

Global Learning Providers' Conference 2017

P4 Advanced Financial Management

This document summarises the Question and Answer discussion which took place in the examiner's workshop at the Global Learning Providers' Conference on 26-27 April 2017.

- **If students do well in two questions but don't have time to attempt much of the third question, what are their chances of passing?**

It isn't possible to answer this question directly. Students need 50 marks in order to pass. They may get enough marks from two questions, but there are likely to have been easier marks available in the third question that the student has not attempted.

- **In calculating tax allowable depreciation what is the assumption about when the asset is purchased?**

Published answers assume the first day of the year, but what is being tested is how tax allowable depreciation works. Any valid approach that can be followed by the marker and is correctly carried through will receive credit.

- **In calculating the number of contracts for currency futures can the lock-in rate be used?**

If the approach is clear and the technique is correct then student will be awarded the marks available.

- **In evaluating options, is it OK to work out the outcome for just the best exercise price?**

If students appropriately explain their choice of exercise price, only one exercise price needs to be shown.

- **Is the Grabbe variant of the Black Scholes model examinable?**

No, this is not part of the syllabus.

- **When students have been exempt from F9, they don't necessarily seem to have the knowledge required to start studying for P4.**

Students need to have an appropriate toolkit of financial management tools, whichever route they have reached the P4 exam through.

Candidates may need to be encouraged to take longer to study as sustained study is the best way to pass the exam. Question spotting and short intensive study is unlikely to be successful.

- **If a candidate is running out of time should they be advised to write out the formula/methods but not perform the actual calculations and then conclude?**

It depends on the situation. As outlined earlier, when evaluating options only one needs to be numerically evaluated if an appropriate explanation is given. However in the case of a valuation, without a valuation figure being calculated it isn't possible to pick up marks for concluding on the value.

- **Should candidates be sitting an exam every session?**

It was never ACCA's intention that students should aim to sit an exam every session i.e. get their results from one session and then learn the next exam in seven weeks. The four sessions give students the flexibility to take exams, but do not present an obligation.