FAR Study Guide

Financial Accounting and Reporting

Atlas CPA Index — 2026 Edition

Pass Rate: **43%** | Study Hours: **120-150** | Timeline: **10-12 weeks** | Type: **Core**

What This Section Tests

FAR tests your ability to prepare, analyze, and interpret financial statements across for-profit, government, and nonprofit entities. It covers the broadest range of accounting standards of any CPA exam section and demands deep conceptual understanding rather than surface-level memorization.

Exam Format

Duration	MCQs	TBS	MCQ Weight	TBS Weight
4 hours	50	7	50%	50%

Content Area Breakdown

Area	Content	Weighting
I	Financial Reporting	**30-40%**
II	Select Balance Sheet Accounts	**30-40%**
III	Select Transactions	**25-35%**

Suggested Study Path

FAR — 120-150 hours over 10-12 weeks at 15-20 hours/week

Recommended Topic Sequence

#	Topic	Rationale	Time
1	**Conceptual Framework & Financial Reporting Standards**	Establishes the skeleton for everything else — GAAP hierarchy, financial statement structure, presentation requirements	**20%**
2	**Government & Nonprofit Accounting**	Study EARLY, not last. The #1 cause of marginal failures. Candidates who push this to the final week consistently underperform.	**15%**
3	**Financial Statement Accounts**	Cash, receivables, inventory, PP&E, investments, intangibles, liabilities, equity — the heaviest content area by volume	**35%**
4	**Select Transactions**	Leases, bonds, consolidations, pensions, revenue recognition — builds on earlier account-level understanding	**30%**

Study Dependencies

Study financial reporting standards before diving into individual accounts. Master individual account rules before attempting select transactions (leases, consolidations, pensions). Government accounting is independent of other areas — tackle it early while energy is high.

Hardest Topics — Allocate Extra Time

- Government accounting (fund types, GASB standards)
- Lease accounting (ASC 842 lessee/lessor)
- Business combinations and consolidations
- Pensions and other postretirement benefits
- Deferred tax assets and liabilities

Weekly Study Timeline

Weeks	Phase	Focus Area
Weeks 1-2	Learning	Conceptual framework, financial reporting standards, government accounting basics
Weeks 3-4	Learning	Government/nonprofit accounting (complete), begin balance sheet accounts
Weeks 5-6	Learning + Practice	Balance sheet accounts: cash through liabilities and equity
Weeks 7-8	Practice	Select transactions: leases, bonds, consolidations, pensions, revenue recognition
Weeks 9-10	Review	Weak area focus, cumulative MCQ sets, full-length TBS practice
Weeks 11-12	Final Review	Mock exams, quick refreshers on government and hardest topics

Topic Checklist & Practice Tracker

FAR — Check off topics as you master them

Conceptual Framework and Financial Reporting (25-35%)

- [ ] GAAP framework and hierarchy
- [ ] Balance sheet, income statement, cash flow preparation
- [ ] Stockholders equity changes
- [ ] EPS calculations (basic and diluted)
- [ ] Segment and interim reporting
- [ ] Nonprofit financial statements

Select Financial Statement Accounts (30-40%)

- [ ] Cash and cash equivalents
- [ ] Receivables and allowance for doubtful accounts
- [ ] Inventory methods (FIFO, LIFO, weighted average)
- [ ] Property, plant, and equipment (depreciation, impairment)
- [ ] Investments (held-to-maturity, trading, available-for-sale)
- [ ] Intangible assets and goodwill
- [ ] Current and long-term liabilities
- [ ] Equity transactions

Select Transactions (20-30%)

- [ ] Revenue recognition (ASC 606 five-step model)
- [ ] Lease accounting (ASC 842)
- [ ] Bonds payable and bond investments
- [ ] Business combinations and consolidations
- [ ] Pensions and OPEB
- [ ] Income taxes (ASC 740, deferred tax)
- [ ] Accounting changes and error corrections
- [ ] Contingencies and commitments

State and Local Governments (5-15%)

- [ ] Government-wide financial statements
- [ ] Fund financial statements (governmental, proprietary, fiduciary)
- [ ] GASB standards and measurement focuses
- [ ] Budgetary accounting and encumbrances
- [ ] Derived and imposed nonexchange revenues

MCQ Score Tracker

Date	Content Area	Score %	Target %

TBS Practice Log

Date	Simulation Topic	Result

Exam Readiness Self-Assessment

- [ ] I score 70%+ consistently on FAR MCQ sets
- [ ] I can complete a TBS within the time budget without hints
- [ ] I have reviewed all content areas at least twice
- [ ] I have taken at least one full-length mock exam
- [ ] I can explain the hardest topics without referencing notes

Study Tips & Resources

FAR — Section-specific strategies

FAR Study Tips

Tip 1

Journal entries are your best friend on FAR. If you can write the entry, you understand the concept. Practice writing entries by hand for every new topic.

Tip 2

Government accounting uses a completely different framework (GASB vs FASB). Treat it as its own mini-exam and study it in a dedicated block rather than mixing it with commercial topics.

Tip 3

For consolidations, master the elimination entries step by step. Draw T-accounts for intercompany transactions before attempting TBS problems.

Tip 4

FAR has the most content of any section. Do not skip the review phase — cumulative forgetting is why candidates who "knew the material" still fail.

Exam Day Time Management

Time per MCQ:	Time per TBS:	Exam Duration:
~2 minutes	**~18 minutes**	**4 hours**

FAR has fewer MCQs (50) but they tend to be calculation-heavy. Budget 100 minutes for MCQs and 126 minutes for TBS. Flag and move on if a calculation takes more than 3 minutes.

Trusted Resources

- NASBA — nasba.org — Official exam info, score releases, state requirements
- AICPA — aicpa-cima.com — Exam blueprints, practice exams, ethics
- Your State Board — CPA requirements specific to your jurisdiction
- Atlas CPA Index — atlascpaindex.com — Compare all CPA review courses

Disclaimer: This study path is a suggested sequence based on common candidate experiences, topic dependencies, and review course curricula. It is not endorsed by the AICPA or NASBA, and is not a guarantee of exam performance. Individual results depend on your preparation, background, and study effort. Pass rates and exam format reflect NASBA data as of early 2026 and are subject to change.