

Think Ahead



P7

Advanced Audit &
Assurance

P7 Examiner

February 2015

Topics to cover

- Examination performance
- Preparing students for the exam
- Syllabus and study guide update
- Questions

Examination performance

- Historically pass rates 31% - 37%
- December 2014 pass rate 42%
- There is some variation between adapted paper pass rates

For several years the pass rate has been in the low to mid 30% pass rate range. Reasons for less than satisfactory performance has been discussed in every past examiner's report.

To summarise the main reasons for poor performance include:

- Very poor analytical skills
- Little ability to apply judgment / explain matters / reach conclusions
- Tendency to over-rely on rote learning and financial reporting knowledge at the expense of demonstrating an ability to apply the skills that an auditor needs.

An overall improvement has been seen in the ability of candidates to discuss risks of misstatement and to describe audit procedures / evidence. In addition the Dec 14 paper included business risks which are often well attempted parts of questions and this led to an overall increase in the pass rate for Dec 14.

However it should be noted that this is not an indication of a trend and overall there has not been a dramatic overall increase in the quality of answers.

Preparing students for the exam

- Question practice is key
- Teaching should cover ISA requirements in a practical way
- Skills should be developed – it's not all about knowledge at this stage
- Use examiner's reports and articles on the website to support teaching

It should be reiterated that P7 is a challenging and practical paper. It often may need to be taught in a different way to other papers.

Some suggestions in preparing students for the exam include:

- Introduce students to past exam questions, or parts of questions, from early in the teaching phase. Don't leave all of the question practice for revision or for home study. The wording of many P7 question requirements follow a similar pattern so introducing students to these requirements and explaining what is requirement is asking for is crucial.
- Students should know main ISA requirements and be able to apply them. Again, question practice is key so they can see how ISA requirements are relevant in different scenarios.
- Students need to develop skills such as prioritisation of information, using judgment, being sceptical and reaching their own opinion / conclusion. Many seem lacking in confidence and are unable to do much more than state rules. This is a major contributor to the poor performance of many candidates in the exam.

- The examiner's reports are a great teaching aid and many of the comments in the report can be used after a question has been tackled in class. You can show the students where candidates in the exam did well, and not so well.
- Also remember that articles are there to support learning and teaching, there is a range of articles on technical topics, exam technique and current issues.

Syllabus and study guide update

- Only recent addition to INT syllabus is the public sector performance section
- Other small changes e.g. integrated reporting
- No other significant changes planned
- Examinable documents will continue to be updated on an annual basis

Outcomes relating to the public sector have been introduced to other papers as well as P7, ACCA's rationale is to widen the coverage of the syllabus and recognise importance of the public sector. For P7 it is not likely to be the basis of a whole question, it is more likely that part of a question will be based on a client in the public sector. Candidates are not expected to have a detailed knowledge of public sector accounting or specific public sector audit requirements. They will be expected to apply general audit knowledge and skills in a public sector environment focussing on the audit of performance information.

Other small changes have been made e.g. to introduce integrated reporting, in line with other exam syllabuses.

The examining team is not planning any major change to the P7 syllabus for INT or any of the adapted papers.

We continue to update the examinable documents on an annual basis to include ISAs, significant Exposure Drafts and other documents e.g. Discussion Papers issued by the IAASB, and the Ethical Code. For UK and Ireland we

continue to monitor the documents issued by the FRC for their relevance to the syllabus. Recently issued documents could link to the current issues part of the syllabus and are often the subject of articles written by members of the examining team.



Thank you
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