One report, connected statements

Report component	What to connect or check
Financial position	Assets = liabilities + equity. Separate current/non-current unless a liquidity presentation is more relevant and reliable.
Profit/loss and OCI	Profit + OCI = total comprehensive income. Keep potentially recyclable OCI separate from non-recyclable OCI.
Changes in equity	Opening equity + comprehensive income + owner contributions - distributions = closing equity; identify restatements separately.
Cash flows	Opening cash + operating + investing + financing + exchange effects = closing cash. Exclude non-cash transactions from cash lines.
Notes and comparisons	Explain material policies, judgements, estimates and disaggregations. Cross-reference the statements. Include prior-period comparatives.

Opening comparative position: a third balance sheet is needed when a qualifying retrospective change/reclassification materially affects the opening position of the preceding period; it is not automatic for every correction.

Before signing off the presentation

Identify the entity/group, reporting date/period, currency and rounding. Assess going concern. Use accrual accounting except for cash-flow information. Separate material items; do not offset unless permitted. Keep presentation consistent or explain a justified change.

Illustrative line-item checks: PPE, investment property, intangibles, financial assets, equity-accounted investments, inventories, receivables, cash, payables, provisions, financial liabilities, current/deferred tax and equity. Consider held-for-sale/disposal groups and industry-specific requirements. This is not an exhaustive checklist.

IAS 8 hierarchy: apply the relevant standard first. If none addresses the transaction, consider similar/related requirements, then Framework concepts. Other literature or practices must not conflict with these higher sources.

CPA Australia FR study guide, sixth edition (October 2022), Module 2. Original Accounting Ahead workings and design. Guide printed pages 62-73, 92-99. AASB 101 (December 2021): standards.aasb.gov.au/aasb-101-dec-2021 (paras 10, 15-54, 106-138); AASB 108 (March 2020), paras 7-12.

Change the layout, not the result

Example assumptions: $000; no income-tax expense or other unlisted income/expense in this simplified illustration. Revenue 195; materials 54, employees 38, depreciation 12, other costs 16. Total costs = 120; profit = 75.

By nature	Amount	By function	Amount
Revenue	195	Revenue	195
Materials	(54)	Cost of sales	(84)
Employees	(38)	Gross profit	111
Depreciation	(12)	Selling	(22)
Other costs	(16)	Administration	(14)
Profit	75	Profit	75

Allocation check: cost of sales = materials 54 + employees 18 + depreciation 8 + other 4 = 84. Selling = employees 12 + depreciation 2 + other 8 = 22. Administration = employees 8 + depreciation 2 + other 4 = 14. Total = 120 in either view. Do not expense the same cost twice.

Use the analysis that provides reliable and more relevant information. A function presentation also discloses additional nature information, including depreciation/amortisation and employee-benefit expense.

One combined statement or two consecutive statements

Single statement	Two statements
Profit/loss section ends with profit 75	Statement 1 ends with profit 75
OCI section: net non-recyclable gain 9; net recyclable loss (4)	Statement 2 starts with profit 75, then shows the same OCI groups
Total comprehensive income = 75 + 9 - 4 = 80	Total comprehensive income = 80

OCI example amounts above are independently assumed net of tax and separate from the expense-allocation exercise. Disclose tax relating to each OCI item, including reclassifications. If OCI is shown before tax, allocate aggregate tax between its two groups. Material reclassification adjustments remain identifiable.

CPA Australia FR study guide, sixth edition (October 2022), Module 2. Original Accounting Ahead workings and design. Guide printed pages 83-94. AASB 101 (December 2021): standards.aasb.gov.au/aasb-101-dec-2021 (paras 81A-105). Examples are teaching extracts, not complete statutory statements.

Interim, segments and analysis

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Interim comparison periods

Statement	Current presentation	Comparator
Financial position	End of current interim period	End of preceding annual year
Profit/loss and OCI	Current interim period and year to date	Equivalent prior-year periods
Changes in equity	Current year to date	Equivalent prior-year YTD
Cash flows	Current year to date	Equivalent prior-year YTD

For a June half-year in a calendar-year entity, compare the June position with the previous December position; compare half-year performance and flows with the previous June half-year. Interim reports update the annual information.

Reportable-segment checks

10% tests: segment revenue includes internal and external sales; compare with combined segment revenue. Compare segment assets with combined segment assets. For profit/loss, compare the absolute segment result with 10% of the greater absolute total of profitable segments or loss-making segments. Meeting any test is sufficient, subject to the standard's wider rules.

75% check: reportable segments must cover at least 75% of entity external revenue; identify more segments if needed. This denominator differs from the 10% revenue test.

Two ratios, two different questions

Measure	Original example ($000)	Interpretation limit
Current ratio = current assets / current liabilities	126 / 72 = 1.75 times	Timing and asset quality matter; no universal ideal.
Borrowings/equity = interest-bearing borrowings / equity	96 / 160 = 60%	Define borrowings, including leases if applicable; not total liabilities/equity.

Commentary pattern: identify the movement, explain its driver, cite the relevant note, then state uncertainty. Compare like periods and policies; cash growth may come from borrowing rather than operations.

CPA Australia FR study guide, sixth edition (October 2022), Module 2. Original Accounting Ahead workings and design. Guide printed pages 65-68, 90-91, 99-100. AASB 134 (December 2021), para 20; AASB 8 (March 2020), paras 13-15. Ratios are analytical conventions, not prescribed pass marks.