusting events after the reporting period	5 marks
(c) The disclosure requirements for non-adjusting events after the reporting period?	5 marks
<b>Total</b>	<b>15 marks</b>

Q 7 (i) Parties that are interested in the financial report of a Public Limited Company and What they need it for	4 marks
ii. The objectives and characteristics of corporate reporting	4 marks
(iii) The essence of regulating Financial Reporting	3 marks
<b>Total</b>	<b>15 marks</b>

Q 8 (a) Objectives and structure of the Financial Reporting Council of Nigeria (FRCN)	8 marks
(b) The responsibilities the Directorate of Accounting Standards of FRCN	4 marks
(c.)The implication of adopting International Financial Reporting Standards (IFRS).	3 marks
<b>Total</b>	<b>15 marks</b>

Q 9	Seven fundamental principles, under section 100.5, which a professional accountant should comply with @ 2 marks each, + 1	
	<b>Total</b>	<b>15 marks</b>
Q 10 (a)	Circumstances under which professional accountants can disclose confidential information under IFAC code of ethics 2009	7 marks
(b)	Quality Control	4 marks
	Peer Review Programme.	4 marks
	<b>Total</b>	<b>15 marks</b>
Q 11 (a)	Conflict of Interest in Corporate and Professional Environments.	7 marks
(b)	Recommendations of IFAC, adopted by ICAN, for the management of conflicts of interest.	8 marks
	<b>Total</b>	<b>15 marks</b>
Q 12 (a)	Meaning of Creative Accounting	3 marks
(b)	Any 3 general sources of ethical threat that creative accounting pose.	3 marks
(c.)	How to manage each threat.	3 marks
(d)	Concept of “Whistle-Blowing”, relating it to the creation of the Audit alarm Committee.	3 marks
(e)	Three situations when whistle-blowing is justified.	3 marks
	<b>Total</b>	<b>15 marks</b>