



Think Ahead **ACCA**

P2 Examiner
February 2015

P2 Corporate Reporting

Section A compulsory 50 marks

- No pattern
- Always group accounting
- Foreign currency may be in Section B (June 2014)
- If group cash flow in section A -may test principles of group accounting in part B
- Ethics and question 1b

Contrary to common belief, there is no pattern to the way in which the examination is written except for the fact that the first question will always be on the subject of group accounting or group cash flows. It is possible that the examination will deal with foreign currency translation in Section B and that where there is a group cash flow question in Section A, group accounting principles may be further examined in Section B. Also, group reorganisations may be examined in Section B when a group cash flow question appears in Section A.

Ethical dilemmas will continue to be the subject of question 1c and generally question 1b will build upon the accounting scenario in question 1a

Section B- answer 2 out of 3 questions 25 marks each

- No pattern ,mostly real scenarios
- Cover variety of IFRSs
- Read professional pronouncements, regulators' reports, specific industry issues, company reporting
- Themed questions or industry questions
- Question 4 current issues(see questions)

Section B is based mainly upon real life scenarios and will cover a wide range issues encompassing a significant number of IFRSs. In developing these questions, the examiner draws upon a variety of material which is in the public domain ,including regulators reports, professional pronouncements etc. There will often be themed questions which deal with a particular industry but specialised knowledge of that industry will not be required.

Currently, question 4 concentrates upon current issues. Current issues can encompass many different aspects of corporate reporting. They can be issues with current IFRSs, issues relating to recently issued IFRSs or issues relating to the development of corporate reporting, for example Integrated Reporting. Candidates should prepare for this question by reading current accounting literature such as Accounting and Business, IASPlus and Student Accountant.

P2-examiners comments on recent diets

- Candidates are taught by standard and find it difficult to apply principles
- Solution-teach by principle?
- For example- measurement

Candidates find it difficult to apply principles across the various standards. IFRSs are a mix of principle and rule based standards and some IFRSs are not really consistent with the Conceptual Framework. Candidates need to appreciate the different recognition and measurement principles used in the standards. An example would be measurement where IFRS 13 could be taught by looking at its application across the many standards upon which it impacts.

P2-examiners comments on recent diets

- Marks for principle and application
- Marks given for principle in workings
- Generally 1 mark per valid point

Generally speaking the examination paper is assessed by allocating marks on the basis of principles and application. Candidates are given marks for the principles used in the computational questions, thus making it obvious that clarity in the workings of candidates is extremely important. Additionally, marks are normally awarded on the basis of 1 mark per well discussed point or calculation.

P2-examiners comments on recent diets

- Questions 1b/c poor attempts often
- Depth and knowledge of standard
- What is considered 'core' syllabus areas
- Approved texts-what drives syllabus

Often, candidates make quite poor attempts at questions 1b/c. The ethics question is scenario based but is often a question that candidates can score highly on and it is therefore a mistake to omit this part of question 1. The depth and knowledge of IFRS shown by candidates can be disappointing. Generally speaking, the examination examines the key areas of a standard but often candidates seem ill prepared. There seems to have developed a notion of what is considered to be the core syllabus areas. ACCA has never issued any such guidance, so it would be a mistake to assume that certain IFRSs are 'core'.

The syllabus and study guide drive and underpin the examination and not the approved texts. The examining team review the approved texts to ensure that they cover the syllabus adequately, but this is not intended to be a guarantee that every point in every question is directly within the textbooks.

P2-examiners comments on recent diets

- Mathematical ability of candidates
- Development of 'own' questions
- The exam is seen to be difficult but pass rates are stable

There is some evidence that the basic mathematical ability of some students is quite poor. The manipulation and interpretation of data is a key skill of an accountant. Tutors should attempt to prepare their 'own' questions particularly when a new IFRS has been issued. A reliance on purely past questions to test the students' knowledge and application is a mistake.

The results in the examination are consistent in terms of the pass rate which is normally around 50%.

Expectation gap

- Needs removing
- It does exist between examiner, tutors and students.
- How do we remove it?
- Articles, communication, opinion of tutors.

If an 'expectation gap' has arisen between what students and tutors expect in the examination and what the examiner expects, then it needs removing. The Global Learning Providers Conference has helped in this regard and the examining team will consider all of the views discussed as they review the syllabus and the exam in future. Tutors and candidates will be informed, well in advance, if any changes are forthcoming.

Question 4 December 2014

An assessment of accounting practices for asset impairments is especially important in the context of financial reporting quality in There are many factors which can affect the quality of impairment accounting and disclosures. These factors include changes in circumstance in the reporting period, the market capitalisation of the entity, the allocation of goodwill to cash generating units, valuation issues and the nature of the disclosures.

Required:

Discuss the importance and significance of the above factors when conducting an impairment test under IAS 36 Impairment of Assets. (13 marks)

This is part of a question taken from P2 December 2014

Marking

- There are 5 factors to discuss in the question and 13 marks
- Answer does not require rote learned outpouring of standard
- If two valid factors per point, score 10 marks
- Requires a general understanding of subject
- Expectation of qualified accountant?

The point of the slide is to illustrate how candidates can score well on this type of question. Impairment will always be a 'current issue'. Every year entities have to consider impairment and every year, because of the changing business environment, the issues that an entity faces will vary. A qualified accountant should be able to discuss issues that could impact on the impairment of assets. The question outlines 5 factors which could affect the impairment assessment, some of these factors are outlined in the IAS. The answer required a discussion of the importance of these factors and not just an outpouring of the IAS. If candidates outlined 2 valid points per factor, then they would have scored a minimum of 10 marks but the question required an understanding of the subject area which unfortunately was not always the case.

Changes for September 2015

- Updates to examinable documents
- IFRS 15 replaces IAS 18 and IAS 11
 - Construction contracts no longer excluded from P2
- IFRS 9 fully examinable
- List of EDs updated

There are updates to the examinable documents and IFRS 15 replaces IAS 18 and IAS 11 which means that construction contracts are now examinable in P2. It may take a number of diets for this change to take full effect .The completed IFRS 9 is now fully examinable and the list of EDs that are examinable has been up dated also.

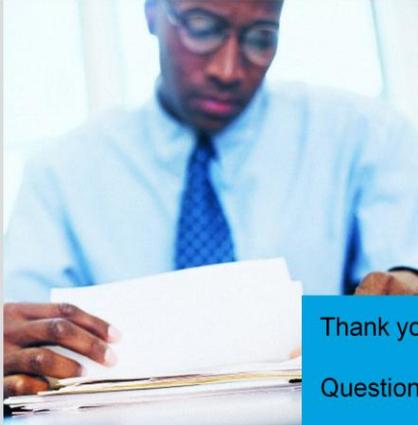
Changes for September 2015

Discuss current issues in corporate reporting, including:

- recent IFRSs
- practice and regulatory issues
- proposed changes to IFRS
- problems with extant standards^[3]

Current issues outcome (H3 (a)) re-written

The current issues outcome has been re written to clarify what is examinable.



Thank you
Questions?