PO 10: Prepare financial statements for external purposes

Financial statements are one of the mainstays of the accountant in business, prepared according to relevant regulations, accounting standards and other guidelines, depending on the type of organisation. However, with stakeholders increasingly including not only other finance professionals, experienced investors and business analysts but also the general public, it is crucial that statements can be understood by all users. Additionally, information used to prepare final documents must be verifiable as whole and accurate.

There’s more to compiling financial statements and accounts than simply arriving at the final figures. Other relevant activities might include:

- preparing supporting schedules and notes, and statements of affairs
- checking that documents and files of transactions recorded in the books have been posted accurately
- analysing historical data to show year-on-year or month-to-month changes in various financial positions
- selecting key information and drafting relevant interpretations for cover statements for bank reports.

The next step is to answer the challenge questions for this objective in the trainee development matrix (TDM):

- Your trainee should explain their role in the preparation of financial statements
  – trainees should be specific about where their responsibilities sit in the overall business process, eg where they obtain information and figures from, how they decide to use them and what happens after they’ve posted to the relevant ledger
  – trainees should also consider any periodic reports they compile for management, or to support the FD or partner’s monthly or quarterly presentation to management
- Trainees should explain how they have ensured that the statements they have prepared meet all necessary requirements?
  – they should reflect on how they verify that figures they use or present are whole and accurate; this could take the form of simple checklists, double-checking that previous transactions have been recorded properly or reconciling with bank accounts
- Trainees should explain how they have used supporting (possibly non-financial) information to make these more easily understood by users?
– show how they have avoided (or explained) jargon, or used case studies to illustrate certain financial positions
– graphs and charts may provide useful illustrations of revenue or expenditure trends to managers with a lighter grasp of the financials.


For PER support and advice on answering challenge questions [www.accaglobal.com/students/acca/per/support](http://www.accaglobal.com/students/acca/per/support)