

Global Learning Providers' Conference

F8 Audit and Assurance

This document summarises the Question and Answer discussion which took place in the examiner's workshop at the Global Learning Providers' Conference on 11-12 February 2015.

Paper format/new structure

- **The F8 paper only has 12 MCQs – what is the rationale for having less MCQs than the other F5-F9 papers?**

For a subject such as auditing which focuses on testing judgment and application, it can be difficult to set MCQs at the right level. Therefore, to maintain the rigour of the paper the number was set lower than some of the other subjects due to the subjective nature of examining auditing.

- **Will the pass rate for the MCQs (Section A of the exam) be published in the examiner's report?**

The MCQs will not be published going forward and there is no intention to publish pass rates for Section A of the exam. The examiner's report will highlight a sample of MCQs for each exam, where it is felt that additional guidance is needed to help candidates understand where they went wrong.

- **Are there statistics on how many candidates complete all questions?**

Nearly every candidate answered all of the MCQs, however, there are no statistics available on the number who answered all the Section B questions (Q1-6). The observations from the marking team in December 2014 were that there was no evidence of time pressure – the questions that were attempted least were Q1b and Q6 but this appeared to be due to lack of knowledge, not time pressure.

Syllabus coverage

- **There is a lot of accounting knowledge in F3 that does not seem to have been examined in F8, such as groups – will they be examined in the future?**

Groups are not included in the F8 syllabus, this is introduced in the P7 syllabus and therefore, groups would not be examined in F8. Technically any other areas of F3 could be examined, such as intangibles and licenses and brands.

- **Could service organisations be examined?**

Yes, anything in the syllabus is examinable.

General

- **Is it ok to use abbreviations for example, SOFP for the statement of financial position?**

As long it is clear what the candidate is referring to, SOFP would be acceptable as this is a commonly accepted abbreviation.

Topic specific

- **If a question asks for five risks and a candidate provides eight, what is the marking approach in this situation?**

Markers are advised to read everything and award marks to the best five answer points provided by the candidate. However, it must be remembered that only 5 marks are available. A candidate is not penalised for providing extra answer points but should be advised that this wastes time in the exam and is not indicative of good exam technique.

- **If a requirement asks candidates to identify and explain, is there a preference for candidates to provide their answer in a tabular format, with a column for the identification point and one for their explanation?**

There is no specific preference for candidates to provide their answer in this format and candidates who provide their answers in short paragraphs combining both points will not be penalised. However, candidates may find it easier to think through their answer points if they lay it out using this format.

In particular where candidates are asked to assess internal controls and asked to identify deficiencies and explain the implications of those deficiencies, this format can be very beneficial. By laying it out in a tabular format, candidates can ensure that they have enough separate points to answer the question, for each deficiency they have identified an implication and have answered the question in an efficient and concise manner.

- **In a scenario based question on risks and responses, is it enough to say misstated or do candidates need to say under/overstated?**

Misstated is usually not enough as it doesn't allow candidates to thoroughly demonstrate that they understand how the risk can arise. Simply saying that a balance is misstated could be used for most answer points and is not a demonstration of an understanding of the risk.

For example, if candidates have identified a risk surrounding the valuation of inventory as there is indication that its net realisable value is lower than its cost, then candidates would be expected to explain this and that the impact is that inventory may be overstated.

- **Do candidates need to quote section numbers of ACCA's Code of Ethics in questions on ethics?**

There is no need to quote ACCA's Code of Ethics in answers. Candidates need to be able to state what the threat is for example, self-interest, and to explain that threat, and why it is a threat. Where appropriate candidates should be able to draw on the guidance included within the Code and suggest relevant safeguards to mitigate for the threat identified.

- **On a question about assertions if it was about the audit of cash, would you expect candidates to mention accuracy?**

While accuracy is not an assertion for balances as per the ISAs, markers are advised to assess the wording and suitability of the procedure detailed by candidates. If the procedure provided allows for sufficient appropriate evidence to be gathered over the cash balance then it would be awarded marks.