



1

The global body for professional accountants



Click

Hello!

2

The global body for professional accountants



Click

REVIEW OF PAST EXAMS

3

The global body for professional accountants



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

What was done well?

4

The global body for professional accountants



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

EXAM TECHNIQUE

Time management is good

Language has improved

Candidates are able to explain better

Candidates have a better command of the subject

5

The global body for professional accountants



In summary, exam technique has improved in the last sitting

In particular (click)

Candidates' time management is generally pretty good as illustrated by the fact that the majority completed all questions and there is no evidence of candidates having run out of time

Click

Candidates seem to have developed a better command of English and are able to provide reasonable explanations where required. They have also realised that it is important to demonstrate an understanding of the subject and avail themselves of valuable marks.

Click

TECHNICAL KNOWLEDGE

Performance has been good in some areas

- Partnerships
- Capital allowances

6

The global body for professional accountants



Click

There have been good performances in areas like partnerships , capital allowances and determination of resident status

What wasn't done well?

7

The global body for professional accountants



So, turning to what was not done so well

EXAM TECHNIQUE

Candidates need to be careful in reading and following instructions

The syllabus is designed based on both intellectual level 1 (knowledge & comprehension) and level 2 (application and analysis)

Lack of application of knowledge

8

The global body for professional accountants 

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

Following instructions:

When the instructions stated:

•Your computation should start with the “Profit before tax” figure and should include all of the items referred to in notes 1 to 7, indicating by the use of the word ‘NIL’ where no adjustment or inclusion is needed.

Candidates only showed the specific items that were to be adjusted, leaving out the rest.....so valuable marks were not picked up

Marks will be awarded for the use of accurate technical terms to describe the figures comprising the stages in the computation of chargeable income.

These are almost gift points because of the ‘own figure rule’ but still some candidates either do not label the caption or label it inaccurately.....again not earning marks

Knowledge & comprehension:

Candidates do not seem to know exactly why an expense is deductible employing mainly the section 33 phrase “that it is wholly and exclusively in the production of income” for every expense.

For non section 33 deduction or non deduction also the same phrase was used or “that it is specifically deductible”

For expenses like “amortisation” the explanation given by some was “ it is only on paper” or “it is only a provision”

For personal reliefs candidates knew there was a relief but did not know the precise conditions for application.

Candidates seemed vague about when income is derived from Malaysia.

Candidates seemed vague about when rental or other types of income is business income or not though they seem knowledgeable about badges of trade per se

Lack of application of knowledge:

•When asked what are the tests to determine if expenses are “capital or revenue in nature” candidates applied “badges of trade” .

•When rental is business income, candidates were not certain how to prepare the computation

•Withholding tax, candidates knew something about withholding tax but not precisely, so though they correctly identified that withholding tax was due or not, they went wrong in the reason for it.

•Sales tax. Candidates knew how to explain the penalty but were not very certain on how to compute it.

INSUFFICIENT THOUGHT BEFORE WRITING

Written explanations poorly structured

Answers are general rather than specific

Answers include irrelevant information

The facts of the question have been misunderstood

The effect of theses is that explanations are poorly structured, answers are not specific with the tendency to just put in all kinds of irrelevant information in the hope that something relevant will be picked up for marks.

When facts given to determine different types of income are misunderstood, then the tax treatment of both the income and expenses in the computation is incorrect.

TECHNICAL KNOWLEDGE

Specific area –PU orders and public rulings

Knowledge of deduction sections besides section 33

Generally - Candidates' knowledge often lacks precision

10

The global body for professional accountants



Click

A list of public rulings and PU orders are placed in the examinable documents for a reason. Questions raised on these, which required no analytical skills, were also not so well answered. Instruments on which withholding tax is exempt had good responses from candidates who knew the PU orders and muddled responses from those who did not.

Click

Specific knowledge of deduction sections besides section 33 is vital

More generally, the technical knowledge of marginal and weaker candidates is not as precise as it needs to be – this is most clearly demonstrated when candidates are asked to consider the availability of reliefs, exemptions, the taxability of income, thresholds and limitation on claims.

Click

LESSONS LEARNED

11

The global body for professional accountants



Click

Which areas need to be improved?

12

The global body for professional accountants



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

Click

AREAS TO BE IMPROVED

Technical knowledge

Read the instructions in the questions

More thinking before answering

Place figures in the right column

Fundamental knowledge of indirect taxes

Real property gains tax

13

The global body for professional accountants



First, areas that could be improved

Click

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. This knowledge needs to be learned – it will not be acquired merely by question practise.

Click

Read the instructions in the question. Do not include anything irrelevant. Example listing expenses which are not in the notes given for adjustment and placing it in the computation with a NIL. This is wrong

Click

Place figures for adjustment in the right column (-) or (+) even if it is NIL.

Click

For sales and service tax knowing fundamentally how the tax works, what is a sale, licensing requirements, when refunds are possible, what are bad debts specific to the taxing legislation. It is not one size fit all.

Knowledge beyond computing the basic tax is required. When does a disposal take place, the position of written agreements, how are acquisition and disposal prices determined, acquisition and disposal dates, generally and in specific cases.

Where can tuition providers help?

14

The global body for professional accountants



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

Click

TEACHING PHASE

Emphasise the importance of knowledge

Place the rules in context

Encourage students to practise explaining

Use questions to reinforce knowledge and understanding

15

The global body for professional accountants



At the teaching phase – Click

Students should be reminded of the importance of learning the rules throughout the course. This is not, of course, the same as understanding what they have been told (although some students think that it is). 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.

Click

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. Encourage reading of articles especially in the student accountant.

Click

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. Learning from recent past year questions on how this is done is essential.

Click

Finally, use questions to reinforce your students' knowledge and understanding. Match knowledge with application.

Click

REVISION PHASE – Introduction

Re-emphasise the importance of learning the rules

Work questions to time

No sneaky peaks at the answer

Look at the original reference document

16

The global body for professional accountants



At the beginning of the Revision Phase

Click

Emphasise (again) the importance of learning the rules

Click

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

Click

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

Click

Encourage them to read the PU orders, public rulings and be familiar with what is actually stated therein. Be familiar with the legislation regarding relevant sections that need to be applied in the exam paper in accordance with the syllabus. Do not adopt selective study, cover all aspects of the syllabus

FOCUS ON FUTURE EXAMS

17

The global body for professional accountants



As far as future exams are concerned

Click

WHAT IS NEW?

18

The global body for professional accountants



Click

YET ANOTHER FINANCE ACT?

New rules and changes to existing rules

The changes create new possibilities

19

The global body for professional accountants



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

Click

There will also be new PU orders and Public rulings

The way in which the new rules change the tax implications is important – this will help you to prepare students for the situations that might arise in the exam

Click

WILL THINGS CHANGE?

20

The global body for professional accountants



And finally

Will things change?

Click

CHANGES TO COME

There will be more questions on

- knowledge and comprehension and
- application and analysis
- All aspects of the syllabus will be tested

ARTICLES

Various technical articles on the ACCA website

22

The global body for professional accountants



Articles

Click

There are various technical articles on the ACCA website. Please read them and encourage your students to do likewise. More will be published.

Click

Questions?

23

The global body for professional accountants 

Q1: Why are PU orders that are expired still on the list and will these be tested after the expiry?

A1: The list is updated annually with a cut off date at 31 March. Anything that expires in the interim will not be tested.

Q2: Why doesn't ACCA include case law in the answers when these are clearly important in explanations of principles. If answers state the case can it be accepted?

A2: ACCA does not expect candidate to provide the case so that is why it is not shown in the suggested answers. But if a candidate gives a case and states the principle it established it will be acceptable.

Q3: Why are Public Rulings (PR) in the syllabus when they are not law?

A3: There are 3 reasons

1. The PR explains the view of the Inland Revenue Board (IRB) in pertinent areas of the law.

2. The explanation of the IRB on the law and connecting sections of the law and PU orders with detailed illustrations provide a very

useful tool for understanding the law and its application. These make them a good teaching resource in tax education.

3. The legislation provides that the PR is law if you choose to adopt IRB's views.

Thanks!

24

The global body for professional accountants



Thank you for your attention.

Click, next slide, please.

CONTACT

students@accaglobal.com

+44(0) 141.582.2000

www.accaglobal.com

25

The global body for professional accountants



Click

