

CHANGE IN

This short article highlights a change in the style of question requirements which will be introduced from June 2010 for the UK and IRL P7 paper, and from June 2011 for all adaptations of the P7 paper.

Change in question requirement style

The style of some of the question requirements in Section A of the paper will be amended, to embed the question requirement into the question scenario. Typically, the scenario will contain an email or other type of communication, to which the candidate will respond. This is best illustrated with an example. Shown below is a redrafted version of requirement (d) from the December 2009 exam paper. This is a small illustration showing how one requirement could be embedded into the question scenario. In future papers, a majority, or all, of the requirements of a question could be introduced and embedded in this manner.

Reasons for the change in requirement style

There are several reasons why the change in question requirement style is being made. First, Paper P7 is used as a means towards achieving an Audit Practising Certificate in a number of countries, including the UK. As a result of this, the Paper P7 comes under the scrutiny of the Professional Oversight Board (POB), part of the Financial Reporting Council. POB has recommended that Paper P7 should contain question requirements which are embedded in the question scenario, in order to give the questions a more practical nature.

PAPER P7 WILL BE AMENDED TO EMBED THE QUESTION REQUIREMENT INTO THE QUESTION SCENARIO. TYPICALLY, THE SCENARIO WILL CONTAIN AN EMAIL OR OTHER TYPE OF COMMUNICATION, TO WHICH THE CANDIDATE WILL RESPOND.

Second, ACCA's recent Qualifications Survey canvassed the opinion of employers and tutors worldwide. The survey indicated that employers in particular would welcome a more 'real-life' slant to the paper, which will be addressed through the new style of question requirement.

Finally, the change will bring Paper P7 more into line with the other Professional level papers, which contain embedded question requirements. Paper P6, *Advanced Taxation*, for example, is frequently taken with Paper P7 and this paper has always presented requirements in this manner.

SUMMARY

The change is in how some question requirements will be presented, and is not intended to make the questions more difficult. It is hoped that this new presentation is more in line with the real world and gives the paper a more practical style.

For June 2010 and December 2010 exam sittings, this change will affect only one of the Section A question requirements, and will only affect the UK and IRL adapted paper.

From June 2011 onwards, the new style of question requirement will be introduced across all adaptations of the paper, and may involve several requirements in both Section A questions.

Lisa Weaver is examiner for Paper P7

QUESTION REQUIREMENTS

RELEVANT TO ACCA QUALIFICATION PAPER P7

REDRAFTED QUESTION 1 DECEMBER 2009

You are the manager responsible for the audit of Papaya Co, a listed company, which operates a chain of supermarkets, with a year ending 31 December 2009. There are three business segments operated by the company – two segments are supermarket chains which operate under internally generated brand names, and the third segment is a new financial services division.

The first business segment comprises stores branded as 'Papaya Mart'. This segment makes up three quarters of the supermarkets of the company, and are large 'out of town' stores, located on retail parks on the edge of towns and cities. These stores sell a wide variety of items, including food and drink, clothing, household goods, and electrical appliances. In September 2009, the first overseas Papaya Mart opened in Farland. This expansion was a huge drain on cash resources, as it involved significant capital expenditure, as well as an expensive advertising campaign to introduce the Papaya Mart brand in Farland.

The second business segment comprises the rest of the supermarkets, which are much smaller stores, located in city centres, and branded as 'Papaya Express'. The Express stores offer a reduced range of products, focusing on food and drink, especially ready meals and other convenience items.

The company also established a financial services division on 1 January 2009, which offers loans, insurance services and credit cards to customers.

The audit engagement partner has today sent to you the following email.

Required:

(d) Respond to the email from your partner **(16 marks)**

Requirement (d) contains professional marks which will be awarded for the format of the answer and for the clarity of the assessment provided

(2 marks)

To: Audit manager of Papaya Co

From: Audit engagement partner

Attachment: Notes from meeting held 29 November 2009

Hello

We are due to hold the audit planning meeting for Papaya Co next week. In preparation for this, I am asking you to produce some briefing notes which assess the financial statement risks relevant to our new audit client. The notes that were taken at a recent meeting with the client are attached to the email.

FOR JUNE 2010 AND DECEMBER 2010 EXAM SITTINGS, THIS CHANGE OF QUESTION REQUIREMENT WILL AFFECT ONLY ONE OF THE SECTION A QUESTION REQUIREMENTS, AND WILL ONLY AFFECT THE UK AND IRL ADAPTED PAPER.