



ACCA



# PROFESSIONAL SKILLS

IN STRATEGIC PROFESSIONAL OPTIONS EXAMS



Think Ahead

# Overview

From September 2022, ACCA will introduce a major change to the Strategic Professional Options examinations.

All Strategic Professional Options examinations will adopt the same exam structure of one Section A question worth 50 marks and two Section B questions worth 25 marks each and also change the balance of technical and professional skills marks.

Each Strategic Professional Options examination will comprise of 80 technical marks and 20 professional skills marks. The professional skills marks will be split across the examination with 10 professional skills marks available in Section A and 5 professional skills marks available in each of the Section B questions.

The decision to introduce this change continues ACCA's focus on ensuring that the professional accountants of the future have the right blend of technical and professional skills, coupled with an ethical mindset. By incorporating more professional skills marks into the Strategic Professional Options examinations, ACCA will be able to blend these professional skills and qualities with the technical mastery required for the different specialisms of audit, financial management, performance management and taxation.

*Note: This change will apply to Advanced Audit and Assurance (AAA), Advanced Financial Management (AFM) and Advanced Performance Management (APM) from September 2022 and to Advanced Taxation (UK and all variant examinations) from June 2023.*



# Professional skills

There are four key professional skills which will be assessed in the Strategic Professional Options examinations:

- Communication
- Analysis and evaluation
- Scepticism (and judgement)\*
- Commercial acumen

*\* Scepticism is being expanded to include judgement for Advanced Audit and Assurance only, as it is a defined requirement for auditors.*

Each of the four professional skills has a number of leadership capabilities associated with it. The Strategic Professional Options examinations will use these capabilities to allocate marks in each examination question as appropriate

The professional skills and capabilities are:

## COMMUNICATION

- Inform
- Persuade
- Clarify and simplify

In summary, this means candidates have to express themselves clearly and convincingly through the appropriate medium, while being sensitive to the needs of the intended audience. This means responding in a professional manner and adhering to any specific instructions made.

## SCEPTICISM

- Explore
- Question
- Challenge and critically assess

In summary, this means candidates have to explore, question and challenge information and views presented to them, identifying if all information is available or whether there may be underlying bias, to fully understand business issues and establish facts objectively, based on ethical and professional values.

## ANALYSIS AND EVALUATION

- Investigate
- Consider
- Assess and apply
- Appraise

In summary, this means candidates firstly have to thoroughly investigate and research information from a variety of sources and logically process it with a view to prioritising activities and arriving at an appropriate conclusion or recommendation. This analysis should form part of a comprehensive evaluation of a matter where candidates have to carefully assess situations, proposals, and arguments in a balanced and cogent way, using professional and ethical judgement to predict future outcomes and consequences as a basis for sound decision-making.

## COMMERCIAL ACUMEN

- Demonstrate awareness
- Recognise key issues and use judgement
- Show insight

In summary, this means candidates have to show awareness of the wider business environment and external factors affecting the business and use commercially sound judgement and insight to resolve issues, exploit opportunities and offer valid advice and realistic recommendations.

# Awarding professional skills marks

In terms of earning professional skills marks, the examining teams will be looking for that skill to be evident in respect of the technical points you make. So, it is important that you understand what these professional skills are in more detail for the Strategic Professional Options examinations you choose. This detail can be found in the syllabus and study guide of each examination.

Ensuring that you are familiar with what professionalism means in the context of the four professional skills for the different Strategic Professional Options examinations will make it easier for you to respond to requirements in the examinations in such a way as to give you the maximum potential to earn the marks available.

The professional skills marks in the Strategic Professional Options examinations will be attached to the overall question, rather than individual requirements. All four professional skills will be examined in the Section A question and the Section B questions will examine a combination of Analysis and evaluation, Scepticism and Commercial acumen; this combination will be dependent on the question asked and the marks will not necessarily be an even split across the skills being tested. As with the Technical marks there will be slightly more marks available than the set amount for students to score, for example in a Section B question there are five professional skills marks, however those five marks could be scored from a possible seven marks.

The directive technical content of the Strategic Professional Options examinations allows a more holistic approach to be taken in terms of the way in which the professional skills are assessed, and credit awarded. This approach mirrors the workplace where the application of professionalism is an ongoing attribute and will give flexibility for credit to be awarded to candidates who have demonstrated a relevant professional skill anywhere in their response. By taking this approach ACCA are expecting candidates to think professionally across the whole of their response as the professional skills are interconnected and tied to the technical requirements. For example, a thorough evaluation of a matter may require challenges of assumptions/data to be made and also evidence from the organisational context to be used to support a recommendation which has to be commercially sound.

## GENERAL ADVICE

- Make sure you include the most important, relevant, and crucial points relating to the requirement. Use your judgement to consider which points are the most convincing and compelling and only include additional less important points if you are not sure you have made enough valid points to achieve all the technical marks available for the requirement.
- Show deep/clear understanding of underlying or causal issues and integrate or link information from various parts of the scenario or different exhibits.
- Only make relevant points and try not to include superfluous information or make unsupported points. Bland statements with no application do not demonstrate professionalism nor does including information which does not address the requirements.
- Avoid repeating points already made. Professionally competent candidates do not needlessly repeat information. They may reinforce a previous point, but this is usually made as a development of a point rather than repetition.
- Address the requirements as written, taking particular notice of the verb used. Answering the question asked is an indication of your ability to read and comprehend instructions appropriately as is a demonstration of professionalism expected in the workplace.
- Show your ability to prioritise and make points in a logical and progressive way, building your response to a question.
- Structure and present your answers in a professional manner through faithfully simulating the task as would be expected of a professional accountant.
- Demonstrate evidence of your knowledge from previous learning or wider reading and apply this knowledge appropriately to strengthen arguments and make points more convincing.
- Demonstrating professionalism is not about linguistic eloquence or having an extensive vocabulary or having perfect grammar, it is about the ability to express points clearly, factually, and concisely and show credibility in what you are saying.



## Time management and planning

For time management purposes, candidates should allocate time based on the technical marks available, as the professional skills marks should not be thought of as separate requirements. Remember professional skills marks are earned by providing comprehensive and relevant responses to the technical requirements.

In terms of the technical requirements, candidates should consider how many marks there are for the requirement and then decide how many different points need to be made in order to achieve these marks – for the Strategic Professional Options examinations this is normally on the basis of one mark per point, possibly with an extra mark for more fully developing the same point.



# How will the professional skills be assessed in the respective Strategic Professional Options exams?



## ADVANCED PERFORMANCE MANAGEMENT (APM)

### Communication

Section A questions in APM always ask for a report requested by an organisation's senior management to address key matters facing the organisation.

This report should have appropriate report headings, sub-headings and an introduction which explains the content of the report to follow. The candidate response in the body of the report should look professional, use appropriate language and be clear and effective. It is vital that the report content is relevant to the requirements, including adhering to any specific instructions given in the examination question.

### Analysis and evaluation

All APM questions will include this professional skill as it is fundamental to performance management. It is common for APM questions to focus on the evaluation of a report, method, model, system, or technique, of which part may be the analysis of some data or information. It is key to remember that in APM any analysis or evaluation is contextual and must take into account the situation in which the organisation in the question operates.

Analysis can be demonstrated by appropriate use of the data/information to determine suitable calculations to support your evaluation. The ability to draw appropriate conclusions from the data/information analysed should be demonstrated, so that appropriate responses can be designed, and advice given. Identifying where data appears to be omitted or where further analysis is needed to make a recommendation is also important, as that means a full evaluation cannot be performed due to the lack of that data. It is key that decision-makers are made aware of this.

An evaluation is a balanced appraisal to determine the impact of a course of action, for example, changing an organisation's reward system. Part of that is to demonstrate reasoned judgement to consider all relevant factors applicable, decide what to prioritise and then come to a suitable and justified conclusion.

### **Scepticism**

Having a questioning approach is key for this skill. That questioning needs to lead to effective challenges of information, of evidence provided and assumptions stated. This includes the ability to identify contradictory evidence and remaining sceptical about information that has been provided in the scenario. APM often bases questions on theoretical performance management models, which include assumptions and therefore may not perfectly fit an organisation's situation and candidates need to be prepared to raise such issues.

APM often has stakeholders in question scenarios making statements about their beliefs and perceptions of a matter and candidates can be required to challenge those statements. These challenges, however, cannot simply be in the abstract. Reasons for issues and problems are needed before challenges can be upheld and deemed appropriate.

All of this means that candidates need to apply professional judgement to draw conclusions and make properly informed decisions which are appropriate to the business.

### **Commercial acumen**

All APM questions are set in commercially realistic scenarios. These can range from private to public sector organisations and also to not-for-profit organisations and regulated industries. This requires candidates to understand what does and does not work in such an organisational context, therefore any advice or recommendations have to be practical and plausible in the given situation.

To demonstrate this skill effectively candidates will need to use the question scenario information to draw evidence that relates to the organisational context but also take any other practical considerations into account. Organisations do not operate in a vacuum so candidates need to look at external constraints and opportunities where relevant and also consider the validity/ reasonableness of any assumption that the organisation may be working under, given the external environment. Awareness of internal constraints within an organisation should also be accounted for.

To ensure that candidates take a considered forward-looking approach recognition is needed of the possible consequences of past and future actions so that the right choices can be exercised.



## ADVANCED FINANCIAL MANAGEMENT (AFM)

### Communication

Section A questions in AFM always ask for a report to address key financial management matters facing the organisation.

This report should have appropriate report headings, sub-headings and an introduction which explains the content of the report to follow. The candidate response in the body of the report should look professional, use appropriate language and be clear and effective. The calculations should be separated off into an appendix in the spreadsheet response area and make use of the spreadsheet functionality. It is vital that the report content is relevant to the requirements, including adhering to any specific instructions given in the examination question.

### Analysis and evaluation

All AFM questions will include this professional skill as it is fundamental to financial management. It is common for AFM questions to include significant amounts of calculation consisting of the use of models or methods to evaluate financial strategy decisions. It is key to remember that in AFM any analysis or evaluation is contextual and must consider the situation in which the organisation in the question operates.

Analysis can be demonstrated by appropriate use of the data/information to determine suitable calculations to support your evaluation. The ability to draw appropriate conclusions from the data/information analysed should be demonstrated, so that appropriate responses can be designed, and advice given. Identifying where data appears to be omitted or where further analysis is needed to make a recommendation is also important, as that means a full evaluation cannot be performed due to the lack of that data. It is key that financial management decision-makers are made aware of this.

An evaluation is a balanced appraisal to determine the impact of a course of action, for example, changing an organisation's reward system. Part of that is to demonstrate reasoned judgement to consider relevant factors, decide what to prioritise and then come to a suitable and justified conclusion.

### Scepticism

Having a questioning approach is key for this skill. That questioning needs to lead to effective challenges of information, of evidence provided and assumptions stated. This includes the ability to identify contradictory evidence and remaining sceptical about information that has been provided in the scenario.

AFM often uses theoretical models which include assumptions and also can include stakeholders in question scenarios making statements about their beliefs and perceptions of a matter and candidates can be required to challenge those statements. These challenges, however, cannot simply be in the abstract. Reasons for issues and problems with any assumptions/statements are needed before challenges can be upheld and deemed appropriate.

All of this means that candidates need to apply professional judgement to draw conclusions and make properly informed decisions which are appropriate to the organisation.

### Commercial acumen

All AFM questions are set within a commercial scenario. These will mostly be for-profit organisations, but they can include public sector organisations and also not-for-profit organisations. Whatever context is used, candidates need to understand what does and does not work in such an organisational scenario, therefore any advice or recommendations have to be practical and plausible in the given situation.

To demonstrate this skill effectively candidates will need to use the question scenario information to draw evidence that relates to the organisational context but also take any other practical commercial considerations into account. Organisations do not operate in a vacuum so candidates need to look at external constraints and opportunities where relevant and also consider the validity/reasonableness of any assumption that the organisation may be working under, given the external environment. Awareness of internal constraints within an organisation should also be accounted for.

To ensure that candidates take a considered forward-looking approach recognition is needed of the possible consequences of past and future actions so that the right choices can be exercised.



## ADVANCED AUDIT AND ASSURANCE (AAA)

### Communication

Section A questions in AAA always ask for a set of briefing notes requested by an audit engagement partner or senior manager, which address key matters facing the engagement team at the planning stage of an audit.

This report should have appropriate headings, sub-headings and a brief introduction which explains the content of the report to follow. Candidate's response in the body of the report should look professional, use appropriate language and be clear and effective. It is vital that the report content is relevant to the requirements, including adhering to any specific instructions given in the examination requirement.



### Analysis and evaluation

All AAA questions will include this professional skill as it is fundamental that candidates can demonstrate their assessment of a given scenario and the application of their knowledge.

The scenario will require an assessment of the financial reporting issues of the client, the ethical or legal and regulatory issues and their impact on the audit process. This may be at the planning or completion and reporting stage of the audit, so candidates need to ensure that any recommendations for further actions are relevant to that point of the engagement.

It is important that candidates ensure that any analysis or evaluation is contextual and must take into account the situation in which the organisation in the question operates.

Analysis can be demonstrated by appropriate use of the information to determine suitable calculations to support your evaluation. The ability to draw appropriate conclusions from the analysis should be demonstrated, so that appropriate responses or actions can be proposed. Identifying where data or information appears to be omitted or where further analysis is needed to make a recommendation is also important, as that means a full evaluation cannot be performed, for example, understanding the basis of a provision and understanding how the audit team can gain sufficient and appropriate audit evidence in the circumstances.

An evaluation is a balanced appraisal to determine the impact of a course of action, for example, if a client does not amend a material misstatement in the financial statements, candidates need to be able to explain the implications on the auditor's report.

### **Scepticism and judgement**

Candidates are expected to demonstrate professional scepticism and judgement when assessing the information given in the scenarios. This is key when asked to evaluate the significant risks in a scenario, or challenging information which has been provided.

In line with the revisions and introduction of the 'spectrum of risk' in ISA 315 (Revised 2019) Identifying and Assessing the Risks of Material Misstatement, candidates will need to demonstrate their application of professional judgement by prioritising risks (audit risks or risks of material misstatement only) in their answers. Candidates should be prioritising the most significant risks first, and in a brief conclusion, justifying their decision.

Information may come from the client, such as in the basis for a provision or the basis of amortisation of purchased intangible assets. Other scenarios may ask the candidates to review the audit work and evidence obtained during the engagement and assess whether it is sufficient to support a decision or information in an auditor's report.

### **Commercial acumen**

Questions are set in commercially realistic scenarios ranging from private to public sector organisations, not-for-profit organisations, and regulated industries.

Candidates may be asked to demonstrate their commercial acumen by assessing the business risks affecting the client at the audit planning stage, for example, specific regulatory requirements or the impact of competition on future business. Factors affecting a client may highlight issues regarding the future trading success of the business, for example, there is an opportunity to expand the business, but consideration needs to be given as to how this will affect the current operations.

Candidates need to look at external constraints and opportunities where relevant and also consider the validity/reasonableness of any assumption that the organisation may be working under, given the external environment.

Candidates may show commercial acumen by assessing the impact of the engagement on the audit firm. This may be relevant in a scenario which requires an evaluation of whether to accept an engagement, for example, whether the audit firm is happy to be associated with the client or industry.



## ADVANCED TAXATION (ATX)

### Communication

Section A questions in ATX will ask candidates to respond to the requirements using a particular format, for example a report, letter, memorandum or notes in preparation for a meeting.

Irrespective of the specific format required, the style, presentation and tone of a candidate's response should be professional and flow in a logical way. The response should contain appropriate headings and sub-headings which aim to achieve good coverage of all aspects of the requirement in an organised and methodical manner. It should be clear and effective, both in terms of the language used and the calculations performed.

Another important aspect of the skill of communication is to ensure that the content is relevant to the requirements and adheres to any specific instructions which are given in the question. Due consideration should also be given to the appropriateness of the tools employed (i.e. use of spreadsheet versus word processing platforms) and the ease of referencing between them, if both are used to address a single requirement.

### Analysis and evaluation

The professional skill of analysis can be demonstrated in ATX by the application of the underlying tax rules to the specific scenario provided. Question requirements will often call for an explanation of the consequences of one or more courses of action. Candidates will then need to demonstrate evaluation skills by providing a recommendation or conclusion, or by giving advice. Loss-making scenarios are a good example of how this skill can be tested; in such a scenario, analytical skills will be required in terms of determining all the available options to the loss making company, or individual. Candidates will often then be asked to evaluate each of them, and to conclude on the most suitable or beneficial relief(s). The conclusions reached should be supported by relevant data taken from the scenario and justified by reference to the specific position of the entity involved.

Due consideration should be given to the impact of any variables provided in the scenario; for example, more than one date may be given for the proposed disposal of an asset, or there may be uncertainty as to the structure which is to be adopted for a proposed acquisition, or whether a new venture will be operated as a company or an unincorporated business. Variables such as these should be identified and any differences clearly explained in the analysis which is performed.

As previously noted, the skill of evaluation will typically be demonstrated by way of a balanced appraisal to determine the impact of a course of action, for example, taking advantage of a particular claim, election or relief. This involves the application of reasoned judgement to consider relevant factors, decide which ones to prioritise and then come to a suitable and justified conclusion based thereon.

### Scepticism

Demonstrating scepticism in ATX does not mean challenging all the information which has been provided. It should be clear to a well-prepared candidate where scepticism should be exercised. For instance, there may be gaps or uncertainties in the information provided which could affect the conclusions reached, or the possible recommendations which could be made. If relevant, these should be identified and explained. Not knowing, for example, the specific date of an acquisition, or a disposal, may make the availability of particular reliefs in connection with the transaction uncertain, and this would need to be pointed out.

Scepticism may also be tested by giving candidates the opportunity to challenge the expressed views or opinions of individuals (say a friend, colleague or relative) in the scenario with regard to a particular course of action, strategy to adopt or application of the tax rules. Clear direction will normally be given in the question that such challenges are expected, and where this is the case, candidates should ensure that they fully explain and justify their counter arguments, and alternative views.

### **Commercial acumen**

All ATX scenarios are intended to be as commercially realistic as possible. They range from considering large groups of companies down to single individuals. Candidates are therefore required to understand what advice is, or is not, appropriate in such organisational contexts, taking care to ensure that any recommendations are practical, plausible and relevant to the given entity and its particular circumstances.

Commercial acumen does not therefore entail having a knowledge or awareness of tax issues which goes beyond the scope of the syllabus. Effective demonstration of this skill will involve candidates using information within the question scenario to provide realistic and commercial solutions to problems, taking into account any other relevant practical considerations. This could involve demonstrating an awareness of internal constraints relevant to a scenario. For example, if access to funds is a major concern for an organisation, the solution which achieves the greatest tax saving may not necessarily be the one that addresses immediate cashflow concerns and this should be pointed out in a candidate's answer.

Candidates need to take a considered forward-looking approach, recognising the possible consequences of past and future actions and that a course of action may have multiple impacts, so that the right choices can be exercised. This also means focussing on time limits for claims and elections such that, from a tax perspective, choices may still exist with regard to transactions which have already occurred.

Commercial acumen may also involve demonstrating a broad awareness of the purpose behind a particular area of legislation (e.g. legislation introduced to combat tax avoidance) or the wider consequences of a particular course of action beyond the immediate transaction under scrutiny; as an example, identifying that, under UK tax rules, once an election has been made to exempt from UK tax the profits of a foreign branch, this tax treatment applies to all foreign branches of that company.







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