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# Hello!

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# REVIEW OF PAST EXAMS

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We'll start by looking at what has been done well and not so well over the last few sittings

# What was done well?

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I will review the performance of candidates in the exams under two headings:  
exam technique and technical knowledge

## EXAM TECHNIQUE

Time management has improved

There are fewer unnecessary explanations

Presentation of answers

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In summary, exam technique has improved over the last few sittings

In particular (click)

Candidates' time management is better than previously. This is a good trend and I hope this will continue.

There are fewer unnecessary explanations – It was pleasing to see that most candidates have learned that writing everything they know about a subject in the hope that some of it is relevant gains few marks, and most answers were relevant and concise.

The performance of candidates in the area of presentation has improved. Answers were easier to follow.

## TECHNICAL KNOWLEDGE

Performance has been good in some areas

Value added tax

Corporate income tax

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As with all exams, the prepared candidate will perform well. The candidates that passed demonstrated a good knowledge of the subject, and showed the ability to present their work in a professional manner, with their tax computations or main workings referenced to their workings. There have been good performances in various technical areas over the last few sittings including: VAT and corporate income tax.

# What wasn't done well?

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So, turning to what was not done so well

## EXAM TECHNIQUE

Unstructured answers

Not all requirements are being addressed

Lack of application of knowledge

Insufficient thought before writing

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As far as exam technique is concerned there is a number of areas where the performance of candidates could improve [Click](#)

—An example of poor examination technique was to include the answer to one part of the question, in the answer to another part, or failing to follow the requirements of parts of the question correctly. Candidates need to focus on the requirements of the question and specifically address these, taking note of the marks available for each requirement. They must set out their answer logically, showing their workings clearly. Frequently poor hand writing was difficult to read, or there was no clear logic to the answer. Too many candidates continue to display their answers poorly, with a lack of clear labelling to indicate which questions are being attempted

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—Some candidates need to take more care in ensuring that they have identified all of the requirements or tasks that they have been asked to carry out.

[Click](#)

—Candidates must ensure that they apply their knowledge to the facts of the question rather than addressing technical areas in a general manner. This will save time and earn more marks. Stating the rules generally without applying them to the case does not add value and will earn little marks if any.

[Click](#)

—There are various indicators that some candidates do not spend long enough thinking before they start writing.



## TECHNICAL KNOWLEDGE

Areas where the candidates have had difficulties

Personal income tax

Corporate income tax relief

Company car tax

EVA: simplified taxation

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Rather surprisingly, personal income tax questions have been of poorer quality than expected. This is odd since this type of tax affects every natural person and many areas tested should be a concern for most candidates in their private life as well.

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The vast majority of candidates struggled when answering questions on corporate tax reliefs. Few candidates know the requirements for development relief. There are only a few reliefs available in Hungary but candidates keep confusing them in every sitting. Many attempt to put down everything they know about all possible reliefs.

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Even if there is a relevant article available on company car tax, still many candidates are unable to use the rules that are rather simple. Reading the article would help address all possible issues on that area.

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A number of candidates struggle with this simplified form of taxation. Many candidates cannot differentiate between the approach of normal taxation and that of the simplified tax.

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# LESSONS LEARNED

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# Which areas need to be improved?

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I'll turn now to lessons learned and the ways in which you, as tuition providers, can improve the performance of your students

## AREAS TO BE IMPROVED

Technical knowledge

Identification of tasks

More thinking before answering

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First, areas that could be improved

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The first thing to do is to strengthen the foundations and improve technical knowledge – candidates will maximise their chances of passing the exam if they have a sound technical knowledge across the whole of the syllabus. Special attention should be paid to the areas mentioned above.

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Candidates should identify all of the tasks they have been asked to perform together with any guidance provided as to how to carry them out. Also candidates have to think about what needs to be done and how they are going to do it before they start writing.

Click

Time management: although there have been improvements in this area, it remains of fundamental importance. In many scripts it is obvious that the candidate spent too much time on answering the first few questions but was forced to miss things out or to be too brief towards the end – candidates need to manage their time throughout each question such that they finish each part in the correct amount of time - they should be in a slight hurry all of the time rather than being slow and relaxed at one stage and then rushing madly later on. It would also help if they were more specific and to the point and did not spend time on explaining matters that were not required.

# Where can tuition providers help?

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You can provide help at both the teaching phase and on the revision phase.

## TEACHING PHASE

Emphasise the importance of knowledge

Place the rules in context

Encourage students to practise explaining

Use questions to reinforce knowledge and understanding

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At the teaching phase – Click

Students should be reminded of the importance of learning the rules throughout the course. Students need to be able to write down everything that they've learned, in a logical, clear manner on a blank sheet of paper, without any prompting – if they can do that, then they know it. They must then ensure that they know how to apply the rules – via question practise.

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The more you are able to place the rules in context, the more memorable they will be. Use your experience in the profession or refer to past exam questions as if they are real situations to illustrate the area you are covering

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Students are going to be expected to provide explanations in the exam – this is not easy to do but it gets easier with practise. Get your students to think about this need to explain during the teaching phase – ideally they should practise explaining technical areas as they memorise them

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Finally, use questions to reinforce your students' knowledge and understanding

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## Suggested approach by candidates

Read the requirements

Note the verb used

Start each question on a new page

Leave space at the end of the question

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Read the requirements to the question, read the question and then read the requirements again before starting.

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Read the requirements to the question, read the question and then read the requirements again before starting.

click

Note the verb used (ie explain, calculate) and the number of marks available for each requirement, and allocate your time on this basis.

Click

Start each question on a new page, allocating a number of pages in your answer booklet to each question and start your schedules at the latter part of the answer if relevant.

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Leave space at the end of the question so that you can revisit the question at the end of the exam if you have time available.

click

click

Note the verb used (ie explain, calculate) and the number of marks available for each

## REVISION PHASE – Introduction

Re-emphasise the importance of learning the rules

Work questions to time

No sneaky peaks at the answer

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At the beginning of the Revision Phase

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Emphasise (again) the importance of learning the rules

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Also, point out that during the revision phase questions will be worked to time and that this in turn will require them to manage their time in order to complete all of the parts of the question in the correct amount of time

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Finally, try to discourage them from looking at the answer before they have finished – they need to acquire sufficient self-confidence to start and finish a question without receiving any reassurance from outside that they are doing the right thing – looking at the answer prevents them from acquiring that self-confidence

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# FOCUS ON FUTURE EXAMS

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As far as future exams are concerned

# WHAT IS NEW?

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## YET ANOTHER FINANCE ACT?

New rules and changes to existing rules

The changes create new possibilities

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There will, of course, be at least one Finance Act each year – you need to think about

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Emphasising the importance of these new rules in class and

The way in which the new rules change the tax implications of commercial transactions and create new possibilities – this will help you to prepare students for the situations that might arise in the exam

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# WILL THINGS CHANGE?

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And finally

Will things change?

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## CHANGES TO COME

Paper becomes more computational

Tax payable to local municipalities

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The only planned changes are

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From 2012, there will be several changes in the Hungarian tax legislation. Those, however, will only be examinable from 2013.

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Also, from 2013 the tax payable to local municipalities will be examinable.

## ARTICLES

Technical articles on company car tax and  
development tax relief on the ACCA website

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Articles

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# Questions?

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The examiner announced that there will be a small shift in format for exams from June 2012 to a clearer separation of computational marks and explanation marks. June 2012 is a transition period so there will be no penalisation for adhering to the current method. Model answers will be available from June.

Questions:

Q1 What will the weighting between computation and writing?

A1 It is not 50/50. It will be approximately 65/35 split but it will not be exact as it may be 62/37 depending on the marks per question, but it will be mainly computational.

Q2 Does it help to underline in answers?

A2 No. We will find the marks if they are there. I would say it helps a student more to underline key words in the requirement such as the verbs or instructions i.e. calculate AND explain for example.

Q3 Will new rules for the EU corporate income tax be examined as it seems quite a grey area and is uncertain as to application?

A3 The rules for company income tax and the EU measures are not approved yet and will therefore not be examined. However, I agree it is quite a grey area and I tend to avoid areas of legislation that contain uncertainty and that may not be around long, as I am not trying to trip up the students and want rather to test their knowledge on the fundamentals of tax.

Q4 Real estate areas is not on the exempted list? If it is not specifically mentioned will it be tested?

A4 Similar to the previous question, ACCA is less interested in this marginal area than the more mainstream ones.

Q5 Development tax relief/investment tax relief are finishing in 2012, can they still be examined?

A5 Yes they are still in force in 2012 and were so before the 30 September cut off date so they can be examined in the 2012 examinations.

Q6 CFCs are new, are they examinable?

A6 New rules that were in force by 30 September will be examinable. Students will be expected to know when these apply or not.

Q7 Do students need to know historically the tax code? For example, there were changes to company tax rules on 2010 do they need to know for 2010 or 2009?

A7 No, I don't go back in time periods. They need to know the current period.

Q8 Is it the same time approach regarding examinable time period for VAT? For example if a purchase was X years ago?

A8 It's fine for them to assume 25% flat VAT if it is X years ago because that is what it is now.

Q9 To compute loss carried forward what time period should a student use?

A9 For that specific area I would go back 5 years. This is what the tax authorities would do.

Q10 There was a new resolution in July on recoverability of VAT, would this be included since it is before 30 September despite it is a rather specific area?

A10 There is no similar item on the syllabus so I am generally trying to avoid new areas that are just introduced and are not consistent with the syllabus.

Q11 Regarding EVA there are a lot of modifications and some of these are marginal areas, would they be considered on the syllabus?

A11 Examinable areas are clearly stated in the syllabus and study guide. They are word for word translations of the law.

Q12 In Nick Ryan's article on 'Development Relief the discount factor', companies had a choice of year, so do student's have a choice?

A12 Because companies had a choice of year students did as well. The Tax law is not completely clear here and what is most important in a case like this is consistency is more important than the year.

# Thanks!

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Thank you for your attention.

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