

Note: This document only contains information related to the FAR section. Download the other Exam section Blueprints or the complete Exam Blueprints at [aicpa.org/examblueprints](http://aicpa.org/examblueprints).

# Uniform CPA Examination<sup>®</sup> Financial Accounting and Reporting (FAR) Blueprint

Approved by the Board of Examiners  
American Institute of CPAs  
Oct. 4, 2018

Effective date: July 1, 2019



## Table of contents

---

### 2 Introduction: Uniform CPA Examination Blueprints

---

#### AUD1 Auditing and Attestation (AUD)

- AUD2 Section introduction
- AUD6 Summary blueprint
- AUD7 Area I – Ethics, Professional Responsibilities and General Principles
- AUD12 Area II – Assessing Risk and Developing a Planned Response
- AUD18 Area III – Performing Further Procedures and Obtaining Evidence
- AUD23 Area IV – Forming Conclusions and Reporting

---

#### BEC1 Business Environment and Concepts (BEC)

- BEC2 Section introduction
- BEC6 Summary blueprint
- BEC7 Area I – Corporate Governance
- BEC9 Area II – Economic Concepts and Analysis
- BEC11 Area III – Financial Management
- BEC13 Area IV – Information Technology
- BEC16 Area V – Operations Management

---

### FAR1 Financial Accounting and Reporting (FAR)

- FAR2 Section introduction
- FAR6 Summary blueprint
- FAR7 Area I – Conceptual Framework, Standard-Setting and Financial Reporting
- FAR13 Area II – Select Financial Statement Accounts
- FAR19 Area III – Select Transactions
- FAR24 Area IV – State and Local Governments

---

### REG1 Regulation (REG)

- REG2 Section introduction
- REG5 Summary blueprint
- REG6 Area I – Ethics, Professional Responsibilities and Federal Tax Procedures
- REG8 Area II – Business Law
- REG12 Area III – Federal Taxation of Property Transactions
- REG15 Area IV – Federal Taxation of Individuals
- REG18 Area V – Federal Taxation of Entities

## Uniform CPA Examination Blueprints

The Uniform CPA Examination (the Exam) is comprised of four sections, each four hours long: Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR) and Regulation (REG).

The table below presents the design of the Exam by section, section time and question type.

Section	Section time	Multiple-choice questions (MCQs)	Task-based simulations (TBSs)	Written communication
AUD	4 hours	72	8	—
BEC	4 hours	62	4	3
FAR	4 hours	66	8	—
REG	4 hours	76	8	—

The table below presents the scoring weight of multiple-choice questions (MCQs), task-based simulations (TBSs) and written communication for each Exam section.

Section	Score weighting		
	Multiple-choice questions (MCQs)	Task-based simulations (TBSs)	Written communication
AUD	50%	50%	—
BEC	50%	35%	15%
FAR	50%	50%	—
REG	50%	50%	—

The AICPA has adopted a skill framework for the Exam based on the revised Bloom's Taxonomy of Educational Objectives. Bloom's Taxonomy classifies a continuum of skills that students can be expected to learn and demonstrate.

Approximately 600 representative tasks that are critical to a newly licensed CPA's role in protecting the public interest have been identified. The representative tasks combine both the applicable content knowledge and skills required in the context of the work of a newly licensed CPA. Based on the nature of a task, one of four skill levels, derived from the revised Bloom's Taxonomy, was assigned to each of the tasks, as follows:

Skill levels	
↑ Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

## Uniform CPA Examination Blueprints (continued)

The skill levels to be assessed on each section of the Exam are included in the table below.

Section	Remembering and Understanding	Application	Analysis	Evaluation
AUD	30–40%	30–40%	15–25%	5–15%
BEC	15–25%	50–60%*	20–30%	—
FAR	10–20%	50–60%	25–35%	—
REG	25–35%	35–45%	25–35%	—

\*Includes written communication

Each section of the Exam has a section introduction and a corresponding section blueprint.

- The **section introduction** outlines the scope of the section, the content organization and tasks, the content allocation, the overview of content areas, the skill allocation and a listing of the section’s applicable reference literature.
- The **section blueprint** outlines the content to be tested, the associated skill level to be tested and the representative tasks a newly licensed CPA would need to perform to be considered competent. The blueprints are organized by content AREA, content GROUP, and content TOPIC. Each topic includes one or more representative TASKS that a newly licensed CPA may be expected to complete.

The purpose of the blueprint is to:

- Document the minimum level of knowledge and skills necessary for initial licensure.
- Assist candidates in preparing for the Exam by outlining the knowledge and skills that may be tested.
- Apprise educators about the knowledge and skills candidates will need to function as newly licensed CPAs.
- Guide the development of Exam questions.

The tasks in the blueprints are representative and are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested on the Exam. It also should be noted that the number of tasks associated with a particular content group or topic is not indicative of the extent such content group, topic or related skill level will be assessed on the Exam.

Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom’s Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

# Uniform CPA Examination Financial Accounting and Reporting (FAR)

## Blueprint



# Financial Accounting and Reporting

The Financial Accounting and Reporting (FAR) section of the Uniform CPA Examination (the Exam) assesses the knowledge and skills that a newly licensed CPA must demonstrate in the financial accounting and reporting frameworks used by business entities (public and nonpublic), not-for-profit entities and state and local government entities.

The financial accounting and reporting frameworks that are eligible for assessment within the FAR section of the Exam include the standards and regulations issued by the:

- Financial Accounting Standards Board (FASB)
- U.S. Securities and Exchange Commission (U.S. SEC)
- American Institute of Certified Public Accountants (AICPA)
- Governmental Accounting Standards Board (GASB)
- International Accounting Standards Board (IASB)

A listing of standards and regulations promulgated by these bodies, and other reference materials that are eligible for assessment in the FAR section of the Exam are included under References at the conclusion of this introduction.

## Content organization and tasks

The FAR section blueprint is organized by content AREA, content GROUP and content TOPIC. Each group or topic includes one or more representative TASKS that a newly licensed CPA may be expected to complete in practice.

Tasks in the FAR section blueprint are representative. The tasks are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the FAR section of the Exam. Additionally, it should be noted that the number of tasks associated with a particular content group or topic is not indicative of the extent such content group, topic or related skill level will be assessed on the Exam. For example, the topic titled “Notes to financial statements” in Area I includes two tasks that are intended to encompass the required disclosures for any topic in the FASB Accounting Standards Codification, while the group titled “Leases” in Area III includes eight tasks that are limited to the accounting requirements in the Leases Topic of the FASB Accounting Standards Codification. The number of tasks included in the blueprint for this

group and this topic is not intended to suggest that “Leases” are more significant to newly licensed CPAs or will be tested more than the “Notes to financial statements.” Similarly, examples provided within the task statements should not be viewed as all-inclusive.

## Content allocation

The following table summarizes the content areas and the allocation of content tested in the FAR section of the Exam:

Content area		Allocation
Area I	Conceptual Framework, Standard-Setting and Financial Reporting	25–35%
Area II	Select Financial Statement Accounts	30–40%
Area III	Select Transactions	20–30%
Area IV	State and Local Governments	5–15%

## Overview of content areas

Area I of the FAR section blueprint covers FASB’s Conceptual Framework, FASB’s standard-setting process and several different financial reporting topics. The financial reporting topics include the following:

- General-purpose financial statements applicable to for-profit entities, not-for-profit entities and employee benefit plans under the FASB Accounting Standards Codification
- Disclosures specific to public companies including earnings per share and segment reporting under the FASB Accounting Standards Codification and the interim, annual and periodic filing requirements for U.S. registrants in accordance with the rules of the U.S. SEC
- Financial statements prepared under special purpose frameworks as described in AU-C Section 800 of the Codification of Statements on Auditing Standards

## Financial Accounting and Reporting (continued)

Area II of the FAR section blueprint covers the financial accounting and reporting requirements in the FASB Accounting Standards Codification that are applicable to select financial statement accounts.

- To the extent applicable, each group and topic in the area is eligible for testing within the context of both for-profit and not-for-profit entities.
  - If significant accounting or reporting differences exist between for-profit and not-for-profit entities for a given group or topic, such differences are in representative not-for-profit tasks in the blueprint.

Area III of the FAR section blueprint covers the financial accounting and reporting requirements for select transactions that are applicable to entities under the FASB Accounting Standards Codification and the IASB standards.

- The testing of content under the IASB standards is limited to a separate group titled, “Differences between IFRS and U.S. GAAP.”
- To the extent applicable, the remaining groups in the area are eligible for testing within the context of both for-profit and not-for-profit entities.
  - If significant accounting or reporting differences exist between for-profit and not-for-profit entities, such differences are in representative not-for-profit tasks in the blueprint.

Area IV of the FAR section blueprint covers GASB’s conceptual framework as well as the financial accounting and reporting requirements for state and local governments under the GASB standards and interpretations.

### Section assumptions

The FAR section of the Exam includes multiple-choice questions, task-based simulations and research prompts. When completing questions in the FAR section of the Exam, candidates should assume that all of the information provided in each question is material. In addition, candidates should assume that each question applies to a for-profit business entity reporting under U.S. GAAP unless otherwise stated in the fact pattern for a question. For example, questions that apply to not-for-profit entities specify the nature of these entities

as “not-for-profit” or “non-governmental, not-for-profit.” Questions that apply to IFRS include phrases such as “under IFRS” or “according to IFRS.” Questions that apply to the state and local governments include phrases such as “local government,” “state,” “municipality” or “city.”

### Skill allocation

The Exam focuses on testing higher order skills. Based on the nature of the task, each representative task in the FAR section blueprint is assigned a skill level. FAR section considerations related to the skill levels are discussed below.

Skill levels	
↑ Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

## Financial Accounting and Reporting (continued)

- Remembering and Understanding tasks are in all four areas of the FAR blueprint. These tasks, such as identifying transactions and financial reporting requirements, frequently require newly licensed CPAs to demonstrate their comprehension of accounting concepts and standards. Area IV has the highest concentration of remembering and understanding tasks.
- Application tasks are in all four areas of the FAR blueprint. These tasks, such as preparing journal entries and financial statements, frequently require newly licensed CPAs to use accounting concepts and standards to measure and recognize financial statement amounts.
- Analysis tasks are in Area I, Area II and Area III of the FAR blueprint. These tasks, such as reconciling account balances, interpreting agreements and detecting financial reporting discrepancies, frequently require newly licensed CPAs to demonstrate a higher level of interpretation. Area I and Area II have the highest concentration of analysis tasks.

The representative tasks combine both the applicable content knowledge and the skills required in the context of the work that a newly licensed CPA would reasonably be expected to perform. The FAR section does not test any content at the Evaluation skill level as newly licensed CPAs are not expected to demonstrate that level of skill in regards to the FAR content.



## Financial Accounting and Reporting (continued)

### References – Financial Accounting and Reporting

- Financial Accounting Standards Board (FASB) Accounting Standards Codification
- FASB Concepts Statements
- U.S. Securities and Exchange Commission References:
  - Securities Exchange Act of 1934
  - Regulation S-X of the Code of Federal Regulations (17 CFR Part 210)
  - Regulation S-K of the Code of Federal Regulations (17 CFR Part 229)
- Codification of Statements on Auditing Standards: AU-C Section 800, Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
- AICPA Accounting and Auditing Guides
- International Financial Reporting Standards (IFRS) References:
  - International Financial Reporting Standards
  - International Accounting Standards
  - Interpretations issued by the IFRS Interpretations Committee
  - Interpretations issued by the Standing Interpretations Committee
- State and Local Government References:
  - Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards
  - GASB Statements, Interpretations, Technical Bulletins and Concepts Statements
  - National Council on Governmental Accounting (NCGA) Statements and Interpretations
- Current textbooks on accounting for business entities, not-for-profit entities, and state and local government entities

## Summary blueprint

Content area allocation	Weight
I. Conceptual Framework, Standard-Setting and Financial Reporting	25–35%
II. Select Financial Statement Accounts	30–40%
III. Select Transactions	20–30%
IV. State and Local Governments	5–15%

Skill allocation	Weight
Evaluation	–
Analysis	25–35%
Application	50–60%
Remembering and Understanding	10–20%

## Area I – Conceptual Framework, Standard-Setting and Financial Reporting (25–35%)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>A. Conceptual framework and standard-setting for business and nonbusiness entities</b>				
1. Conceptual framework	✓			Recall the purpose and characteristics in the conceptual framework for business and nonbusiness entities.
2. Standard-setting process	✓			Recall the due process steps followed by the FASB to establish financial accounting and reporting standards.
<b>B. General-purpose financial statements: for-profit business entities</b>				
1. Balance sheet/ statement of financial position		✓		Prepare a classified balance sheet from a trial balance and supporting documentation.
		✓		Adjust the balance sheet to correct identified errors.
			✓	Detect, investigate and correct discrepancies while agreeing the balance sheet amounts to supporting documentation.
			✓	Calculate fluctuations and ratios and interpret the results while reviewing comparative balance sheets.
2. Income statement/ statement of profit or loss		✓		Prepare a multiple-step income statement from a trial balance and supporting documentation.
		✓		Prepare a single-step income statement from a trial balance and supporting documentation.
		✓		Adjust the income statement to correct identified errors.
			✓	Detect, investigate and correct discrepancies while agreeing the income statement amounts to supporting documentation.
			✓	Calculate fluctuations and ratios and interpret the results while reviewing comparative income statements.

## Area I – Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) (continued)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>B. General-purpose financial statements: for-profit business entities (continued)</b>				
3. Statement of comprehensive income		✓		Prepare a statement of comprehensive income from a trial balance and supporting documentation.
		✓		Calculate reclassification adjustments for items of other comprehensive income.
		✓		Adjust the statement of comprehensive income to correct identified errors.
			✓	Detect, investigate and correct discrepancies while agreeing the statement of comprehensive income amounts to supporting documentation.
4. Statement of changes in equity		✓		Prepare a statement of changes in equity from a trial balance and supporting documentation.
		✓		Adjust the statement of changes in equity to correct identified errors.
			✓	Detect, investigate and correct discrepancies while agreeing the statement of changes in equity amounts to supporting documentation.
5. Statement of cash flows		✓		Prepare a statement of cash flows using the direct method and required disclosures from supporting documentation.
		✓		Prepare a statement of cash flows using the indirect method and required disclosures from supporting documentation.
		✓		Adjust a statement of cash flows to correct identified errors.
			✓	Detect, investigate and correct discrepancies while agreeing the statement of cash flows amounts to supporting documentation.
			✓	Derive the impact of transactions on the statement of cash flows.

## Area I – Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) (continued)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>B. General-purpose financial statements: for-profit business entities (continued)</b>				
6. Notes to financial statements		✓		Adjust the notes to the financial statements to correct identified errors and omissions.
			✓	Compare the notes to the financial statements to the financial statements and supporting documentation to identify inconsistencies and investigate those inconsistencies.
7. Consolidated financial statements (including wholly owned subsidiaries and noncontrolling interests)	✓			Recall basic consolidation concepts and terms (e.g. controlling interest, noncontrolling interest, primary beneficiary, variable interest entity).
		✓		Prepare consolidated financial statements (includes adjustments, eliminations and/or noncontrolling interests) from supporting documentation.
		✓		Adjust consolidated financial statements to correct identified errors.
			✓	Detect, investigate and correct discrepancies identified while agreeing the consolidated financial statement amounts to supporting documentation.
8. Discontinued operations		✓		Prepare the discontinued operations portion of the financial statements from a trial balance and supporting documentation.
9. Going concern	✓			Recall the requirements for disclosing uncertainties about an entity's ability to continue as a going concern.

## Area I – Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) (continued)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>C. General-purpose financial statements: nongovernmental, not-for-profit entities</b>				
1. Statement of financial position	✓			Recall the purpose and objectives of the statement of financial position for a nongovernmental, not-for-profit entity.
		✓		Prepare a statement of financial position for a nongovernmental, not-for-profit entity from a trial balance and supporting documentation.
		✓		Adjust the statement of financial position for a nongovernmental, not-for-profit entity to correct identified errors.
2. Statement of activities	✓			Recall the purpose and objectives of the statement of activities for a nongovernmental, not-for-profit entity.
		✓		Prepare a statement of activities for a nongovernmental, not-for-profit entity from a trial balance and supporting documentation.
		✓		Adjust the statement of activities for a nongovernmental, not-for-profit entity to correct identified errors.
3. Statement of cash flows	✓			Recall the purpose and objectives of the statement of cash flows for a nongovernmental, not-for-profit entity.
		✓		Prepare a statement of cash flows and required disclosures using the direct method for a nongovernmental, not-for-profit entity.
		✓		Prepare a statement of cash flows and required disclosures using the indirect method for a nongovernmental, not-for-profit entity.
		✓		Adjust the statement of cash flows for a nongovernmental, not-for-profit entity to correct identified errors.
4. Notes to financial statements		✓		Adjust the notes to the financial statements to correct identified errors and omissions.

## Area I – Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) (continued)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>D. Public company reporting topics (U.S. SEC reporting requirements, earnings per share and segment reporting)</b>				
	✓			Recall the purpose of forms 10-Q, 10-K and 8-K that a U.S. registrant is required to file with the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934.
	✓			Identify the significant components of Form 10-Q and Form 10-K filed with the U.S. Securities and Exchange Commission.
		✓		Prepare financial statement note disclosures for reportable segments.
		✓		Calculate basic earnings per share.
		✓		Calculate diluted earnings per share.
<b>E. Financial statements of employee benefit plans</b>				
	✓			Identify the required financial statements for a defined benefit pension plan and a defined contribution pension plan.
		✓		Prepare a statement of changes in net assets available for benefits for a defined benefit pension plan and a defined contribution pension plan.
		✓		Prepare a statement of net assets available for benefits for a defined benefit pension plan and a defined contribution pension plan.

## Area I – Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
F. Special purpose frameworks					
	✓				Recall appropriate financial statement titles to be used for the financial statements prepared under a special purpose framework.
		✓			Perform calculations to convert cash basis or modified cash basis financial statements to accrual basis financial statements.
		✓			Prepare financial statements using the cash basis of accounting.
		✓			Prepare financial statements using a modified cash basis of accounting.
		✓			Prepare financial statements using the income tax basis of accounting.



## Area II – Select Financial Statement Accounts (30–40%)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>A. Cash and cash equivalents</b>				
	✓			Calculate cash and cash equivalents balances to be reported in the financial statements.
			✓	Reconcile the cash balance per the bank statement to the general ledger.
			✓	Investigate unreconciled cash balances to determine whether an adjustment to the general ledger is necessary.
<b>B. Trade receivables</b>				
	✓			Calculate trade receivables and allowances and prepare journal entries.
	✓			Prepare any required journal entries to record the transfer of trade receivables (secured borrowings, factoring, assignment, pledging).
			✓	Prepare a rollforward of the trade receivables account balance using various sources of information.
			✓	Reconcile and investigate differences between the subledger and general ledger for trade receivables to determine whether an adjustment is necessary.
<b>C. Inventory</b>				
	✓			Calculate the carrying amount of inventory and prepare journal entries using various costing methods.
	✓			Measure impairment losses on inventory.
			✓	Prepare a rollforward of the inventory account balance using various sources of information.
			✓	Reconcile and investigate differences between the subledger and general ledger for inventory to determine whether an adjustment is necessary.

## Area II – Select Financial Statement Accounts (30–40%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>D. Property, plant and equipment</b>					
		✓			Calculate the gross and net property, plant and equipment balances and prepare journal entries.
		✓			Calculate gains or losses on the disposal of long-lived assets to be recognized in the financial statements.
		✓			Measure impairment losses on long-lived assets to be recognized in the financial statements.
		✓			Calculate the amounts necessary to prepare journal entries to record a nonmonetary exchange.
		✓			Determine whether an asset qualifies to be reported as held for sale in the financial statements.
		✓			Adjust the carrying amount of assets held for sale and calculate the loss to be recognized in the financial statements.
			✓		Prepare a rollforward of the property, plant and equipment account balance using various sources of information.
			✓		Reconcile and investigate differences between the subledger and general ledger for property, plant and equipment to determine whether an adjustment is necessary.
<b>E. Investments</b>					
1. Financial assets at fair value	✓				Identify investments that are eligible or required to be reported at fair value in the financial statements.
		✓			Calculate the carrying amount of investments measured at fair value and prepare journal entries (excluding impairment).

## Area II – Select Financial Statement Accounts (30–40%) (continued)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
E. Investments (continued)				
1. Financial assets at fair value (continued)		✓		Calculate gains and losses to be recognized in net income or other comprehensive income for investments measured at fair value and prepare journal entries.
		✓		Calculate investment income to be recognized in net income for investments measured at fair value and prepare journal entries.
		✓		Measure impairment losses to be recognized on applicable investments reported at fair value in the financial statements.
2. Financial assets at amortized cost	✓			Identify investments that are eligible to be reported at amortized cost in the financial statements.
		✓		Calculate the carrying amount of investments measured at amortized cost and prepare journal entries (excluding impairment).
		✓		Measure impairment losses to be recognized on investments reported at amortized cost in the financial statements.
3. Equity method investments	✓			Identify when the equity method of accounting can be applied to an investment.
		✓		Calculate the carrying amount of equity method investments and prepare journal entries (excluding impairment).
		✓		Measure impairment losses to be recognized in the financial statements on equity method investments.

## Area II – Select Financial Statement Accounts (30–40%) (continued)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>F. Intangible assets – goodwill and other</b>				
	✓			Identify the criteria for recognizing intangible assets in the statement of financial position and classify intangible assets as either finite-lived or indefinite-lived.
	✓			Identify impairment indicators for goodwill and other indefinite-lived intangible assets.
		✓		Calculate the carrying amount of finite-lived intangible assets reported in the financial statements (initial measurement, amortization and impairment) and prepare journal entries.
		✓		Calculate the carrying amount of goodwill and other indefinite-lived intangible assets reported in the financial statements (includes initial measurement and impairment) and prepare journal entries.
<b>G. Payables and accrued liabilities</b>				
		✓		Calculate the carrying amount of payables and accrued liabilities and prepare journal entries.
		✓		Identify and calculate liabilities arising from exit or disposal activities and determine the timing of recognition in the financial statements.
		✓		Calculate the liabilities and assets resulting from asset retirement obligations and prepare journal entries.
			✓	Reconcile and investigate differences between the subledger and general ledger for accounts payable and accrued liabilities to determine whether an adjustment is necessary.
<b>H. Long-term debt (financial liabilities)</b>				
1. Notes and bonds payable	✓			Classify a change to a debt instrument as either a modification of terms or an extinguishment of debt.
	✓			Understand when a change to the terms of a debt instrument qualifies as a troubled debt restructuring.
	✓			Classify a financial instrument as either debt or equity, based on its characteristics.

## Area II – Select Financial Statement Accounts (30–40%) (continued)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>H. Long-term debt (financial liabilities) (continued)</b>				
1. Notes and bonds payable (continued)		✓		Calculate the interest expense attributable to notes and bonds payable reported in the financial statements (including discounts, premiums or debt issuance costs).
		✓		Calculate the carrying amount of notes and bonds payable and prepare journal entries.
2. Debt covenant compliance		✓		Perform debt covenant calculations as stipulated in a debt agreement to ascertain compliance.
<b>I. Equity</b>				
		✓		Prepare journal entries to recognize equity transactions in the financial statements.
		✓		Calculate net asset balances for a nongovernmental, not-for-profit entity and prepare journal entries.
<b>J. Revenue recognition</b>				
	✓			Recall concepts of accounting for revenue.
		✓		Determine the amount and timing of revenue to be recognized under a contract and prepare journal entries.
		✓		Determine revenue to be recognized by a nongovernmental, not-for-profit entity for contributed services received and prepare journal entries.
			✓	Interpret agreements, contracts and/or other supporting documentation to determine the amount and timing of revenue to be recognized in the financial statements.
			✓	Reconcile and investigate differences between the sales subledger and the general ledger to determine whether an adjustment is necessary.

## Area II – Select Financial Statement Accounts (30–40%) (continued)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>K. Compensation and benefits</b>				
1. Compensated absences		✓		Calculate the carrying amount of the liability for compensated absences and prepare journal entries.
2. Retirement benefits		✓		Use actuarial outputs to calculate the costs and the funded status for a defined benefit pension plan or a defined benefit postretirement plan and prepare journal entries.
3. Stock compensation (share-based payments)	✓			Recall concepts associated with share-based payment arrangements (grant date, vesting conditions, inputs to valuation techniques, valuation models).
		✓		Calculate compensation costs to be recognized for a share-based payment arrangement classified as equity and prepare journal entries.
		✓		Calculate compensation costs to be recognized for a share-based payment arrangement classified as a liability and prepare journal entries.
<b>L. Income taxes</b>				
	✓			Recall the accounting treatment for uncertainty in income taxes.
	✓			Recall the criteria for recognizing or adjusting a valuation allowance for a deferred tax asset in the financial statements.
		✓		Calculate the income tax expense, current taxes payable/receivable and deferred tax liabilities/assets to be reported in the financial statements.
		✓		Prepare journal entries to record the tax provision in the financial statements.

## Area III – Select Transactions (20–30%)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>A. Accounting changes and error corrections</b>				
		✓		Calculate a required adjustment to the financial statements due to an accounting change or error correction and determine whether it requires prospective or retrospective application.
			✓	Derive the impact to the financial statements and related note disclosures of an accounting change or an error correction.
<b>B. Business combinations</b>				
		✓		Prepare journal entries to record the identifiable net assets acquired in a business combination that results in the recognition of goodwill.
		✓		Prepare journal entries to record the identifiable net assets acquired in a business combination that includes a noncontrolling interest.
		✓		Prepare journal entries to record the identifiable net assets acquired in a business combination that results in the recognition of a bargain purchase gain.
		✓		Adjust the financial statements to properly reflect changes in contingent consideration related to a business combination.
		✓		Calculate the consideration transferred in a business combination.
		✓		Adjust the financial statements to properly reflect measurement period adjustments related to a business combination.

## Area III – Select Transactions (20–30%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>C. Contingencies and commitments</b>					
	✓				Recall the recognition and disclosure criteria used to identify commitments and contingencies.
		✓			Calculate amounts of contingencies and prepare journal entries.
			✓		Review supporting documentation to determine whether a commitment or contingency requires recognition or disclosure in the financial statements.
<b>D. Derivatives and hedge accounting (e.g., swaps, options, forwards)</b>					
	✓				Identify the characteristics of a freestanding and/or embedded derivative financial instrument to be recognized in the financial statements.
	✓				Identify the criteria necessary to qualify for hedge accounting.
		✓			Prepare journal entries for hedging transactions.
		✓			Prepare journal entries for derivative financial instruments (swaps, options and forwards).
<b>E. Foreign currency transactions and translation</b>					
	✓				Recall the basic functional currency concepts including the indicators to be considered when determining an entity's functional currency.
		✓			Calculate transaction gains or losses recognized from monetary transactions denominated in a foreign currency.
		✓			Adjust an entity's financial statements (local currency to functional currency or functional currency to reporting currency) and recognize the effect on equity through net income or other comprehensive income.



## Area III – Select Transactions (20–30%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>F. Leases</b>					
	✓				Recall the appropriate accounting treatment for residual value guarantees, purchase options and variable lease payments included in leasing arrangements.
	✓				Identify the criteria for classifying a lease arrangement.
		✓			Calculate the carrying amount of lease-related assets and liabilities and prepare journal entries that a lessee should record.
		✓			Calculate the carrying amount of lease-related assets and prepare journal entries that a lessor should record.
		✓			Calculate the lease costs that a lessee should recognize in the income statement.
		✓			Prepare journal entries that the seller/lessee should record for a sale-leaseback transaction.
		✓			Calculate the amount of lease income that a lessor should recognize in the income statement.
			✓		Interpret agreements, contracts and/or other supporting documentation to determine the appropriate accounting treatment of a leasing arrangement and prepare the journal entries that the lessee should record.
<b>G. Nonreciprocal transfers</b>					
	✓				Recall the recognition requirements associated with conditional and unconditional promises to give (pledges) for a nongovernmental, not-for-profit entity.
	✓				Identify transfers to a nongovernmental, not-for-profit entity acting as an agent or intermediary that are not recognized as contributions in the statement of activities.

## Area III – Select Transactions (20–30%) (continued)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>G. Nonreciprocal transfers</b> (continued)				
		✓		Calculate the carrying amount of donated assets (financial assets or long-lived assets) to be reported in the statement of financial position.
		✓		Calculate increases in net assets attributable to contributions for a nongovernmental, not-for-profit entity.
<b>H. Research and development costs</b>				
	✓			Identify research and development costs and classify the costs as an expense in the financial statements.
		✓		Calculate the research and development costs to be reported as an expense in the financial statements.
<b>I. Software costs</b>				
	✓			Identify the criteria necessary to capitalize software costs (software for internal use or sale) in the financial statements.
		✓		Calculate capitalized software costs (software for internal use or sale) to be reported in the financial statements and the related amortization expense.
<b>J. Subsequent events</b>				
	✓			Identify a subsequent event and recall its appropriate accounting treatment.
		✓		Calculate required adjustments to financial statements and/or note disclosures based on identified subsequent events.
			✓	Derive the impact to the financial statements and required note disclosures due to identified subsequent events.

## Area III – Select Transactions (20–30%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>K. Fair value measurements</b>					
	✓				Identify the valuation techniques used to measure fair value.
		✓			Use the fair value hierarchy to determine the classification of a fair value measurement.
		✓			Use the fair value concepts (e.g. highest and best use, market participant assumptions, unit of account) to measure the fair value of assets and liabilities.
<b>L. Differences between IFRS and U.S. GAAP</b>					
	✓				Identify accounting and reporting differences between IFRS and U.S. GAAP.
		✓			Determine the impact of the differences between IFRS and U.S. GAAP on the financial statements.

## Area IV – State and Local Governments (5-15%)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>A. State and local government concepts</b>				
1. Conceptual framework	✓			Recall the purpose and characteristics of the conceptual framework for state and local governments.
2. Measurement focus and basis of accounting	✓			Recall the measurement focus and basis of accounting used by state and local governments for fund and government-wide financial reporting.
3. Purpose of funds		✓		Determine the appropriate fund(s) that a state or local government should use to record its activities.
<b>B. Format and content of the financial section of the comprehensive annual financial report (CAFR)</b>				
1. Government-wide financial statements	✓			Identify and recall basic concepts and principles associated with government-wide financial statements (e.g., required activities, financial statements and financial statement components).
		✓		Prepare the government-wide statement of net position for a state or local government from trial balances and supporting documentation.
		✓		Prepare the government-wide statement of activities for a state or local government from trial balances and supporting documentation.
2. Governmental funds financial statements	✓			Identify and recall basic concepts and principles associated with governmental fund financial statements (e.g., required funds, financial statements and financial statement components).
		✓		Prepare the statement of revenues, expenditures and changes in fund balances for the governmental funds of a state or local government from trial balances and supporting documentation.
		✓		Prepare the balance sheet for the governmental funds of a state or local government from trial balances and supporting documentation.

## Area IV – State and Local Governments (5-15%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>B. Format and content of the financial section of the comprehensive annual financial report (CAFR) (continued)</b>					
3. Proprietary funds financial statements	✓				Identify and recall basic concepts and principles associated with proprietary fund financial statements (e.g., required funds, financial statements and financial statement components).
		✓			Prepare the statement of revenues, expenses and changes in fund net position for the proprietary funds of a state or local government from trial balances and supporting documentation.
			✓		Prepare the statement of net position for the proprietary funds of a state or local government from trial balances and supporting documentation.
				✓	Prepare the statement of cash flows for the proprietary funds of a state or local government.
4. Fiduciary funds financial statements	✓				Identify and recall basic concepts and principles associated with fiduciary fund financial statements (e.g., required funds, financial statements and financial statement components).
			✓		Prepare the statement of changes in fiduciary net position for the fiduciary funds of a state or local government from trial balances and supporting documentation.
				✓	Prepare the statement of net position for the fiduciary funds of a state or local government from trial balances and supporting documentation.
5. Notes to financial statements	✓				Recall the disclosure requirements for the notes to the basic financial statements of state and local governments.
6. Management's discussion and analysis	✓				Recall the objectives and components of management's discussion and analysis in the comprehensive annual financial report for state and local governments.

## Area IV – State and Local Governments (5-15%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>B. Format and content of the financial section of the comprehensive annual financial report (CAFR) (continued)</b>					
7. Budgetary comparison reporting	✓				Recall the objectives and components of budgetary comparison reporting in the comprehensive annual financial report for state and local governments.
8. Required supplementary information (RSI) other than management's discussion and analysis	✓				Recall the objectives and components of required supplementary information other than management's discussion and analysis in the comprehensive annual financial report for state and local governments.
9. Financial reporting entity, including blended and discrete component units	✓				Recall the criteria for classifying an entity as a component unit of a state or local government and the financial statement presentation requirements (discrete or blended).
<b>C. Deriving government-wide financial statements and reconciliation requirements</b>					
		✓			Prepare worksheets to convert the governmental fund financial statements to the governmental activities reported in the government-wide financial statements.
		✓			Prepare the schedule to reconcile the total fund balances and the net change in fund balances reported in the governmental fund financial statements to the net position and change in net position reported in the government-wide financial statements.

## Area IV – State and Local Governments (5-15%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>D. Typical items and specific types of transactions and events: measurement, valuation, calculation and presentation in governmental entity financial statements</b>					
1. Net position and components thereof		✓			Calculate the net position balances (unrestricted, restricted and net investment in capital assets) for state and local governments and prepare journal entries.
2. Fund balances and components thereof		✓			Calculate the fund balances (assigned, unassigned, nonspendable, committed and restricted) for state and local governments and prepare journal entries.
3. Capital assets and infrastructure assets	✓				Identify capital assets reported in the government-wide financial statements of state and local governments.
		✓			Calculate the net general capital assets balance for state and local governments and prepare journal entries (initial measurement and subsequent depreciation and amortization).
4. General and proprietary long-term liabilities	✓				Identify general and proprietary long-term liabilities reported in the government-wide financial statements of state and local governments.
		✓			Calculate the total indebtedness to be reported in the government-wide financial statements of a state or local government.
		✓			Calculate the net general long-term debt balance for state and local governments and prepare journal entries (debt issuance, interest payments, issue premiums or issue discounts).
5. Interfund activity, including transfers		✓			Prepare eliminations of interfund activity in the government-wide financial statements of state and local governments.
		✓			Prepare journal entries to recognize interfund activity within state and local governments.

## Area IV – State and Local Governments (5-15%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>D. Typical items and specific types of transactions and events: measurement, valuation, calculation and presentation in governmental entity financial statements (continued)</b>					
6. Nonexchange revenue transactions		✓			Calculate the amount of nonexchange revenue to be recognized by state and local governments using the modified accrual basis of accounting and prepare journal entries.
		✓			Calculate the amount of nonexchange revenue to be recognized by state and local governments using the accrual basis of accounting and prepare journal entries.
7. Expenditures and expenses		✓			Calculate expenditures to be recognized under the modified accrual basis of accounting (paid from available fund financial resources) for state and local governments and prepare journal entries.
		✓			Calculate expenses to be recognized under the accrual basis of accounting for state and local governments and prepare journal entries.
8. Special items	✓				Identify transactions that require presentation as special items in government-wide financial statements for state and local governments.
9. Budgetary accounting and encumbrances	✓				Recall and explain the types of budgets used by state and local governments.
		✓			Prepare journal entries to record budgets (original and final) of state and local governments.
		✓			Prepare journal entries to record encumbrances of state and local governments.
10. Other financing sources and uses		✓			Calculate the amount to be reported as other financing sources and other financing uses in the governmental funds financial statements.





**Examinations Team**  
American Institute of CPAs  
100 Princeton South, Suite 200  
Ewing, NJ 08628

**888.777.7077 | [aicpa.org](http://aicpa.org)**

© 2018 American Institute of Certified Public Accountants. All rights reserved. AICPA and American Institute of CPAs are trademarks of the American Institute of Certified Public Accountants and are registered in the United States, the European Union and other countries. The Globe Design is a trademark owned by the Association of International Certified Professional Accountants and licensed to the AICPA. The Uniform CPA Examination is a registered trademark of the American Institute of Certified Public Accountants and is registered in the United States. 1810-0027