

The ACCA logo is a red square with the letters 'ACCA' in white, bold, sans-serif font.

ACCA

A young woman with dark hair, wearing a grey cardigan over a white top, is sitting at a wooden table. She is looking towards the right of the frame with a slight smile. In front of her is a silver laptop. To her right is a white coffee cup on a saucer. The background is a blurred brick wall with a bookshelf containing various books.

Your guide to ACCA session CBEs

Think Ahead

This document explains what types of questions are used in session computer based exams (CBEs), as well as guidance on how to best use the exam functionality to navigate through the exam and answer questions.

WHAT ARE SESSION CBES LIKE?

Session CBEs use the same kind of technology found in today's workplace, including specially designed spreadsheet and word processing question types. This means the exams closely reflect how a modern finance professional works, boosting your employability skills.

There are three types of question found in session CBEs:

- Objective Test questions (also known as **OT questions**)
- **OT Case questions**
- longer, **Constructed Response questions**

The following section of the guide tells you more about each question type and how they work.

Objective Test questions

OT questions are single, short questions that are auto-marked and worth two marks each. Students have to answer the whole question correctly to earn their two marks. **There are no partial marks.**

The next few pages give definitions of the different types of OT question, along with examples of what these might look like.

1 MULTIPLE CHOICE

Multiple choice questions are also used in paper exams. Students need to choose one answer from a number of given options.



Time Remaining 00:41:21
2 of 4

Search flag AE typego Controller flag for review

Caddy Co acquired 240,000 of Anbel Co's 800,000 equity shares for \$9 per share on 1 October 20X4. Anbel Co's profit after tax for the year ended 30 September 20X5 was \$400,000 and it paid an equity dividend on 29 September 20X5 of \$150,000.

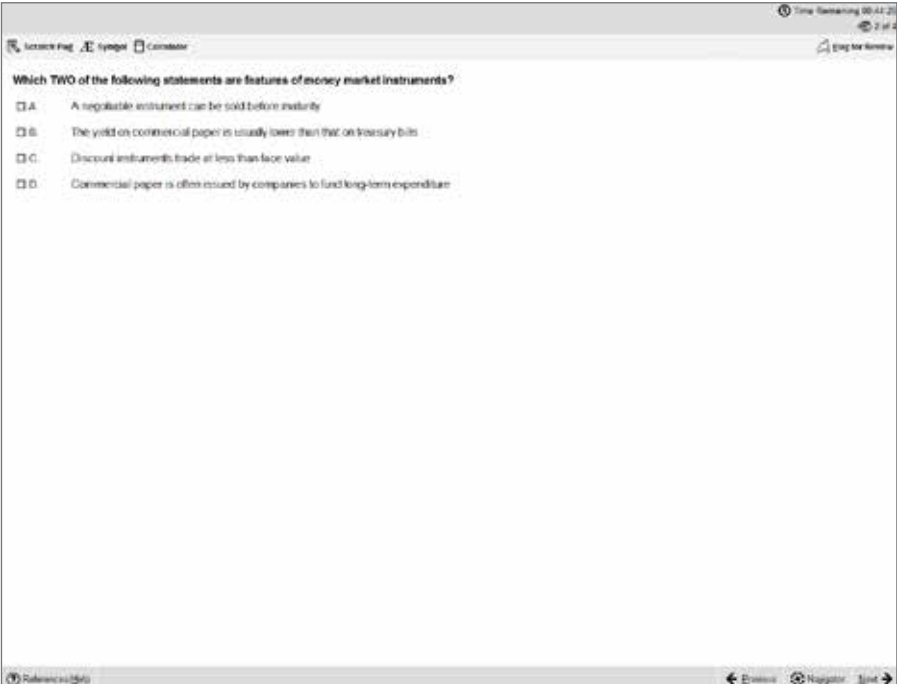
On the assumption that Anbel Co is an associate of Caddy Co, what would be the carrying amount of the investment in Anbel Co in the consolidated statement of financial position of Caddy Co as at 30 September 20X5?

A \$1,515,000
 B \$1,500,000
 C \$1,295,000
 D \$1,690,000

References (3/4) ← Back Navigator Next →

2 MULTIPLE RESPONSE

These are a kind of multiple choice question, except students need to select more than one answer from a number of given options. The question will specify how many answers need to be selected, but the system won't stop students from selecting more answers than this, so it's important to read the question carefully.



Time Remaining 00:41:21
2 of 4

Search flag AE typego Controller flag for review

Which TWO of the following statements are features of money market instruments?

A A negotiable instrument can be sold before maturity
 B The yield on commercial paper is usually lower than that on treasury bills
 C Discount instruments trade at less than face value
 D Commercial paper is often issued by companies to fund long-term expenditure

References (3/4) ← Back Navigator Next →

3 FILL IN THE BLANK

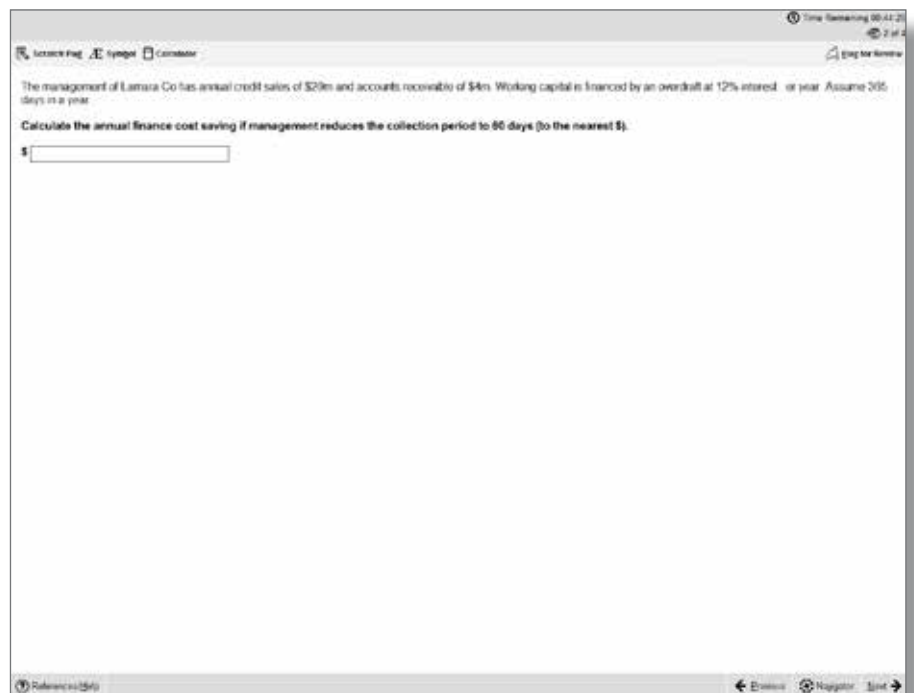
This question type requires students to type an answer into a box. The unit of measurement will sit outside the box, and if there are specific rounding requirements these will be displayed.

The only permitted characters for this question type are:

- Numbers
- One full stop as a decimal point if required
- One minus symbol at the front of the figure if the answer is negative

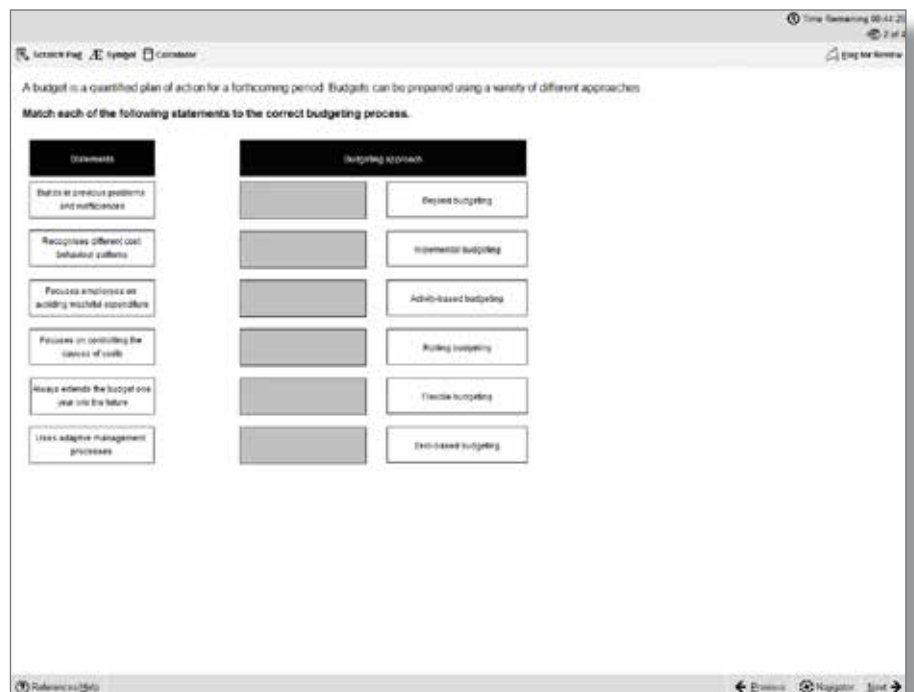
For example: -10234.35

No other characters, including commas, are accepted.



4 DRAG AND DROP

Drag and drop questions involve students dragging an answer and dropping it into place. Some questions could involve matching more than one answer to a response area and some questions may have more answer choices than response areas, which means not all available answer choices need to be used.



5 DROP DOWN LIST

This question type requires students to select one answer from a drop down list. Some of these questions may contain more than one drop down list and an answer has to be selected from each one.

The screenshot shows a question in the ACCA exam system. The question text is as follows:

On 1 October 2004, Pyramid Co acquired 80% of Square Co's 9 million (\$1) equity shares. At the date of acquisition, Square Co had an item of plant which had a fair value of \$3m in excess of its carrying amount. At the date of acquisition it had a remaining life of five years.

Pyramid Co's policy is to value non-controlling interests at fair value at the date of acquisition. For this purpose, Square Co's shares had a value of \$3.50 each at that date. In the year ended 30 September 2005, Square Co reported a profit of \$8m.

At what amount should the non-controlling interests of Square Co be valued in the consolidated statement of financial position of Pyramid Co as at 30 September 20X5?

Below the question is a drop-down menu with the text "Select" and a downward arrow.

6 HOT SPOT

For hot spot questions, students are required to select one point on an image as their answer. When the cursor is hovered over the image, it will display as an "X". To answer, place the X on the appropriate point on the diagram. The image will have been set so that as long as part of the X is touching the specific part of the image that represents the correct answer, it will be marked correct, but not if it is also touching another possible answer.

The screenshot shows a question in the ACCA exam system. The question text is as follows:

A leisure company owns a number of large health and fitness resorts, but one is suffering from declining sales and is predicted to make a loss in the next year. As a result management have identified a number of possible actions:

- (1) Shut down the resort and sell off the assets
- (2) Undertake a major upgrade to facilities costing \$4.5m
- (3) Undertake a minor upgrade to facilities costing \$2m

The upgrades are predicted to have variable results and the probability of good results after a major upgrade is 0.8, whereas the probability of good results after a minor upgrade is 0.7.

The company is risk neutral and has prepared the following decision tree:

Using the information below, identify, by clicking on the relevant branch of the decision tree, which action the company should take.

The decision tree diagram shows three main branches from a root node:

- Shut down and sell:** Leads to a terminal node with a value of \$5.75m.
- Major upgrade:** Leads to a chance node with two branches:
 - Good results:** Leads to a terminal node with a value of \$11m.
 - Poor results:** Leads to a terminal node with a value of \$7.5m.
- Minor upgrade:** Leads to a chance node with two branches:
 - Good results:** Leads to a terminal node with a value of \$8m.
 - Poor results:** Leads to a terminal node with a value of \$6m.

There is a legend box on the right side of the diagram with the text "Hot Spot Decision Outcome" and a small square icon.

7 HOT AREA

These are similar to hot spot questions, but instead of selecting a specific point students are required to select one or more areas in an image. It's important to read the question carefully because the Navigator and Item Review screens will show these questions as complete even if you have not provided a full answer.

Financial statements represent transactions in words and numbers. To be useful, financial information must represent faithfully these transactions in terms of how they are reported.

Only one of the following four statements regarding faithful representation is true. Identify that statement, by clicking on the relevant box in the table below, and mark all of the others as false.

Charging the rental payments for an item of plant to the statement of profit or loss where the rental agreement meets the criteria for a finance lease is an example of faithful representation	TRUE	FALSE
Including a convertible loan note in equity on the basis that the holders are likely to choose the equity option on conversion is an example of faithful representation	TRUE	FALSE
Derecognising factored trade receivables sold without recourse is an example of faithful representation	TRUE	FALSE
Treating redeemable preference shares as part of equity in the statement of financial position is an example of faithful representation	TRUE	FALSE

Objective Test Case questions

Each OT case contains a group of five OT questions based around a single scenario. These can be any combination of the single OT question types and they are auto-marked in the same way as the single OT questions.

OT cases are worth 10 marks (each of the five OTs within it are worth two marks, and as with the OT questions described above, students will receive either two marks or zero marks for those individual questions).

OT cases are written so that there are no dependencies between the individual questions. So, if a student gets the first question wrong, this does not affect their ability to get the other four correct.

The OT case scenario remains on screen so students can see it while answering the questions. However, a moveable splitter bar enables the student to focus on either the scenario or the questions.

The following page shows an example of a single scenario with five OT questions.

Time Remaining 00:44:20
2 of 4
Flag for Review

Session flag **Flag for Review** **Comment**

Balotell Co operates a number of hotels providing accommodation, leisure facilities and restaurants. You are an audit senior of Mario & Co and you are currently conducting the audit of Balotell Co for the year ended 31 December 20X4. During the course of the audit the following events and issues have been brought to your attention:

Depreciation
Balotell Co incurred significant capital expenditure during the year updating the leisure facilities at several of the company's hotels. Depreciation is charged on all assets monthly on a straight-line basis (SL) and it is company policy to charge a full month's depreciation in the month of acquisition and none in the month of disposal.

Food poisoning
Balotell Co's directors received correspondence in November 20X4 from a group of customers who attended a wedding at one of the company's hotels. They have alleged that they suffered severe food poisoning from food eaten at the hotel and are claiming substantial damages. Management have stated that based on discussions with their lawyers the claim is unlikely to be successful.

Trade receivables
Balotell Co's trade receivables have historically been low as most customers are required to pay in advance or at the time of visiting the hotel. However during the year a number of companies opened corporate accounts which are payable monthly in arrears. As such the trade receivables balance has risen significantly and is now a material balance.

During the audit of non-current assets, the audit team has obtained the following extract of the non-current assets register detailing some of the new leisure equipment acquired during the year.

Balotell Co - Non-current assets register

Date	Description	Original cost (\$)	Depreciation policy	Accumulated depreciation (\$)	Charge for the year (\$)	Carrying value (\$)
1 May 20X4	15 treadmills	18,000	36 months SL	0	4,000	14,000
15 May 20X4	20 rowing machines	17,000	3 years SL	0	5,667	11,333
17 August 20X4	115 rowing machines	9,750	36 months SL	0	2,687	7,063
19 August 20X4	10 cross trainers	11,000	36 months SL	0	1,528	9,472
		66,750		6	13,882	42,868

Time Remaining 00:44:20
2 of 4
Flag for Review

Session flag **Flag for Review** **Comment**

In order to verify the deprecator will involve developing an expert to assess if the client has calculated the expected deprecator's resultant impact on non-current assets.

What is the expected deprecator's resultant impact on non-current assets?

A. Depreciation should be charged in the month of acquisition and none in the month of disposal.

B. Depreciation should be charged in the month of acquisition and none in the month of disposal.

C. Depreciation should be charged in the month of acquisition and none in the month of disposal.

D. Depreciation should be charged in the month of acquisition and none in the month of disposal.

Balotell Co operates a number of hotels providing accommodation, leisure facilities and restaurants. You are an audit senior of Mario & Co and you are currently conducting the audit of Balotell Co for the year ended 31 December 20X4. During the course of the audit the following events and issues have been brought to your attention:

Depreciation
Balotell Co incurred significant capital expenditure during the year updating the leisure facilities at several of the company's hotels. Depreciation is charged on all assets monthly on a straight-line basis (SL) and it is company policy to charge a full month's depreciation in the month of acquisition and none in the month of disposal.

The audit assistant who has been assigned to help you with the audit work on non-current assets, has expressed some uncertainty over why certain audit procedures are carried out and specifically is unsure what procedures relate to the valuation and allocation assertion.

Which FOUR of the following audit procedures are appropriate to test the VALUATION assertion for non-current assets?

A. Review board minutes for evidence of disposals during the year and verify that these are appropriately reflected in the non-current asset register.

B. Agree a sample of additions included in the non-current assets register to purchase invoice and cash book.

Time Remaining 00:44:20
2 of 4
Flag for Review

Session flag **Flag for Review** **Comment**

Balotell Co operates a number of hotels providing accommodation, leisure facilities and restaurants. You are an audit senior of Mario & Co and you are currently conducting the audit of Balotell Co for the year ended 31 December 20X4. During the course of the audit the following events and issues have been brought to your attention:

Depreciation
Balotell Co incurred significant capital expenditure during the year updating the leisure facilities at several of the company's hotels. Depreciation is charged on all assets monthly on a straight-line basis (SL) and it is company policy to charge a full month's depreciation in the month of acquisition and none in the month of disposal.

Food poisoning
Balotell Co's directors received correspondence in November 20X4 from a group of customers who attended a wedding at one of the company's hotels. They have alleged that they suffered severe food poisoning from food eaten at the hotel and are claiming substantial damages. Management have stated that based on discussions with their lawyers the claim is unlikely to be successful.

Trade receivables
Balotell Co's trade receivables have historically been low as most customers are required to pay in advance or at the time of visiting the hotel. However during the year a number of companies opened corporate accounts which are payable monthly in arrears. As such the trade receivables balance has risen significantly and is now a material balance.

In relation to the claim regarding the alleged food poisoning, which of the following audit procedures would provide the auditor with the MOST reliable audit evidence regarding the likely outcome of the litigation?

A. Request a written representation from management supporting their assertion that the claim will not be successful.

B. Send an enquiry letter to the lawyers of Balotell Co to obtain their view as to the probability of the claim being successful.

C. Review the correspondence from the customers claiming food poisoning to assess whether Balotell Co has a present obligation as a result of a past event.

D. Review board minutes to understand any of the directors believe that the claim will not be successful.

The audit assistant who has been assigned to help you with the audit work on non-current assets, has expressed some uncertainty over why certain audit procedures are carried out and specifically is unsure what procedures relate to the valuation and allocation assertion.

Which TWO of the following are benefits of carrying out a trade receivables circularisation?

A. It provides evidence from an independent external source.

B. It provides sufficient appropriate evidence over all balance assertions.

C. It improves audit efficiency as all customers are required to respond.

D. It improves the reliability of audit evidence as the process is under the control of the auditor.

Time Remaining 00:44:20
2 of 4
Flag for Review

Session flag **Flag for Review** **Comment**

Balotell Co operates a number of hotels providing accommodation, leisure facilities and restaurants. You are an audit senior of Mario & Co and you are currently conducting the audit of Balotell Co for the year ended 31 December 20X4. During the course of the audit the following events and issues have been brought to your attention:

Depreciation
Balotell Co incurred significant capital expenditure during the year updating the leisure facilities at several of the company's hotels. Depreciation is charged on all assets monthly on a straight-line basis (SL) and it is company policy to charge a full month's depreciation in the month of acquisition and none in the month of disposal.

Food poisoning
Balotell Co's directors received correspondence in November 20X4 from a group of customers who attended a wedding at one of the company's hotels. They have alleged that they suffered severe food poisoning from food eaten at the hotel and are claiming substantial damages. Management have stated that based on discussions with their lawyers the claim is unlikely to be successful.

Trade receivables
Balotell Co's trade receivables have historically been low as most customers are required to pay in advance or at the time of visiting the hotel. However during the year a number of companies opened corporate accounts which are payable monthly in arrears. As such the trade receivables balance has risen significantly and is now a material balance.

The results of the trade receivables circularisation carried out by the audit team are detailed below:

Customer	Balance per sales ledger (\$)	Balance per customer confirmation (\$)	Comment
Willow Co	42,500	42,500	
Cedar Co	35,000	25,000	Invoice raised 20 December 20X4
Maple Co	60,000	45,000	Payment made 30 December 20X4
Laurel Co	55,000	55,000	A balance of \$20,000 is currently being disputed by Laurel Co.

The auditor has been asked to assess the replies and consider whether any additional audit work is required.

Based on the results of the circularisation, match each customer to the appropriate audit procedure.

Customer	Audit procedure
Willow Co	Agreed to trial year end cash book and bank statement
Cedar Co	Discuss with management and consider whether amount should be included in allowance for receivables
Maple Co	No further audit procedures required
Laurel Co	Agreed to pre year end review

Time Remaining 00:44:20
2 of 4
Flag for Review

Session flag **Flag for Review** **Comment**

Balotell Co operates a number of hotels providing accommodation, leisure facilities and restaurants. You are an audit senior of Mario & Co and you are currently conducting the audit of Balotell Co for the year ended 31 December 20X4. During the course of the audit the following events and issues have been brought to your attention:

Depreciation
Balotell Co incurred significant capital expenditure during the year updating the leisure facilities at several of the company's hotels. Depreciation is charged on all assets monthly on a straight-line basis (SL) and it is company policy to charge a full month's depreciation in the month of acquisition and none in the month of disposal.

Food poisoning
Balotell Co's directors received correspondence in November 20X4 from a group of customers who attended a wedding at one of the company's hotels. They have alleged that they suffered severe food poisoning from food eaten at the hotel and are claiming substantial damages. Management have stated that based on discussions with their lawyers the claim is unlikely to be successful.

Trade receivables
Balotell Co's trade receivables have historically been low as most customers are required to pay in advance or at the time of visiting the hotel. However during the year a number of companies opened corporate accounts which are payable monthly in arrears. As such the trade receivables balance has risen significantly and is now a material balance.

The results of the trade receivables circularisation carried out by the audit team are detailed below:

Customer	Balance per sales ledger (\$)	Balance per customer confirmation (\$)	Comment
Willow Co	42,500	42,500	
Cedar Co	35,000	25,000	Invoice raised 20 December 20X4
Maple Co	60,000	45,000	Payment made 30 December 20X4
Laurel Co	55,000	55,000	A balance of \$20,000 is currently being disputed by Laurel Co.

The auditor has been asked to assess the replies and consider whether any additional audit work is required.

Based on the results of the circularisation, match each customer to the appropriate audit procedure.

Customer	Audit procedure
Willow Co	Agreed to trial year end cash book and bank statement
Cedar Co	Discuss with management and consider whether amount should be included in allowance for receivables
Maple Co	No further audit procedures required
Laurel Co	Agreed to pre year end review

Constructed response questions

For these question types, students produce individual written and numerical answers which they insert into blank word processing pages, blank spreadsheets, or pre-formatted templates. A number of standard word processing and spreadsheet functions are available via the menu and tool bar for students to use when responding to the question.

Because students provide unique answers, either in their own words or by calculating and presenting numerical answers in spreadsheets, this section will be marked by an expert. All workings and calculations will be viewed and assessed, just like in paper exams – **this means, for example, that if students use any formulae for the spreadsheet questions, markers will see the formulae and not just the final answer, so they will understand how students have reached their answers.**

This image shows an example of a question where students have to produce their answer in a blank spreadsheet.

The screenshot displays an ACCA exam question interface. On the left, a word processing area contains the following text:

Vip Co, a large stock exchange listed company, is evaluating an investment proposal to manufacture Product W33, which has performed well in test marketing trials conducted recently by the company's research and development division. Product W33 will be manufactured using a fully-automated process which would significantly increase noise levels from Vip Co's factory. The following information relating to this investment proposal has now been prepared:

Initial investment	£2 million
Selling price (current price terms)	£20 per unit
Expected selling price inflation	7% per year
Variable operating costs (current price terms)	£6 per unit
Fixed operating costs (current price terms)	£170,000 per year
Expected operating cost inflation	4% per year

The research and development division has prepared the following demand forecast as a result of its test marketing trials. The forecast reflects expected technological change and its effect on the anticipated life-cycle of Product W33.

Year	1	2	3	4
Demand (units)	60,000	70,000	120,000	45,000

It is expected that all units of Product W33 produced will be sold, in line with the company's policy of keeping no inventory of finished goods. No terminal value or machinery scrap value is expected at the end of four years, when production of Product W33 is planned to end. For investment appraisal purposes, Vip Co uses a nominal (money) discount rate of 10% per year and a target return on capital employed of 30% per year. Ignore taxation.

On the right, a 'Required:' section lists the questions:

Required:

- Calculate the following values for the investment proposal:
 - net present value; (5 marks)
 - internal rate of return; (3 marks)
 - return on capital employed (accounting rate of return) based on average investment. (3 marks)

Below the text is a blank spreadsheet grid with columns A through H and rows 1 through 26. The spreadsheet is currently empty, with a small selection box visible in cell D7.

This image shows an example of a question where students have to produce their answer in a pre-formatted spreadsheet.

Naive Ltd - Corporation tax computation for the year ended 31 March 2016

Trading profit (working 1)	£ 372,000
Loan interest received (working 2)	32,100
Corporation tax (425,000 at 20%)	81,000

Working 1 - Trading profit

Profit before taxation	£ 274,530
Depreciation	15,740
Donations to political parties	200
Qualifying charitable donations	500
Accountancy	2,300
Legal fees in connection with the issue of loan notes (the loan was used to finance the company's trading activities)	5,700
Entertaining suppliers	3,600
Entertaining employees	1,700
Gifts to customers (pens costing £40 each and displaying Naive Ltd's name)	920
Gifts to customers (food hampers costing £45 each and displaying Naive Ltd's name)	1,650
Capital allowances (working 3)	65,480
Trading profit	372,000

Working 2 - Loan interest received

Loan interest receivable	£ 32,000
Accrued at 1 April 2015	10,600
Accrued at 31 March 2016	(11,300)
Loan interest received	32,100

Required:

(a) Prepare a revised version of Naive Ltd's corporation tax computation for the year ended 31 March 2016.

Note: Your calculations should commence with the profit before taxation figure of £274,530, and you should indicate by the use of zero (0) any items in the computation of the trading profit for which no adjustment is required. (12 marks)

The screenshot also shows a pre-formatted spreadsheet grid with the following structure:

1	Naive Ltd - Trading profit for the year ended 31 March 2016
2	
3	Profit before taxation
4	Depreciation
5	Donations to political parties
6	Qualifying charitable donations
7	Accountancy
8	Legal fees
9	Entertaining suppliers
10	Entertaining employees
11	Gifts to customers - pens
12	Gifts to customers - food hampers
13	Capital allowances
14	Trading profit
15	
16	Naive Ltd - Corporation tax computation for the year ended 31 March 2016
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	

This image shows an example of a question where students have to produce their answer in a blank word processing page.

Thatcher International Park (TIP) is a theme park and has for many years been a successful business, which has traded profitably. About three years ago the directors decided to capitalise on their success and reduced the expenditure made on new thrill rides, reduced routine maintenance where possible (deciding instead to repair equipment when it broke down) and made a commitment to regularly increase admission prices. Once an admission price is paid customers can use any of the facilities and rides for free.

These steps increased profits considerably, enabling good dividends to be paid to the owners and bonuses to the directors. The last two years of financial results are shown below.

	20X4	20X5
	£	£
Sales	5,250,000	5,320,000
Less expenses:		
Wages	2,500,000	2,200,000
Maintenance - routine	80,000	70,000
Repairs	200,000	320,000
Directors' salaries	150,000	160,000
Directors' bonuses	15,000	18,000
Other costs (including depreciation)	1,200,000	1,160,000
Net profit	1,045,000	1,372,000
Book value of assets at start of year	13,000,000	12,000,000
Dividend paid	500,000	650,000
Number of visitors	150,000	140,000

TIP operates in a country where the average rate of inflation is around 1% per annum.

Required:

(a) Assess the financial performance of TIP using the information given above. (14 marks)

This image shows an example of a question where students have to produce their answer in a pre-formatted word processing page.

The screenshot shows a word processing application window with a case study on the left and a question on the right. The case study text is as follows:

Baggio International Co (Baggio Co) is a manufacturer of electrical equipment. It has factories across the country and its customer base includes retailers as well as individuals, to whom direct sales are made through their website. The company's year end is 30 September 20X5. You are an audit supervisor of Suarez & Co and are currently reviewing documentation of Baggio Co's internal control in preparation for the interim audit.

Baggio Co's website allows individuals to order goods directly, and full payment is taken in advance. Currently the website is not integrated into the inventory system and inventory levels are not checked at the time when orders are placed. Inventory is valued at the lower of cost and net realisable value.

Goods are despatched via local couriers; however, they do not always record customer signatures as proof that the customer has received the goods. Over the past 12 months there have been customer complaints about the delay between sales orders and receipt of goods. Baggio Co has investigated these and found that, in each case, the sales order had been entered into the sales system correctly but was not forwarded to the despatch department for fulfilling.

Baggio Co's retail customers undergo credit checks prior to being accepted and credit limits are set accordingly by sales ledger clerks. These customers place their orders through one of the sales team, who decides on sales discount levels.

Raw materials used in the manufacturing process are purchased from a wide range of suppliers. As a result of staff changes in the purchase ledger department, supplier statement reconciliations are no longer performed. Additionally, changes to supplier details in the purchase ledger master file can be undertaken by purchase ledger clerks as well as supervisors.

In the past six months, Baggio has changed part of its manufacturing process and as a result some new equipment has been purchased; however, there are considerable levels of plant and equipment which are now surplus to requirement. Purchase requisitions for all new equipment have been authorised by production supervisors and little has been done to reduce the surplus of old equipment.

The question on the right asks:

In respect of the internal control of Baggio International Co:

(i) Identify and explain SIX deficiencies;
(ii) Recommend a control to address each of these deficiencies; and
(iii) Describe a test of control Suarez & Co would perform to assess whether each of these controls, if implemented, is operating effectively. (16 marks)

Note: The total marks will be split equally between each part.

Below the question is a table with three columns: Control Deficiency, Control recommendation, and Test of control. The table has 6 rows for recording the findings.

Control Deficiency	Control recommendation	Test of control

For more information on Constructed Response questions, please refer to the 'Constructed Response Questions: Help and Guidance' section on page 15 – this is a guidance document which will be available to students during the exam through the 'help' feature. It will also be available in the specimen exams.

Exam functionality explained

FLAG FOR REVIEW

When a student is on a question they can flag it for review. They can then revisit it later in the exam.

NEXT AND PREVIOUS BUTTONS

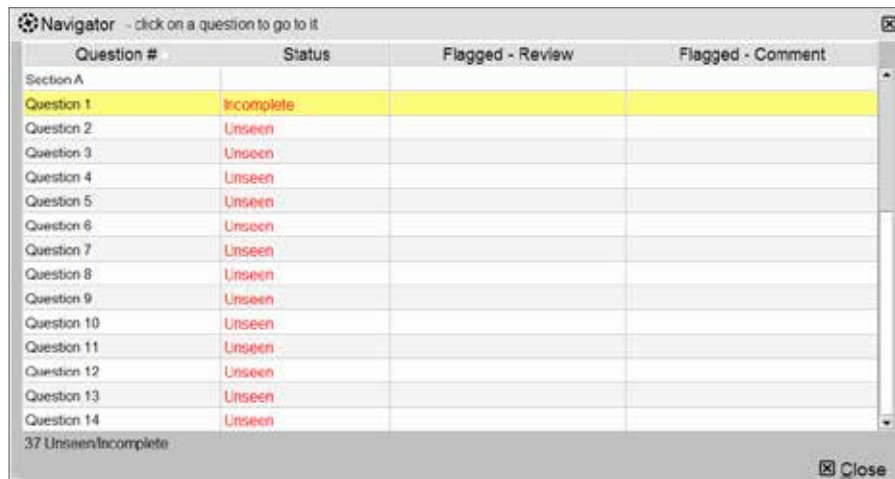
Next and previous buttons allows students to navigate back and forth through the exam questions.

NAVIGATOR TOOL

This allows students to navigate to any question within the exam, instead of using the 'next' and 'previous' buttons. The navigator tool displays if a question has been flagged for review, if a question has been answered, if a question is incomplete or if a question has not been viewed by the student.

Status definitions:

- **Complete** – you have attempted the question. (Note that multiple response and hot area questions will show as complete even if you have not answered in full.)
- **Incomplete** – you have viewed the question but not attempted it. (Note that drag and drop and fill in the blank questions with more than one response area will show as incomplete until you have answered in full.)
- **Unseen** – you have not viewed the question.



The screenshot shows a window titled "Navigator" with a subtitle "click on a question to go to it". The window contains a table with the following columns: "Question #", "Status", "Flagged - Review", and "Flagged - Comment". The table lists 14 questions under "Section A". Question 1 is highlighted in yellow and has a status of "Incomplete". Questions 2 through 14 are listed with a status of "Unseen". The "Flagged - Review" and "Flagged - Comment" columns are empty for all questions. At the bottom left of the window, it says "37 Unseen/Incomplete". At the bottom right, there is a "Close" button.

Question #	Status	Flagged - Review	Flagged - Comment
Section A			
Question 1	Incomplete		
Question 2	Unseen		
Question 3	Unseen		
Question 4	Unseen		
Question 5	Unseen		
Question 6	Unseen		
Question 7	Unseen		
Question 8	Unseen		
Question 9	Unseen		
Question 10	Unseen		
Question 11	Unseen		
Question 12	Unseen		
Question 13	Unseen		
Question 14	Unseen		

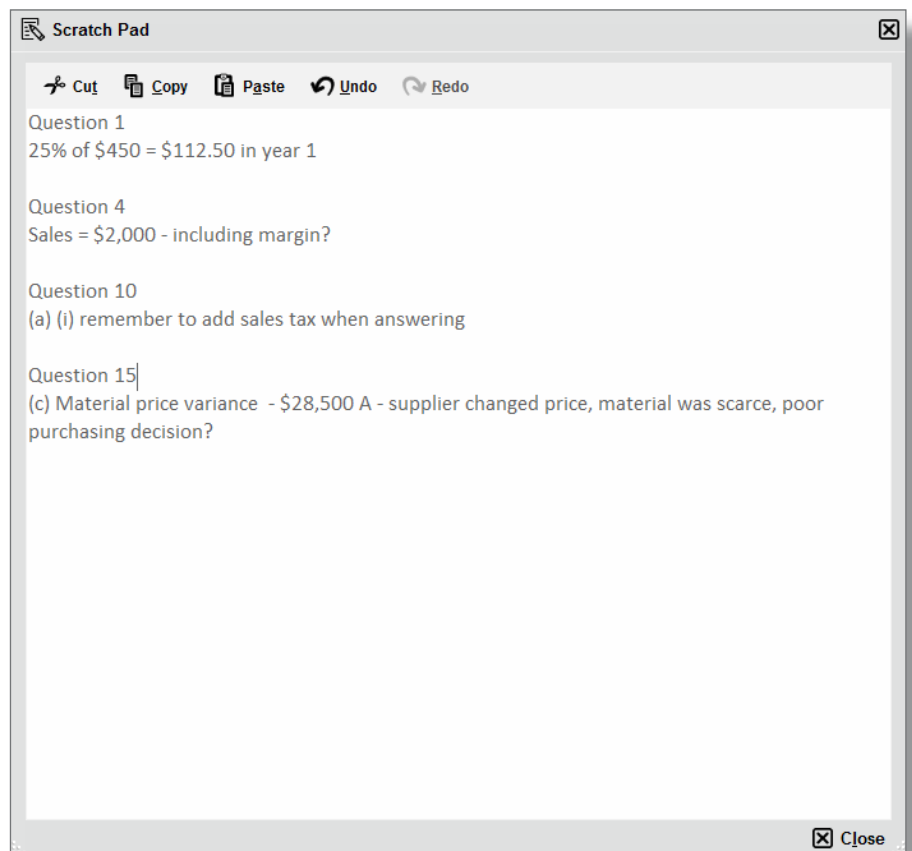
TIME AND EXAM PROGRESS

The question number and time remaining in the exam both appear on screen as default, but can be hidden by the student if they choose to. A message will display on screen when there are 15 minutes of the exam remaining.

SCRATCH PAD

For students who like an area to do rough workings, there's an on screen scratch pad for notes and calculations that will be available throughout the exam (please note students will also be given scrap paper at the exam centre if they want to jot any notes down that way). The scratch pad retains all notes/workings entered for all questions, and these are available to students for the duration of the exam.

It's really important to remember that what's written in the scratch pad or on the paper notes won't be marked! So, if a student has any notes or workings for the constructed response questions that they want the marker to see, they need to make sure they do these within the spreadsheet or word processing tools.

**CALCULATOR**

An on-screen calculator will be available, and students can choose between a standard or scientific calculator.

Students are also allowed to bring their own calculator to the exam, provided it does not have the facility to store or display text.



HIGHLIGHT AND STRIKETHROUGH

In the live exam (but not in the specimen exams) students can highlight or strikethrough parts of the question scenario, and this will remain on the scenario if the student moves between a number of requirements within the question. As you can see in the images below, highlighting can be used to emphasise key elements of the scenario, and strikethrough can be used to indicate that you have dealt with, for example, a figure in the trial balance.

Note: the 'Explain Answer' button is only available in specimens and past exams, not live exams.

F7 Financial Reporting

Consolidated statements of financial position as at 30 September

	20X5	20X5	20X4	20X4
	\$m	\$m	\$m	\$m
Non-current assets				
Property, plant and equipment	600		310	
Intangible asset: manufacturing licence	200		100	
Goodwill	230		200	
	1,030		610	
Current assets				
Inventory	200		110	
Trade receivables	155		75	
Cash	0	395	120	285
Total assets	1,605		915	
Equity and liabilities				
Equity shares of \$1 each	330		250	
Other components of equity	100		0	
Retained earnings	375		235	
	805		545	
Non-current liabilities				
5% secured loan notes	100		100	
10% secured loan notes	300	400	0	100
Current liabilities				
Bank overdraft	110		0	
Trade payables	210		180	
Current tax payable	80	400	110	270
Total equity and liabilities	1,605		915	

At 1 October 20X4, the Tangier group consisted of the parent, Tangier Co, and two wholly owned subsidiaries which had been owned for many years. On 1 January 20X5, Tangier Co purchased a third 100% owned subsidiary, a subsidiary called **Raremetal Co**. The consideration paid for Raremetal Co was a combination of **cash and shares**. The cash payment was partly funded by the issue of **10% loan notes**. On 1 January 20X5, Tangier Co also won a tender for a new contract to supply several engines which Tangier Co manufactures under a recently acquired **long-term license**. Raremetal Co was purchased with a view to securing the **supply of specialist materials** used in the manufacture of these engines. The bidding process had been very competitive and Tangier Co had to **purchase its manufacturing capacity** to fulfil the contract.

(a) Comment on how the new contract and the purchase of Raremetal Co may have affected the comparability of the consolidated financial statements of Tangier Co for the years ended 30 September 20X4 and 20X5. (5 marks)

(b) Calculate appropriate ratios and comment on Tangier Co's profitability and gearing. Your analysis should identify where the new contract and the purchase of Raremetal Co have limited the usefulness of the ratios and your analysis. (12 marks)

Note: Your ratios should be based on the consolidated financial statements provided and you should not attempt to adjust for the effects of the new contract or the consolidation. Working capital and liquidity ratios are not required.

(c) Explain what further information you might require to make your analysis more meaningful. (3 marks) (20 marks)

F7 Financial Reporting

Explain Answer Scratch Page Symbol Highlight (U) Strikethrough (W) Calculator

This scenario relates to three requirements.

After preparing a draft statement of profit or loss for the year ended 30 September 20X5 and adding the current year's draft profit (before any adjustments required by notes (1) to (3) below) to retained earnings, the summarised trial balance of Kandy Co as at 30 September 20X5 is:

	\$'000	\$'000
Equity shares of \$1 each		20,000
Retained earnings as at 30 September 20X5		15,500
Proceeds of 6% loan note (note (1))		30,000
Investment properties at fair value (note (2))	20,000	
Land (\$5 million) and buildings – at cost (note (2))	35,000	
Plant and equipment – at cost (note (2))	68,500	
Accumulated depreciation at 1 October 20X4:		
buildings		20,000
plant and equipment		34,500
Current assets	68,700	
Current liabilities		43,400

HELP FEATURE

This button will have a different label depending on the exam:

- Financial Reporting and Audit and Assurance – Help
- Performance Management and Financial Management – Formulae Sheet/Help
- Taxation – Tax Tables/Help

Relevant reference materials will be available in certain exams. Performance Management and Financial Management will include a formulae sheet and Taxation will include tax tables.

All of the exams include help on the CBE functionality, for example a recap of the basic navigation and overview instructions shown at the start of the exam.

Spreadsheet formulae and tips give a list of the formulae that could be used within the exam (please note students will need to type the appropriate formula into their answers – shortcuts are not available). There are additional tips on formatting and functionality. Please see Appendix 1 for further detail.

ITEM REVIEW SCREEN

The item review screen is shown at the end of the exam and is similar to the navigator tool. So, it displays if a question has been flagged for review, if a question has been answered, if a question is incomplete or if a question has not been viewed by the student. Students can also end their exam from this screen.

SCROLLING

If a question shows a scroll bar, students must use this to expose the full area before they can progress to the next question. This ensures they don't miss any information.

A warning message will display to remind you that you cannot navigate away from a question if you have not viewed all of the question content. Ensure that you use all scrollbars and/or open any on-screen exhibits before navigating from each question.

SPLITTER BAR

Some questions in the exams have the question and answer sections of the screen divided by a splitter bar, which may be horizontal or vertical. Students can drag this splitter bar across the screen to give them more or less space for the question or answer section as desired.

Constructed Response Questions Help and Guidance

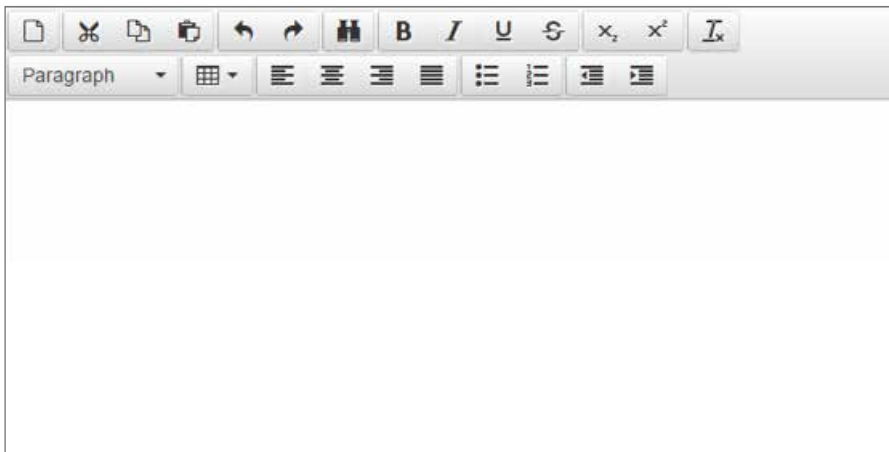
The following pages provide information on constructed response questions, such as available functionality and instructions which should be followed when answering the questions.

WORD PROCESSING QUESTIONS









- You are required to enter your answer into a word processing response area.
- You will either be presented with:
 - a blank word processing area within which you enter your answer; or
 - a pre-formatted area (a template) within which you should complete your answer.
- The scenario and answer area are divided by either a horizontal or vertical splitter bar. You can move this splitter bar to see more or less of the scenario or answer area as required.





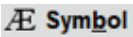
FUNCTIONS

- A number of word processing functions are available via the tool bar for you to use when responding to the question.



The toolbar functions are:

Toolbar icon(s)	Function	Additional guidance/shortcuts
	Reset	Care should be taken with this icon. Only select this if you want to clear your full response and start again. You will be presented with a message asking you to confirm if you wish to proceed.
	Cut Copy Paste	Ctrl-X (Cut) Ctrl-C (Copy) Ctrl-V (Paste)
	Undo Redo	Ctrl-Z (Undo) Ctrl-Y (Redo) These allow you to undo/redo your last action(s). Note: If your last action was resetting your response, Undo will restore a Word Processing response (but will not restore a Spreadsheet response so care must be taken when resetting responses.)
	Find and Replace	Ctrl-F
	Bold Italic Underline Strikethrough	Ctrl-B (Bold) Ctrl-I (Italic) Ctrl-U (Underline)
	Subscript Superscript	
	Clear Formatting	
	Paragraph	You can choose from six font sizes.

Toolbar icon(s)	Function	Additional guidance/shortcuts
	Tables	Standard table features including cell, row and column functions.
	Left Align Centre Right Align Justify	
	Bulleted List Numbered List	You can enter text as either bulleted or numbered lists.
	Decrease Indent Increase Indent	
	Select All	Ctrl-A (no toolbar icon available)
		Add a selection of currency symbols to your answer by selecting this icon on the top toolbar.

SPREADSHEET QUESTIONS

- You are required to enter your answer into a spreadsheet response area.
- You will either be presented with:
 - a blank spreadsheet within which you enter your answer; or
 - a pre-formatted area (a template) within which you should complete your answer.
- The scenario and answer area are divided by either a horizontal or vertical splitter bar. You can move this splitter bar to see more or less of the scenario or answer area as required.

SPREADSHEET INSTRUCTIONS

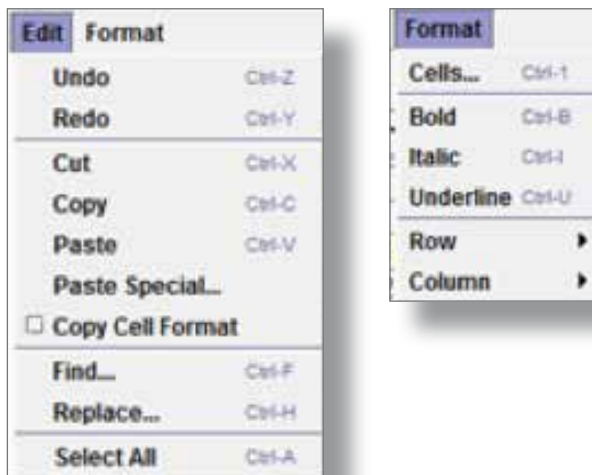
- The spreadsheet response can only be made up of one worksheet. It is not possible for you to add another worksheet.
- If you have been provided with a pre-formatted response (template) some data within the spreadsheet may be protected so you cannot change it.
- You **cannot enter or delete rows or columns** within the spreadsheet. If you wish to re-arrange your answer please use the copy and paste functions.
- If you wish to add cell borders or styles, you can do this by:
 - right-clicking the cell and selecting Format Cells, or
 - selecting the Format Cells function from the Format menu.

You must select the style and/or colour and then the selected border (eg Outline, Left, Horizontal).

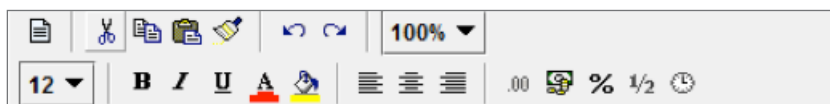
- Please only use cell colours in your answer if necessary.
- Selecting cells and using the drag handle to fill other cells (where no formulae are applied) copies and pastes the exact contents of the selected cells. In an example where 1 and 2 have been entered as numbers, the result is 1, 2, 1, 2 instead of the sequence being extended (eg 1, 2, 3, 4).
- You can add a selection of currency symbols to your answer by selecting on **Symbol** the top toolbar.
- Guidance on commonly used spreadsheet functions and formulae is provided below.

FUNCTIONS





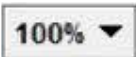



- A number of spreadsheet functions are available via:
 - the Edit and Format menus:





– the toolbar:



The toolbar functions are outlined below:

Toolbar icon(s)	Function	Additional guidance/shortcuts
	Reset	<p>Care should be taken with this icon. Only select this if you want to clear your full response and start again.</p> <p>You will be presented with a message asking you to confirm if you wish to proceed.</p>
	Cut Copy Paste	<p>Ctrl-X (Cut) Ctrl-C (Copy) Ctrl-V (Paste)</p> <p>Can also be accessed by right-clicking the cell and selecting the required function.</p>
	Format painter	This allows you to copy the format from a selected object or text and apply it to other objects or text.
	Undo Redo	<p>Ctrl-Z (Undo) Ctrl-Y (Redo)</p> <p>These allow you to undo/redo your last action(s).</p> <p>Note: If your last action was resetting a Spreadsheet response, Undo will not restore your response so care must be taken when resetting responses.</p>
	Zoom	This allows you to reduce/increase the display of the document.
	Font size	
	Bold Italic Underline	<p>Ctrl-B (Bold) Ctrl-I (Italic) Ctrl-U (Underline)</p>
	Font colour	

Toolbar icon(s)	Function	Additional guidance/shortcuts
	<p>Fraction formats</p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p># ?/?</p> <p># ??/??</p> </div>	<p>This allows you to display the cell in a fraction format.</p> <p>Select 'Custom' to access a number of formatting options.</p> <p>This function can also be accessed by right-clicking the cell and selecting Format Cells.</p>
	<p>Date/Time formats</p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>dd/mm/yyyy</p> <p>dd-mmm-yy</p> <p>dd-mmm</p> <p>mmm-yy</p> <p>h:mm AM/PM</p> <p>h:mm:ss AM/PM</p> <p>hh:mm</p> <p>hh:mm:ss</p> <p>dd/mm/yyyy hh:mm</p> <p>mm:ss</p> <p>[h]:mm:ss</p> <p>mm:ss.0</p> </div>	<p>This allows you to select a date/time format for the cell.</p> <p>Select 'Custom' to access a number of formatting options.</p> <p>This function can also be accessed by right-clicking the cell and selecting Format Cells.</p>

COMMONLY USED SPREADSHEET FORMULAE

- You must use the = symbol to start a formula in a cell.
- Guidance on commonly used formulae and examples of these are provided in the table below.

Function	Syntax	Description	Example Formulae
Sum	<p>=SUM(number1,[number2],...)</p> <p>number1 (required) – the first number argument to be added.</p> <p>number2,,... (optional) – additional number arguments to be added.</p>	<p>Adds everything you specify as arguments.</p> <p>An argument can be, for example, a number, range, cell reference.</p>	<p>=SUM(B2:B8) adds all the numbers in cells B2 to B8.</p> <p>=SUM(A1, A3, A5) adds the numbers in cells A1, A3, and A5.</p>
Average	<p>=AVERAGE(number1,[number2],...)</p> <p>number1 (required) – the first number, cell reference or range for which you want the average</p> <p>number2,,... (optional) – additional numbers, cell references or ranges for which you want the average</p>	<p>Provides the average of everything you specify as arguments.</p>	<p>=AVERAGE(B2:B15) provides the average of the numbers in cells B2 to B15.</p>
Square root	<p>=SQRT(number)</p> <p>number (required) – the number for which you want the square root.</p>	<p>Returns a positive square root</p>	<p>=SQRT(J11)- returns the number 2 if the number in cell J11 was 4</p>
Power	<p>=POWER(number,power)</p> <p>number (required) – the base number (must be a real number)</p> <p>power (required) – the exponent to which the base number is raised.</p>	<p>Returns the number raised to a power</p> <p>Can also be used to apply multiple roots.</p>	<p>=POWER(3,2) returns the figure 9 (3 squared)</p> <p>=POWER(27, 1/3) returns the figure 3 (cube root of 27)</p> <p>= POWER(81,1/4) returns the figure 3 (fourth root of 81)</p>

Function	Syntax	Description	Example Formulae
Count	<p>=COUNT(value1,[value2],...)</p> <p>value1 (required) – the item, cell reference, or range you want to count numbers within.</p> <p>value2,... (required) - additional numbers, cell references or ranges to be counted.</p>	Counts the number of cells that contain numbers.	=COUNT(C4:C8) – if 3 of the cells between C4 and C8 contain numbers, the result will be 3.
Round	<p>=ROUND(number,num_digits)</p> <p>number (required) – the number you wish to round</p> <p>num_digits – the number of digits which you wish to round the number argument to.</p>	Rounds a number to the requested number of digits.	=ROUND(C4, 2) – this would round the number in cell C4 to 2 digits.
Log	<p>=LOG(number,[base])</p> <p>number (required) – the positive real number for which you want the logarithm</p> <p>base (optional) – base of the logarithm. Note - if base is omitted it is assumed to be 10.</p>	Returns the logarithm of a number of the base you specify.	=LOG(J11,2) – if the number in cell J11 was 8, returns a logarithm of 8 with base 2 (ie 3).
NPV	<p>=NPV(rate,value1,[value2],...)</p> <p>rate (required) – the discount rate given as a decimal</p> <p>value1 (required) – the item, cell reference, or range you want to discount cash flows within.</p> <p>value2,... (required) – additional numbers, cell references or ranges to be discounted.</p>	Calculates the net present value of an investment based on a supplied discount rate and a series of future cash flows.	=NPV(0.1,B12:E12) – discount values in cells B12-E12 at a discount rate of 10%, with B12 being Year 1

Function	Syntax	Description	Example Formulae
IRR	=IRR(values,[guess]) values (required) – the range of cash flows for which you want the internal rate of return. guess (optional) – a rate you think is close to the result of the IRR given as a decimal.	Calculates the internal rate of return for a series of cash flows.	=IRR(B15:F15,0.12) – calculates the internal rate of return of cells B15-F15 using 0.12 as an estimate, with B15 being Year 0.

ACCA
110 Queen Street
Glasgow G1 3BX
United Kingdom

+44 (0)141 534 4199

www.accaglobal.com

The information contained in this publication is provided for general purposes only. While every effort has been made to ensure that the information is accurate and up to date at the time of going to press, ACCA accepts no responsibility for any loss which may arise from information contained in this publication. No part of this publication may be reproduced, in any format, without prior written permission of ACCA.

© ACCA November 2018.