

EXAM ADVICE AND GUIDANCE INCLUDING EXAMINERS' FEEDBACK AND EXAMINABLE DOCUMENTS

RELEVANT TO PAPERS F1 TO F3 AND
FOUNDATIONS IN ACCOUNTANCY STUDENTS



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EDITOR'S CHOICE



Welcome to the latest issue of *Student Accountant Essential Guide*.

This issue is completely focused on exam-related information that you, as Foundations in Accountancy and Paper F1, F2 and F3 students, require. It contains a range of tailored advice and information to help you get prepared for the June 2012 session.

We include examiner feedback from Papers F1, F2 and F3, and Foundations in Accountancy papers.

This advice looks at overall performance and outlines areas where candidates obtained both high and low marks. Reading the examiner feedback together with the past exam questions and answers from the latest exam session can help you identify where students have gone wrong in the past, and how to develop your answers to achieve the best marks possible – it is one of the key resources to use in exam preparation.

As well as examiner feedback, this issue contains examinable standards and information relevant to the financial reporting, audit and tax papers. Use this information to guide your exam preparation and take note of the areas that you could be examined on.

We include essential information on the key elements of the Foundations in Accountancy suite of awards and important advice on entering at the correct level, Foundations in Practical Experience Requirement, and Foundations in Professionalism.

Exam technique and advice is also included to help you prepare. We have articles on understanding the verbs used in questions, how to practise for and attempt multiple-choice questions and computer-based exams.

The Noticeboard section includes the exam timetable for June 2012 and exam rules and regulations.

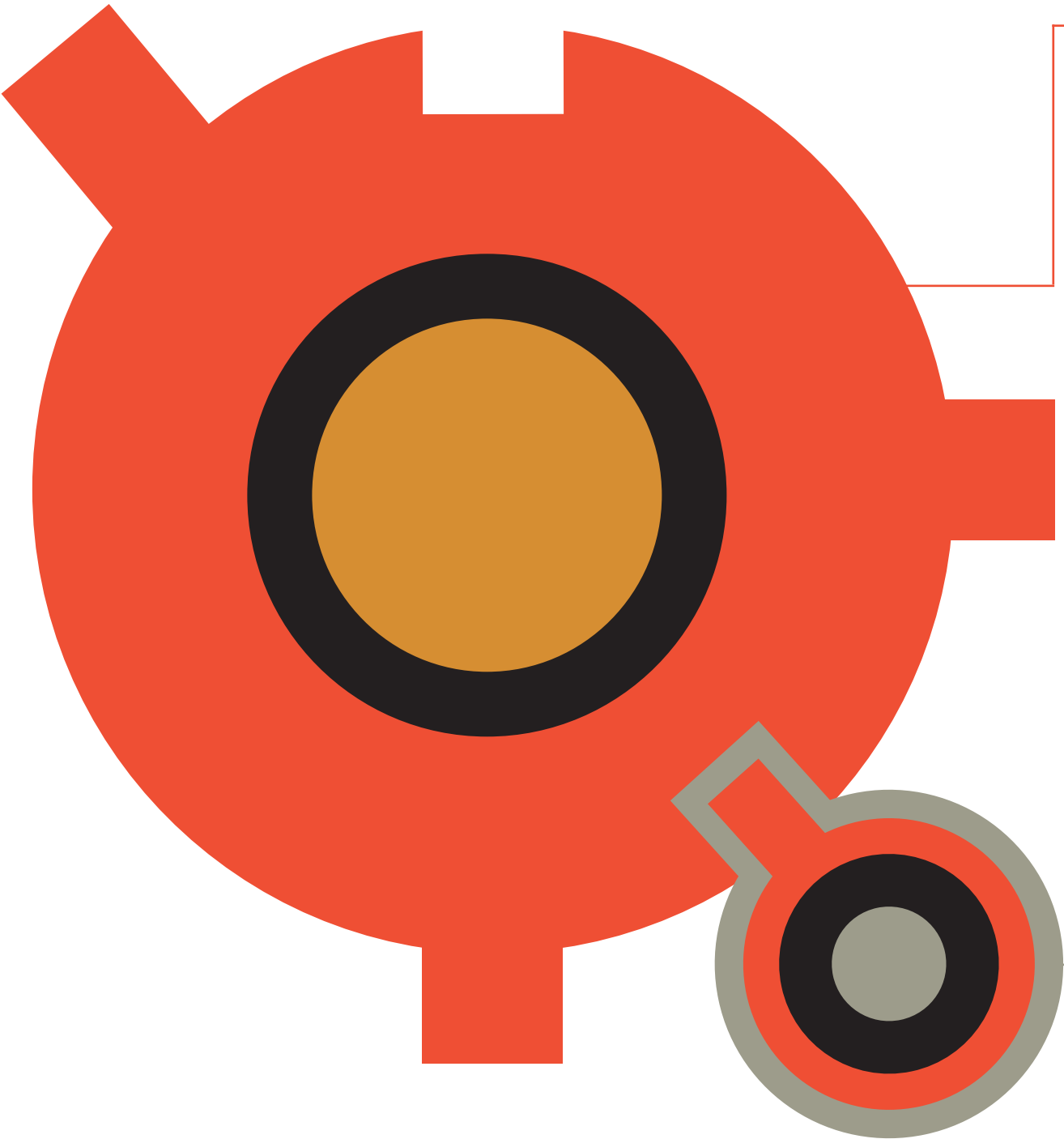
We've produced this magazine to be as helpful to you as possible in the lead up to the June 2012 exams. We have also produced two other tailored magazines for students taking Papers F4 to F9 and the Professional level exams. These can be accessed at www.accaglobal.com/en/student/Accessing-Student-Accountant.html

I hope that you find this magazine useful in helping you prepare fully for the June 2012 exams.

Email me at studentaccountant@accaglobal.com with your feedback on this issue.

Victoria Morgan
Editor, *Student Accountant* magazine





KEY DATES FOR THE JUNE 2012
EXAM SESSION

Exams start **11 June 2012**

For a full list of the exam dates, go to page 61 of this issue



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Email us – studentaccountant@accaglobal.com – your details if you would like to be profiled in *Student Accountant*

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Answers to frequently-asked questions about ACCA's qualifications can be found at www2.accaglobal.com/learningproviders/tuition_provider/faq

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Access articles about progressing through the papers and underpinning knowledge at www.studentaccountantmagazine.com/egapril2012

STUDENT ACCOUNTANT

In addition to this twice-yearly printed issue, we also email an alert to a new issue of *Student Accountant* each month. To make sure we continue to send you alerts and emagazines, make sure you update your consent levels in your *myACCA* account



EDITORIAL TEAM

Victoria Morgan

Editor

Glen Patterson

Deputy editor

Jackie Dollar

Art editor

Jane C Reid

Designer

WWW.ACCAGLOBAL.COM

Jamie Ambler

Digital editor

29 Lincoln's Inn Fields London
WC2A 3EE
United Kingdom

tel: +44 (0)20 7059 5700

email: info@accaglobal.com

www.accaglobal.com

PUBLISHING AND ADVERTISING

Adam Williams

Head of publishing

Anthony Kay

Production manager

For all advertising-related matters please contact Nick Willmer

tel: +44 (0)20 7902 1673

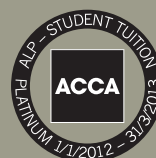
email: nick@educate-direct.com

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IMPROVE YOUR PERFORMANCE

Our twice-yearly examiner reports include not only technical guidance on how to answer specific questions, but also a wealth of advice on exam preparation and technique. Summarised here, this advice can be used to help improve your performance in future exam sessions.

USING RESOURCES

It is very important to only **use the most up to date study materials**. Older materials, perhaps borrowed from a friend or bought second hand, often refer to old rules, or to rates which are no longer examinable. This is particularly relevant to papers dealing with taxation, financial reporting, law and auditing.

Revise the entire syllabus, using the *Study Guide* to help you monitor progress. Don't focus your revision on favourite subjects, or 'core' topics, as this strategy rarely gives you the chance to earn enough marks to pass. By covering the entire syllabus, not only are you fully prepared for the exam, but you are also taking a mature approach, worthy of a professional accountant.

Practise using as many past papers as possible. For papers where legislation and standards are regularly updated, it is important to purchase revision or exam kits produced by the Approved Learning Partners – content who will have updated the original ACCA questions and answers for all such changes. Also review suggested answers, absorb examiner's comments in the examiners' reports on previous candidates' performances, available for each past paper, and read related articles in *Student Accountant*. In particular, look at the *Pilot Paper*, which is the best guide to question style and shows the split between numerical and non-numerical questions.

REVISION STRATEGIES

Don't question spot by analysing past papers. In a previous session, for example, many candidates clearly assumed a specific theory wouldn't come up because it had been examined the session before. This assumption was wrong, and so those candidates lost the opportunity to gain marks.

When reviewing past papers, **don't memorise model answers** in the hope of using them in the exam. As every paper is different, repeating old answers can never be appropriate – and markers will quickly spot when they are being used.

Don't question guess. Some candidates consider the technical articles in *Student Accountant*, and the examiner's reports, as a guide to the questions that will appear in the next exam session. They are not. Technical articles do cover future exam topics, but also deal with subjects less well covered in approved study texts, or provide an update to study material in the light of recent events.

Practise multiple-choice as well as longer questions. The examiner has put just as much careful thought into multiple-choice questions as into longer questions, and especially into the distractors – which provide plausible, but incorrect, alternatives likely to be selected by less well-prepared candidates.

Success **requires extensive study and practice**. Question spotting and short, intensive revision sessions are unlikely to be successful.

Don't rely on numerical ability alone, especially in the more advanced papers. At this level candidates must always demonstrate analytical and evaluative skills, shown by linking their theoretical learning to a specific case study.

EXAM TECHNIQUE – GENERAL ADVICE

In the exam centre, good technique can make a difference between a marginal pass and fail. Use past papers to practise your exam technique, as well as your technical skills, and pay particular attention to the **appropriate exam style for each paper**. For example, where a question is worth four marks, brief succinct answers are all that are required.

Good time management is crucial, so use the mark scheme to guide your timing. Apportion the time you have available to the mark allocation for each section, each question, and each question part. This will give you a minute by minute breakdown of your ideal exam progress.

Good time management is especially important when scenarios are rich in detail. Such scenarios always include more points which could be made than the marks on offer, so a careful review of material is required, tailored to the mark allocation, along with a disciplined approach to time management.

Don't rely on guesswork when answering multiple-choice questions (MCQs). This is a risky strategy and usually leads to a wrong answer. You need a sound knowledge of all syllabus areas to answer an MCQ section successfully. However, **don't leave MCQs unanswered** – if you can't answer an MCQ based on the knowledge you have – or are running out of time – then make an educated guess. You then at least have a chance of gaining a mark, whereas an unanswered question will definitely gain no marks.

Don't answer more questions than the paper asks you to – this is a waste of time and does not gain any more marks.

In discursive papers, be prepared to **explain and discuss**. Unless specifically asked for, simple statements in a list, for example, will rarely be enough to gain full marks.

Don't use the points raised by one question to answer another. It's very unlikely that separate exam questions are linked, but candidates often repeat points across questions as if there were a deliberate connection.

REVISE THE ENTIRE SYLLABUS, USING THE STUDY GUIDE TO HELP YOU MONITOR PROGRESS. BY COVERING THE ENTIRE SYLLABUS, YOU ARE FULLY PREPARED FOR THE EXAM, AND TAKING A MATURE APPROACH, WORTHY OF A PROFESSIONAL ACCOUNTANT.

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GOOD TIME MANAGEMENT IS CRUCIAL, SO USE THE MARK SCHEME TO GUIDE YOUR TIMING. APPORTION THE TIME YOU HAVE AVAILABLE TO THE MARK ALLOCATION FOR EACH SECTION, EACH QUESTION, AND EACH QUESTION PART. THIS WILL GIVE YOU A MINUTE BY MINUTE BREAKDOWN OF YOUR IDEAL EXAM PROGRESS.

ADDITIONAL ADVICE FOR RE-SIT CANDIDATES

- ▣ Identify those **areas of the syllabus where you were weakest** – work to improve your knowledge of these areas.
- ▣ **Review your time management** and see if it can be improved.

PRESENTATION

When writing in your answer booklet, **put the relevant question number at the top of each page** used to write the answer. Although candidates may answer exam questions in any order on the answer booklet they are strongly recommended to complete each part of a question in order and to keep all answers to parts of questions together in the booklet. This makes marking more manageable and reduces the scope for error or omission.

Don't use the same page in the answer booklet to answer several different questions – start the answer to each new question on a fresh page. Different parts to the same question can be continued on the same page.

Although possibly a sign of poor planning, **it is acceptable to start a question, move on to another, and then return to the first question later** – just make sure that each answer is clearly labelled and starts on a new page.

Illegible handwriting can result in missed marks if a correct answer cannot be understood. As handwriting is rarely used now in business, you need to practise this skill so that your answers remain legible throughout the exam.

Don't write out the question at the start of your answer; this wastes valuable time and gains no marks. Likewise, **do not restate the scenario or facts from the question.**

When writing an answer, **avoid using elaborate headings** (in different colours or text styles, for example), which take time to create. **Clear headings are important**, but simple underlining is enough.

Take care with the **presentation of short as well as long answers**, paying attention to use of language and general structure.

QUESTION BY QUESTION

Read the question carefully and think before you write. Questions are often answered poorly or incorrectly because key words or instructions are ignored or misunderstood. For example, don't provide general lists when specific examples, perhaps related to a case study, are required. Always apply your knowledge to the facts by reference to the requirement.

Answer the question on the paper, not the one you want to see – this can often happen with questions on subjects which appear regularly, and which candidates have practised many times before.

Read the whole question before you begin your answer. Many candidates answer one part before realising that some of the points made were more relevant to other question parts. This results in wasted time, as information is repeated.

Questions are worded very carefully, so note the **command words or verbs used, the precise issues to be addressed, and guidance on the answer approach.** By paying attention to all these aspects, you have a much better chance of giving the right information in your answer, in the correct format, and written in the appropriate style. **Don't focus on one word**; pay attention to the wider requirements and make sure your answer reflects these.

When asked to provide a specific number of points, **don't make similar points just to reach the target number.** Rephrasing an earlier answer (such as writing both 'an inability to make profits' and 'making of losses') will only gain one mark.

Don't provide general explanations or long introductions – these are a waste of time.

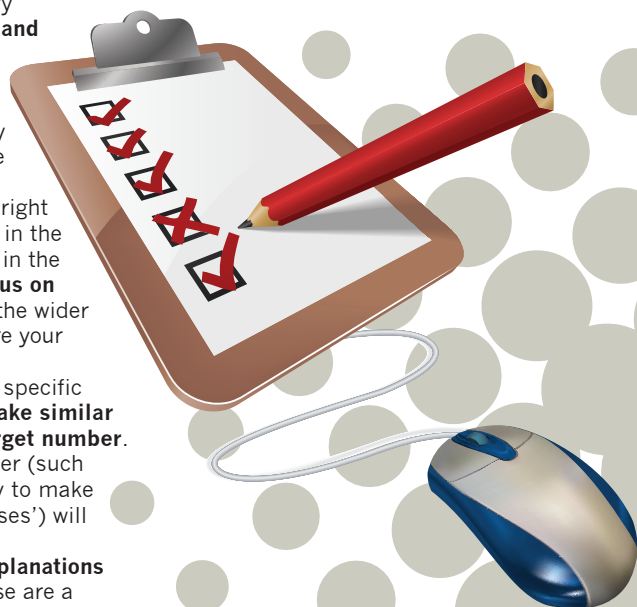
Think carefully when asked to

'criticise' – you are being asked to show your knowledge of expectation or best practice (against which to measure the given example) and show that you have carefully analysed the case study or scenario used.

Pause before preparing calculations: consider any advice given in the question, review the requirement, and think about how to solve the problem before putting pen to paper.

When performing calculations, judge carefully when to detail workings. For minor calculations, pages of unhelpful workings are time consuming to produce and difficult to mark. More complex calculations do require referenced workings, however, and marks can be lost if an incorrect figure is provided but no method shown, as a correct method can earn partial credit.

Read from page 40 for specific exam feedback from examiners.



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EXAM TECHNIQUE

INTELLECTUAL LEVELS AND QUESTION VERBS

We take a look at the intellectual levels for the ACCA Qualification papers, which should help you know how to answer questions that you might be asked to do in an exam.

It is particularly important to consider

the question requirements carefully to make sure you understand exactly what is being asked, and whether each question part has to be answered in the context of the scenario or is more general. You also need to be sure that

you understand all the tasks that the question is asking you to perform.

The different levels of the ACCA Qualification each address different intellectual levels. See table below for further information.

INTELLECTUAL LEVELS

Knowledge and comprehension

Papers F1–F3

- ▣ retention and recall of knowledge
- ▣ understanding of major accounting and business ideas, techniques and theories
- ▣ use of knowledge and techniques in new but familiar situations
- ▣ recognition of fundamental cause and effect in accounting.

Application and analysis

Papers F4–F9

- ▣ analysis of unfamiliar situations to prepare reports and solve problems using relevant concepts and theories
- ▣ recognition of subtle or hidden information patterns and trends within financial and other information, and the ability to interpret these
- ▣ the ability to infer from given information and draw conclusions.

Evaluation and synthesis

Papers P1–P7

- ▣ generalisation, comparison and discrimination using complex and unstructured information
- ▣ assessment and evaluation of complex information
- ▣ use of reasoned argument to infer and make judgments
- ▣ presentation and justification of valid recommendations.

ACCA examiners have highlighted the lack of understanding of the requirements of question verbs as the most serious weakness in many candidates scripts. Given below are some common question verbs used in exams.

QUESTION VERBS

Analyse *Intellectual level 2, 3 Actual meaning* Break into separate parts and discuss, examine, or interpret each part *Key tips* Give reasons for the current situation or what has happened.

Apply *Intellectual level 2 Actual meaning* To put into action pertinently and/or relevantly *Key tips* Properly apply the scenario/case.

Assess *Intellectual level 3 Actual meaning* To judge the worth, importance, evaluate or estimate the nature, quality, ability, extent, or significance *Key tips* Determine the strengths/weaknesses/importance/significance/ability to contribute.

Calculate *Intellectual level 2, 3 Actual meaning* To ascertain by computation, to make an estimate of; evaluate, to perform a mathematical process *Key tips* Provide description along with numerical calculations.

Comment *Intellectual level 3 Actual meaning* To remark or express an opinion *Key tips* Your answer should include an explanation, illustration or criticism.

Compare *Intellectual level 2 Actual meaning* Examine two or more things to identify similarities and differences

Key tips Clearly explain the resemblances or differences.

Conclusion *Intellectual level 2 ,3 Actual meaning* The result or outcome of an act or process or event, final arrangement or settlement *Key tips* End your answer well, with a clear decision.

Criticise *Intellectual level 3 Actual meaning* Present the weaknesses/problems; evaluate comparative worth Don't explain the situation. Instead, analyse it *Key tips* Criticism often involves analysis.

Define *Intellectual level 1 Actual meaning* Give the meaning; usually a meaning specific to the course or subject *Key tips* Explain the exact meaning because usually definitions are short.

Describe *Intellectual level 1, 2 Actual meaning* Give a detailed account or key features. List characteristics, qualities and parts *Key tips* Make a picture with words; identification is not sufficient.

Discuss *Intellectual level 3 Actual meaning* Consider and debate/argue about the pros and cons of an issue. Examine in-detail by using arguments in favour or against *Key tips* Write about any conflict, compare and contrast.

Evaluate *Intellectual level 3 Actual meaning* Determine the scenario in the light of the arguments for and against *Key tips* Mention evidence/case/point/issue to support evaluation.

Explain *Intellectual level 1, 2 Actual meaning* Make an idea clear. Show logically how a concept is developed.

Give the reason for an event *Key tips* Don't just provide a list of points, add in some explanation of the points you're discussing.

Illustrate *Intellectual level 2 Actual meaning* Give concrete examples. Explain clearly by using comparisons or examples *Key tips* Add in some description.

Interpret *Intellectual level 3 Actual meaning* Comment on, give examples, describe relationships *Key tips* Include explanation and evaluation.

List *Intellectual level 1 Actual meaning* List several ideas, aspects, events, things, qualities, reasons, etc *Key tips* Don't discuss, just make a list.

Outline *Intellectual level 2 Actual meaning* Describe main ideas, characteristics, or events *Key tips* Briefly explain the highlighted points.

Recommend *Intellectual level 3 Actual meaning* Advise the appropriate actions to pursue in terms the recipient will understand *Key tips* Give advice or counsel.

Relate *Intellectual level 2, 3 Actual meaning* Show the connections between ideas or events *Key tips* Relate to real time examples.

State *Intellectual level 2 Actual meaning* Explain precisely *Key tips* Focus on the exact point.

Summarise *Intellectual level 2 Actual meaning* Give a brief, condensed account Include conclusions. Avoid unnecessary details *Key tips* Remember to conclude your explanation.

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THE FOUNDATIONS IN ACCOUNTANCY SUITE OF QUALIFICATIONS: ALL YOU NEED TO KNOW

The Foundations in Accountancy suite of awards lead towards a range of qualifications at a range of levels – from GCSE equivalent to first-year undergraduate degree level.

Figure 1 shows a diagram including the Foundations in Accountancy qualifications that can lead to full ACCA membership.

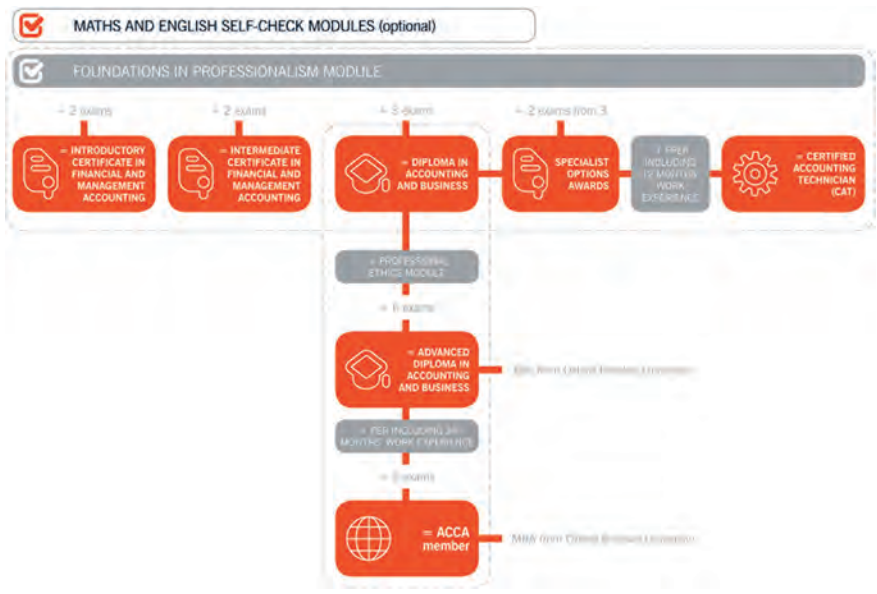
There are a number of awards available but there are four key qualifications within Foundations in Accountancy, each of which need to be combined with the Foundations in Professionalism module:

- Introductory Certificate in Financial and Management Accounting consisting of Paper FA1, *Recording Financial Transactions* and Paper MA1, *Management Information*.
- Intermediate Certificate in Financial and Management Accounting consisting of Paper FA2, *Maintaining Financial Records* and Paper MA2, *Managing Costs and Finance*.
- Diploma in Accounting and Business which consists of Paper FAB, *Accountant in Business*, Paper FMA, *Management Accounting* and Paper FFA, *Financial Accounting*.

Certified Accounting Technician (CAT) candidates must complete the Diploma in Accounting and Business papers described above and also pass two from three specialist options papers: Paper FAU, *Foundations in Audit*; Paper FTX, *Foundations in Taxation*; and Paper FFM, *Foundations in Financial Management*. (The individual option papers are also available as single awards for which an ACCA certificate is available to successful candidates.) CAT candidates must also complete the Foundations in Practical Experience Requirement (FPER).

Students registered on Foundations in Accountancy can decide to sit exams leading towards any of the qualifications listed above, subject to timetabling restraints for paper-based exam papers. There is open access to the certificates and the Diploma in Accounting and Business. The qualifications available within Foundations in Accountancy cover three levels. As a benchmark, the Introductory Certificate is set against GCSE or equivalent level, the Intermediate Certificate is set at A-level or equivalent and the Diploma level is set at first-year undergraduate degree level or its equivalent, such as the first year of a full-time Higher National Diploma.

FIGURE 1: HOW THE FOUNDATIONS IN ACCOUNTANCY SUITE OF QUALIFICATIONS ARTICULATES WITH THE ACCA QUALIFICATION



SELF-CHECK MODULES

The Foundations in Accountancy suite of awards includes self-check modules in mathematics and English, which are available free of charge for students. These modules are optional and can be taken to assess readiness to take accounting exams set in the English language. Results of the tests are anonymously recorded, meaning that ACCA does not know the individual results obtained by students. Results and feedback are given to students individually so that they can either decide that they are ready to register or whether they need to do more work on their maths or English skills before doing so, by using the tutorial material within each module or accessing further material through several links available within the modules. The self-check modules are available on the ACCA website.

FOUNDATIONS IN PROFESSIONALISM

To obtain any or a combination of the above awards, students must also complete the Foundations in Professionalism module. This is an online interactive module that develops knowledge and understanding of how an accounting technician should behave professionally at work. It is available via your myACCA account.

The module includes a coverage of the law, fundamental principles of

professional behaviour and how to apply personal values at work. It concludes with a case study about potential fraud and an end of module test. This assesses the student's knowledge and understanding of the module content and there is a minimum pass mark of 50%. Students who pass will have their student record automatically updated to recognise this. Those who fail will be pinpointed to their areas of weaknesses and can retry the test as many times as necessary at no cost.

FOUNDATIONS IN PRACTICAL EXPERIENCE REQUIREMENTS

To gain CAT status, students must also have 12 months' work experience and have demonstrated at least 10 work-based competence areas, four of which can be used for work experience exemptions from the practical experience requirements of the ACCA Qualification. This means that any CAT holder who decides to transfer to the ACCA Qualification after completing CAT would only have five Essentials performance objectives left to complete within the ACCA practical experience requirement and two more years of experience to obtain.

SYLLABUS CONTENT

The qualifications within Foundations in Accountancy are aligned to technician-related occupational standards.

This ensures that the syllabus of each paper reflects the current needs of employers. The syllabuses concentrate on the core areas of transactional accounting and on the knowledge and skills most relevant to the technician accountant's roles and responsibilities. Some new areas have been added to the previous CAT Qualification syllabuses and some areas removed. The syllabuses have also been re-aligned to provide more effective progression through the levels and to articulate more closely with the ACCA Qualification. Apart from the three specialist options papers, all seven exams for the Introductory and Intermediate Certificates and the Diploma are available by computer-based examination.

INTRODUCTORY CERTIFICATE SYLLABUS

Paper FA1, Recording Financial Transactions

To introduce the basic accounting systems and documentation that will be encountered in the workplace. To develop knowledge and understanding of the operational aspects of maintaining accounting records and procedures and to learn how to record these transactions in the books of prime entry, including accounting for cash, including petty cash transactions. The syllabus also includes an introduction to the principles of double entry and understanding how a computerised and a manual accounting system work.

Paper MA1, Management Information

To introduce the student to the knowledge of basic cost information required for management accounting. To develop the knowledge and ability to recognise, collect and record basic cost and revenue information for planning and control, including introduction to full absorption cost and marginal cost, including the use and application of spreadsheets in costing.

INTERMEDIATE CERTIFICATE SYLLABUS

Paper FA2, Maintaining Financial Records

To introduce the fundamental principles of accounting and to develop the knowledge and understanding of the

techniques used to maintain accounting records. To account for fixed assets to produce control accounts and reconciliations, and be able to extract and correct an initial trial balance, making the adjustments necessary to produce an extended trial balance and to account for sole traders and partnerships.

Paper MA2, Management Costs and Finance

To develop the knowledge and understanding of the principles and techniques used in recording, analysing and reporting costs and revenues for internal management purposes. To demonstrate and develop applicable cost concepts in making short-term decisions and to explain and use performance measurement and how spreadsheets can be applied in these areas.

DIPLOMA LEVEL SYLLABUS

Paper FAB, Accountant in Business

To understand business in the context of its environment, including economic, legal, and regulatory influences on such aspects as governance, employment, health and safety, data protection and security. The syllabus also covers certain aspects of the regulatory framework as they affect accounting, auditing and corporate governance, examining the roles of internal and external auditors and introducing the importance of sound accounting and information systems and of internal controls. The syllabus also introduces key management and people issues such as individual and team behaviour, leadership, motivation and personal effectiveness. Finally, the syllabus covers ethics and professionalism in business and accountancy, including corporate codes of ethics and conflict resolution.

Paper FMA, Management Accounting

To develop the knowledge and ability to apply appropriate management accounting concepts and techniques for decision making; planning, control and decision making, including forecasting

techniques and the preparation of budgets and standard costs.

Paper FFA, Financial Accounting

To develop knowledge and understanding of the underlying principles and concepts relating to financial accounting and to demonstrate technical proficiency in the use of double-entry techniques, including the preparation and interpretation of basic financial statements for sole traders, partnerships, companies and simple groups of companies.

SPECIALIST OPTION AWARD SYLLABUSES

*Paper FTX (UK), Foundations in Taxation***

There is an emphasis on preparing computations of tax liability for individuals and businesses, for income tax, corporation tax, capital gains tax and value added tax (VAT), and this includes new transactional aspects of preparing returns.

See *Study Guides* (available on the ACCA website) for the tax variants available in Ireland, Lesotho, Malaysia and Singapore for further information.

*Paper FFM, Foundations in Financial Management***

To examine all aspects of cash and working capital management, and to develop an understanding of the sources of short-term and long-term finance. To develop the knowledge and understanding of the way organisations finance their operations and make financing and investment decisions.

*Paper FAU, Foundations in Audit***

To develop knowledge and understanding of the external audit functions, including audit planning and risk, internal control and audit evidence and procedures.

**** Note that these new syllabuses will be examined with effect from June 2012 (see page 28 for more information)**

THE QUALIFICATIONS WITHIN FOUNDATIONS IN ACCOUNTANCY ARE ALIGNED TO TECHNICIAN-RELATED OCCUPATIONAL STANDARDS. THIS ENSURES THAT THE SYLLABUS OF EACH PAPER REFLECTS THE CURRENT NEEDS OF EMPLOYERS.

EXAM DAY PREPARATION

STUDENT ACCOUNTANT PROVIDES GUIDANCE ON GETTING READY TO SIT YOUR EXAMS, HOW TO MAXIMISE OPPORTUNITIES FOR EARNING MARKS, AND HOW TO ORGANISE YOUR EXAM ANSWERS



Examination Attendance Dockets are dispatched three weeks before your first exam. The *Examination Attendance Docket* includes a timetable of all the exams you are entered for, and details the desk assigned to you for each paper. Importantly, it also gives the address of your exam centre. If you are not sure where the centre is, how to get there, or how long the journey may take, check out your route before the exam. Make allowances for rush hour traffic or other possible delays if your exam starts at a busy time of day. Try to arrive at the exam centre about

30 minutes before the exam is due to start. This will give you time to relax and prepare yourself.

As well as photographic ID, also bring your *Examination Attendance Docket* to your exam as it will be used to verify your attendance. You must sit at the desk shown on your docket. The supervisor will collect your *Examination Attendance Docket* during the exam, so please keep it available on your desk. If you have any other exams during the session, the *Examination Attendance Docket* will be returned to you. If it is your last (or only) exam, the supervisor

will keep the *Examination Attendance Docket* for ACCA's records.

The *Examination Attendance Docket* also details important exam regulations and guidelines that you must abide by during the exams; read these carefully, and make sure you only take permitted equipment into the exam. The exam rules and regulations appear regularly in the Noticeboard section of *Student Accountant*.

Duplicate *Examination Attendance Dockets* can be downloaded via *myACCA*.

WHEN YOU ARRIVE AT YOUR EXAM DESK

On your exam desk will be:

- ▣ a *Candidate Answer Booklet*
- ▣ the *Examination Question Paper*.

Check that you have the booklet, and the correct version of the exam paper, before the exam begins. If you have any queries, raise your hand and an invigilator will come to you.

EXAM REGULATIONS

Before your exam starts, the supervisor will make any announcements and go through the exam regulations.

If you have any queries once the exam starts – for example, if you want additional booklets or need to go to the bathroom – raise your hand. An invigilator will attend to you.

For security reasons, because ACCA holds exams worldwide, you must remain in the exam hall until the end of the exam. All papers – including your *Question Paper* and *Candidate Answer Booklets* – will be collected before you are allowed to leave.

HOW TO MAKE POINTS AND PRESENT ANSWERS

It seems obvious, but answers must be appropriate to the requirement in terms of form, length and depth.

Ideally, answer questions using clear and relatively short sentences, although answer length does depend on the instructional verbs used in the requirement.

For example, for requirements asking for a 'list', or a 'brief description', bullet

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points or brief points will be adequate. If 'explanation' is required, then fuller answers should be given; each valid point will normally attract a mark, depending on the mark allocation.

If a requirement asks for analysis or evaluation, then develop points logically, relevantly, and coherently, thereby gaining the additional marks available.

Set out answers so that the marker can clearly see the points being made. ACCA does not penalise candidates for poor grammar or style, especially in the Foundations in Accountancy and Fundamentals level exams, as long as points can be understood by the marker. However, by making points succinctly you can also earn marks more quickly and efficiently.

Avoid numbering the points made within an answer, unless the numbering relates to that used in the question (see above). Additional numbering can be very confusing for markers.

If a diagram, figure or table is needed to illustrate an answer (such as 'Porter's five forces', for example), then support it with a full explanation. This tells the marker that you understand the model, theory or concept being illustrated.

TIME MANAGEMENT

In an exam, effective time management is vital. If you run out of time, then some questions (or parts) will be left unfinished and marks lost.

The key to good time management is to divide the time allowed between the marks available. For example, in a three-hour exam allow 1.8 minutes per mark, and in a two-hour exam allow 1.33 minutes per mark. This allocation gives a rough guide as to how long to spend on a question or part. Candidates often waste time by:

- ❑ working on a requirement for longer than necessary because they wish to correct a mistake and amend all related follow-on figures
- ❑ feeling they have so much to say about a certain requirement that they 'dump' all their knowledge in the *Candidate Answer Booklet*
- ❑ persevering for too long with a question even though they are struggling.

Candidates can avoid these problems as follows:

- ❑ If you discover an error in a calculation or on a financial statement, only correct the initial error. Don't waste time making all the follow-through corrections. By leaving the original error uncorrected, the only mark(s) lost

THE GLOBAL PASS RATE FOR ANY EXAM IS VERY SENSITIVE TO THE PERFORMANCE OF MARGINAL CANDIDATES. IF THESE CANDIDATES GAIN AN EXTRA MARK, THEN NOT ONLY WILL THEY PASS, BUT THE GLOBAL PASS RATE WOULD BE HIGHER.

are those associated with that particular entry or calculation, as ACCA uses a 'method' or 'own figure' marking policy. If the method adopted is correct, credit will always be given despite incorrect numbers being used.

- ❑ Only make as many points as there are marks available. For example, if five marks are available for discussing a theory, only make five (or possibly six) separate points. If the total mark available is a round number, then the examiner usually awards one mark per relevant point made. So, in this situation, even making 10 relevant points will earn no more than the maximum five marks available, and so writing those additional points wastes time.
- ❑ If you are struggling to get to grips with a requirement, move on to the next requirement, or even question, leaving enough blank pages in your *Candidate Answer Booklet* to complete it later.

CONCLUSION

The global pass rate for any exam is very sensitive to the performance of marginal candidates. If these candidates gain an extra mark or two, then not only will they pass, but the global pass rate would be

significantly higher.

The guidance in this article can really make a difference, so remember the following:

- ❑ find out where your exam centre is, and how to get there, leaving yourself plenty of time
- ❑ turn up to the exam on time and bring your *Examination Attendance Docket* with you
- ❑ bring the right equipment, including an appropriate calculator and pens with black ink
- ❑ complete the *Candidate Answer Booklet* properly
- ❑ keep all answers relating to question requirements together and in order and start each question on a new page
- ❑ start the answer to a new requirement in a new paragraph
- ❑ start each answer point on a new line
- ❑ write points concisely and clearly
- ❑ relate the length and depth of answers to the instructional verbs used
- ❑ correct only the original error in calculations or financial statements
- ❑ make only the number of points required for the marks available
- ❑ move on to another requirement if you are stuck.



HOW TO ANSWER MULTIPLE-CHOICE QUESTIONS

RELEVANT TO ALL FOUNDATIONS IN ACCOUNTANCY PAPERS AND ACCA QUALIFICATION PAPERS F1, F2 AND F3

All papers in the Foundations in Accountancy qualification and Papers F1, F2 and F3 in the ACCA Qualification, whether computer based or paper based, will comprise multiple-choice questions (MCQs).

Answering MCQs successfully requires you to develop a range of skills and exam techniques.

Taking the steps set out below will help you to maximise your marks in these papers.

PREPARE TO PASS

As with any assessment, the golden rule for success is to prepare thoroughly. It is not unusual for ACCA examiners' reports to note that some candidates were not adequately prepared for the exam. In many cases, candidates attempt to compensate for inadequate preparation by 'question spotting', or concentrating on a small number of 'pet' topics. These approaches to preparation are extremely risky and are always strongly discouraged by examiners – for good reason.

As each MCQ relates to a specific issue within the syllabus, each exam will include broad coverage of the syllabus. This means that to maximise your chances of success you must have studied the whole syllabus.

You may be lucky enough to find that a particular MCQ is on a topic which was part of your most recent studies, but this will not be the case with the vast majority of the questions you will face.

As well as studying topics right across the syllabus, it is important to attempt past exams and exam-standard questions. Examples of MCQs are available on ACCA's website. Visit www2.accaglobal.com/students/fia/exam/ for *Pilot Papers* for the paper-based exams in the Foundations in Accountancy suite of qualifications and for Papers F1, F2 and F3 visit www2.accaglobal.com/students/acca/exams/ and select the relevant paper (the *Pilot Paper* can be located on the 'past exam papers' link). Visit www.iassessserver.com/index02.html to access the demo questions for computer-based exams. It is also recommended that you practise long-form questions, to develop a deeper understanding of the issues relating to each topic in the syllabus.

Of course, it is essential that you use all of the questions carefully and follow up on all of your answers. Whether a question was answered correctly or incorrectly during exam preparation, it will provide an opportunity to enhance your understanding of the topic. By reflecting on why a specific option is correct, you can improve your understanding, while reflecting on why the other options are wrong can help to overcome misunderstanding and eliminate confusion. When attempting questions as part of your preparation, it is useful to remember that the key purpose of the exercise is to enhance your understanding – not just to get the right answer.

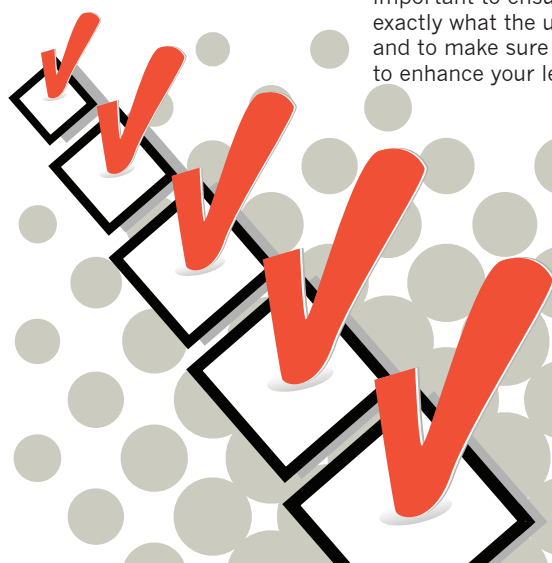
When reviewing each option, it is important to ensure that you understand exactly what the underlying point is – and to make sure that you reflect on this to enhance your learning.

READ THE QUESTION

The amount of time, effort, and discussion that is put into each question before it appears in an exam is likely to surprise most candidates. Every question is subjected to a number of rigorous reviews as it progresses from an idea in the writer's mind to the exam paper. These reviews mean that you need to read the question extremely carefully, remembering that the wording has been chosen deliberately. This is intended to ensure that the question is unambiguous and does not mislead candidates.

An example of the need to read the question carefully might be the way in which a question communicates cost information. It is not unusual for a question to relate to a production period of, say, three months, but for fixed costs to be stated as an annual figure. To get the correct answer, candidates must have recognised this fact. This is not an attempt to catch candidates out, but rather an attempt to ensure that candidates can apply the technique in a real-life situation, where information must be clearly understood and is frequently communicated in this way.

A further aspect is to recognise that the answer will be based on the data included in the question. There are two aspects to this. First, in order to ensure that questions are not too long, the data may have been simplified. To some candidates, this may seem to be unrealistic when compared to a real-life situation. A particular example of this is the way in which the labour cost is described in many questions. More often than not, direct labour is described as a variable cost, with no reference to the cost of laying off staff. For a candidate who has experience of staff rationalisation, this assumption will be totally unrealistic. While a longer question may provide the opportunity to critically examine the underlying assumptions, this is not possible in an MCQ and the question should be answered on the basis of the data provided. Second, only the data included in a question is required to obtain the answer. That means you should not waste time wondering about additional data, or inferring additional data into the question.



An example of this could be a question which tests the ability to calculate the closing balance on a ledger account. The question may give details of transactions during a period and a closing prepayment, but there may be no reference to an opening prepayment. In such cases, you can assume that this was nil. As already noted, the writer will have sought to keep the question as short as possible by omitting unnecessary words such as 'the opening prepayment was nil' or 'there was no opening prepayment'.

It is imperative that the prompt (the actual question that is to be answered) is read carefully. For example, a question may give information on receivables, irrecoverable debts, and required allowances for receivables. Here the prompt could require any of the following to be calculated:

- the movement on the allowance
- the closing receivables allowance
- the charge to the income statement or
- the net value of receivables to be reported on the statement of financial position.

Rather than actually reading and noting the prompt, some candidates assume that they know what it is. This is usually on the basis of a question they have seen previously. More often than not, this approach leads to the wrong option being selected.

THINK

It is a common fallacy that MCQs are easy. This is based on the fact that one of the options is the correct answer. Therefore, the argument goes, all you have to do is make the correct selection. While it is fair to say that some questions may be easy, that is usually because you have prepared thoroughly. Hopefully, this will happen in some questions, but it is more likely that the answer will not be obvious. A question from the *Pilot Paper* for Paper FAB/Paper F1, *Accountant in Business* illustrates this:

SAMPLE QUESTION 1

ABC Co has a system which records details of orders received and goods dispatched, invoices customers and allocates remittances to customers.

What type of system is this?

- A** Management information system
- B** Decision support system
- C** Knowledge management system
- D** Transaction processing system

Even a casual reading of the question will highlight that the word 'system' is a key word. It is used in the stem (the initial statement which describes the system), the prompt (the actual question) and in each of the choices.

This means that unless care is taken to read the question and think carefully about what is being asked, it would be easy to become confused. A further problem is that all four of the systems in the choices are examples of systems that might be utilised in an organisation.

To select the correct answer, the best approach is to consider what each of the four systems is intended to achieve.

A management information system is intended to provide information to managers. Information is processed data, which is useful for making decisions. In this case, the stem refers to data (as it is unprocessed – information would not be an individual order, but the total value of orders for a particular product or from a specific customer). Therefore, A is not correct.

A decision support system is intended to do exactly what the name suggests – provide information to assist managers to make decisions. Once again the system relates to information. As we have already decided that the stem refers to data, B cannot be the correct answer.

Choice C presents a potential problem. A knowledge management system is intended to create, capture, store and share information. The stem notes that the system 'records details of orders' (capture) and invoices customers (creates). This may create confusion for the ill-prepared candidate. However, a well-prepared candidate will note that, once again, the issue is that 'information' is relevant to a knowledge management system. On that basis, choice C is incorrect.

D is the correct choice because a transaction processing system deals with data – which is processed to create information.

From, this we can see that a candidate who is clear about the difference between 'data' and 'information' will be able to answer this question without undue difficulty, but very clear thinking, and application of knowledge, is needed.

It is essential that, having read the question carefully, you think about your response, and that your answer is the result of a considered choice. This is because of the way in which the incorrect options have been constructed. In ACCA exams, MCQs have one correct option and three incorrect options. The incorrect options are referred to as 'distractors'. This term is used because in writing the question, the examiner attempts to identify the most common mistakes made by candidates and uses these as a basis for the incorrect options. This can be illustrated by a question taken from the *Pilot Paper* for Paper FMA/Paper F2, *Management Accounting*.



AS EACH MCQ RELATES TO A SPECIFIC ISSUE WITHIN THE SYLLABUS, EACH EXAM WILL INCLUDE BROAD COVERAGE OF THE SYLLABUS. THIS MEANS THAT TO MAXIMISE YOUR CHANCES OF SUCCESS YOU MUST HAVE STUDIED THE WHOLE SYLLABUS.

SAMPLE QUESTION 2

Information relating to two processes (F and G) was as follows:

Process	Normal loss as % of input	Input (litres)	Output (litres)
F	8	65,000	58,900
G	5	37,500	35,700

For each process, was there an abnormal loss or an abnormal gain?

	Process F	Process G
A	Abnormal gain	Abnormal gain
B	Abnormal gain	Abnormal loss
C	Abnormal loss	Abnormal gain
D	Abnormal loss	Abnormal loss

SOLUTION

Each process must be considered separately.

Process F Normal loss is 8%, thus expected output is 92% of input.
Input was 65,000 litres.
Thus expected output was 59,800 litres.
Actual output was 58,900 litres.

As actual output was less than expected, there was an abnormal loss.

That means that choices A and B are incorrect. However, a common mistake by candidates is to assume that the performance in both processes is the same. Making this mistake leads to the selection of choice D.

Process G Normal loss is 5%, thus expected output is 95% of input.
Input was 37,500 litres.
Thus expected output was 35,625 litres.
Actual output was 35,700 litres.

As actual output was more than expected, there was an abnormal gain.

Thus the correct choice is C.

Another common mistake in questions such as this is to mix up the values for expected output and actual output. Well laid-out workings and a logical approach can help to overcome this problem.

WORK OUT YOUR ANSWER

As the incorrect answers are based on common mistakes, it follows that attempting to guess the correct answer is not likely to be productive. Rather it is essential that you use your understanding of the topic to work out your answer. This will prevent you from being distracted by incorrect options.

SAMPLE QUESTION 3 (TAKEN FROM THE PILOT PAPER FOR PAPER FA2)

At 30 November, Charles is owed a total of \$72,660 by his customers. His receivables allowance brought forward from the previous year end is \$11,700. He estimates that his receivables allowance should be equivalent to 15% of the amounts due from customers.

What value should be included in the income statement for receivables expense for the year to 30 November?

- A \$801 debit
- B \$10,899 debit
- C \$801 credit
- D \$10,899 credit

Solution

The receivables allowance should be equivalent to 15% of the amounts due from customers ($\$72,660 \times 15\% = \$10,899$).

If a candidate completes this calculation and then reviews the choices, there is a danger that, because \$10,899 is included in two of the choices, one or other of those choices will be selected.

This ignores the fact that the amount to be included in the income statement is the movement in the allowance – which has fallen from \$11,700 to \$10,899, or \$801. A reduction in the allowance will be a credit in the income statement, thus the answer is C.

This illustrates that, for questions which require calculations, covering up the options while you work out your answer can be a productive strategy. Of course, with questions which do not require calculations, the possible answers need to be considered in turn. However, this still requires your answer to be worked out, not randomly selected. These questions might require a decision on which one of two or more statements are correct, or which one of a number of statements is correct. In such cases, the best approach is to consider each statement in turn, and decide whether or not it is correct. Once again, the fact that incorrect options are distracters must be borne in mind.

ELIMINATE INCORRECT ANSWERS

This approach is likely to be most effective in discursive questions which require the correct combination of statements to be selected. Consider a question which offers three statements, and requires the correct combination of correct statements to be selected. The ideal way to answer this is to consider each statement in turn, and decide if it is correct or not. Often, candidates will find that they can quickly identify one incorrect statement. On that basis, it is possible to eliminate the options which include that statement.

A question from the Paper F2, *Management Accounting Pilot Paper* illustrates this point.

SAMPLE QUESTION 4

Which TWO of the following statements relating to relevant cost concepts in decision making are correct?

- (1) Materials can never have an opportunity cost whereas labour can
- (2) The annual depreciation charge is not a relevant cost
- (3) Fixed costs would have a relevant cost element if a decision causes a change in their total expenditure
- (4) Materials already held in inventory never contribute to relevant cost

- A 1 and 3
- B 1 and 4
- C 2 and 3
- D 3 and 4

Solution

In this case, a little thought will confirm that statement 1 is incorrect. Thorough preparation will mean that you know that materials can often have an opportunity cost. Once this decision has been made, choices A, and B can be eliminated, leaving either C or D as the correct choice. As statement 3 is included in both of these choices, it does not need to be considered. The question now requires a decision on whether choice 2 or choice 4 is correct.

Both of these relate to issues in which many candidates experience difficulty. How a particular candidate will progress from this point will depend on the knowledge they have brought into the exam as this will be the basis of their decision regarding statements 3 and 4.

Let's consider statement 3 first. The key issue is that a cost is relevant if the decision leads to a future incremental cash flow. Statement 3 effectively says this in the phrase 'a change in their

total expenditure'. A candidate who recognises this will thus select choice C – if they are confident about their understanding of statement 3. If there is any doubt, or to provide reassurance, statement 4 can then be considered.

In this case, well-prepared candidates will recognise that if materials already held in inventory can be sold, using them will have a relevant cost – the benefit foregone by using them rather than selling them. Thus statement 4 is incorrect and choice 3 is the correct answer.

OTHER POINTS

There are some other points on which you need to make decisions in order to maximise your marks. For each of these, the exam room is the wrong place to make the decision. It is essential that you have prepared thoroughly and have decided on your own approach to each of the following:

- ▣ Above all else, remember that you should not allow yourself to become so stuck on a question so that you run out of time. Generally speaking, exams are drafted so that the time spent on each part of a question is in proportion to the marks allocated. With MCQs, however, it may be that some candidates will find some questions are more straightforward than others, and can therefore be answered more quickly. For that reason, it may be better to consider the time allocation for a group of, say, five MCQs, rather than for each question individually.
- ▣ As there is no penalty for an incorrect answer in ACCA exams, there is nothing to be gained by leaving an MCQ unanswered. If you are stuck on a question, as a last resort, it is worth selecting the option you consider most likely to be correct, and moving on. Make a note of the question, so if you have time after you have answered the rest of the questions, you can revisit it.
- ▣ If you are sitting a paper-based exam, you must remember to record your answers to MCQs on your *Candidate Registration Sheet (CRS)*, as this is the only way you can obtain the marks you deserve for all your efforts. Workings for MCQs are not marked, nor are answers written in script booklets as opposed to on the CRSs.

CONCLUSION

From this discussion, you can see that MCQs are not an easy option. Maximising your marks when attempting MCQs requires:

- ▣ sound preparation
- ▣ studying across the syllabus
- ▣ practising as many different types of question as possible
- ▣ developing your own strategy for different types of question
- ▣ thinking clearly in the exam
- ▣ working out your answers
- ▣ structuring your approach to the paper
- ▣ answering all the questions.

Taking this approach does not make answering MCQs easy, but it should mean that you get the marks you deserve.

Key learning points

- ▣ prepare thoroughly
- ▣ think clearly
- ▣ work out your answer
- ▣ structure your approach
- ▣ answer all of the questions.

Ronnie Patton is examiner for FIA Paper FA2

EXAMPLES OF MCQs ARE AVAILABLE ON THE ACCA WEBSITE. VISIT WWW2.ACCAGLOBAL.COM/STUDENTS/FIA/EXAM/ FOR PILOT PAPERS FOR THE PAPER-BASED EXAMS IN THE FIA SUITE OF AWARDS AND FOR PAPERS F1, F2 AND F3 VISIT WWW2.ACCAGLOBAL.COM/STUDENTS/ACCA/EXAMS/ AND SELECT THE RELEVANT PAPER.



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FOUNDATIONS IN PROFESSIONALISM

RELEVANT TO FOUNDATIONS IN ACCOUNTANCY STUDENTS

In recent years the importance of professionalism and ethics in accountancy has grown due to a series of corporate and accounting scandals. In response, the global accountancy profession has introduced and embedded ethics and professionalism as core areas of accountancy education and training.

As part of the Foundations in Accountancy suite of qualifications, ACCA has introduced a Foundations in Professionalism (FiP) online module. The FiP is aimed at accountants who may be starting out on their careers, or at those who have been working for a while, but who have not yet qualified as professional accountants.

The FiP is an essential component for any student taking any of the following Foundations in Accountancy qualifications:

- ▣ Introductory Certificate in Financial and Management Accounting
- ▣ Intermediate Certificate in Financial and Management Accounting
- ▣ Diploma in Accounting and Business

- ▣ Certified Accounting Technician (students registering after 1 January 2011)
- ▣ Foundation awards in Taxation, Audit and Financial Management.

WHAT DOES FiP COVER?

The FiP module is an interactive learning system which allows students to study and learn about a number of areas concerning professionalism. The module is structured as follows:

- 1 Introduction
- 2 Professionalism
- 3 Law and regulation
- 4 Professional values
- 5 Personal effectiveness at work
- 6 Personal values
- 7 Case study
- 8 Objective test.

Each section of the FiP contains a range of interactive exercises and tasks to develop and consolidate learning and understanding.

If, after finishing the test, you are deemed not to have demonstrated sufficient knowledge, you are automatically informed of your weakest areas, so that you can be referred to these sections directly, to review the materials, re-work the end of section exercises and then take the final test again.

There is no limit on the number of times you can re-take the test, or on how many times you can access the module, even after you have successfully completed it.

The only restriction on those who have successfully completed the module is that they cannot re-take the test to improve their performance. They will have no

GLOBALLY THERE IS AN INCREASING EMPHASIS ON THE NEED TO INTEGRATE ETHICS AND PROFESSIONALISM INTO ACCOUNTING QUALIFICATIONS

further access to the test from the point at which the successful completion of the module is automatically registered on their student record.

SUMMARY

Professionalism is at the heart of all of ACCA's mainstream qualifications. Globally there is an increasing emphasis on the need to integrate ethics and professionalism into accounting qualifications, both for professional qualifications and for technician and foundation level qualifications, because everyone recognises the need for accountants working and studying, at all levels, to behave professionally and ethically.

The ACCA Qualification already includes a requirement to complete a Professional Ethics module and the Foundations in Professionalism module will now be introduced as an integral and mandatory element of the Foundations in Accountancy suite of qualifications. Any student studying for any of the FIA qualifications, including students who registered for the Certified Accounting Technician qualification from 1 January 2011, will be required to successfully complete the FiP, in order to obtain their certificates.





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CBEs

COMPUTER-BASED EXAMS – PREPARING FOR THE EXPERIENCE RELEVANT TO THE FOUNDATIONS IN ACCOUNTANCY SUITE OF AWARDS AND ACCA QUALIFICATION PAPERS F1 TO F3

This article considers the benefits of computer-based exams (CBEs), highlights the points that you need to be aware of when completing ACCA's current CBEs, and looks at the different types of questions featured in these exams.

COMPUTER-BASED EXAMS AT ACCA
ACCA has offered CBEs since 1998. The launch of the Foundations in Accountancy suite of awards sees an increased number of papers being assessed via CBE and provides the next step in the move towards ACCA's vision to deliver all exams via e-assessment. **Table 1** shows the papers currently assessed by CBEs.

A rigorous approach is taken when developing CBEs. Questions are written by experienced writers. They are then thoroughly reviewed by examiners, staff in the qualifications team at ACCA and other technical experts at various points during their development. Questions are trialled in exam conditions to gather statistical data on how they work and, if necessary, questions are revised in light of this data. It is only when a question has successfully completed all of these stages that it is ready to be included in an actual exam.

COMPUTER BASED V PAPER BASED?
CBEs offer specific benefits over paper-based exams. A particular benefit of the current CBEs is that they can be automatically marked by computer, which means that you can receive your results soon after completing the exam. It is also possible for you to complete these CBEs at any time of year rather than being restricted to the June or December exam sessions. Exams are automatically constructed from a large bank of questions, which means that a group of students taking the same exam in the same place and at the same time will be presented with different questions, in different orders. Questions are specifically written for the CBE question banks. The CBE system ensures that each exam contains questions drawn from areas across the syllabus, but there is no way of predicting the actual questions which will be included in an exam. Equivalent exams are currently available in paper-based format. However,

TABLE 1: PAPERS CURRENTLY ASSESSED BY CBEs

FIA		Diploma in Accounting and Business	
Introductory Certificate in Financial and Management Accounting		Paper FAB	Accountant in Business
Paper FA1	Recording Financial Transactions	Paper FFA	Financial Accounting
Paper MA1	Management Information	Paper FMA	Management Accounting
Intermediate Certificate in Financial and Management Accounting		ACCA QUALIFICATION	
		Knowledge module	
Paper FA2	Maintaining Financial Records	Paper F1	Accountant in Business
Paper MA2	Managing Costs and Finance	Paper F2	Management Accounting
		Paper F3	Financial Accounting

completing a CBE is a very different experience to completing an exam on paper. The types of questions included in each format will be similar, but the way that each question is presented, and the answer recorded, differs between the two. In a CBE, candidates record their answers on the same screen where the question is shown; for paper-based multiple-choice exams answers are recorded on a separate *Candidate Registration Sheet* (CRS). Also, the whole experience of moving between questions and progressing through the exam is quite different. In a paper-based exam, you can see several questions at a time, whereas in a CBE students are presented with one question at a time to help them to focus on each question in turn. Another difference is in the way we read information presented in different formats; because of our experience online our eyes tend to jump around the computer screen rather than read it systematically as we would a printed page. For CBEs, therefore, remember to take time to read the question carefully to ensure you don't miss any important information.

These differences mean that it is important for you to take time to familiarise yourself with the experience

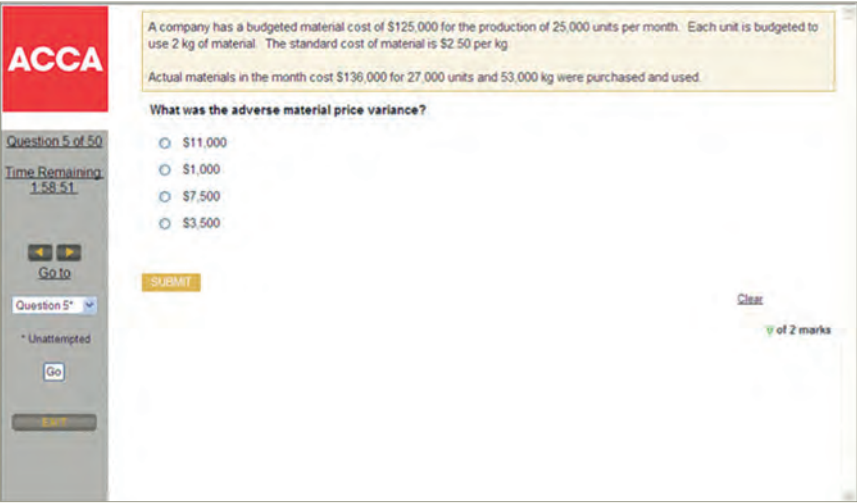
of completing exams as CBEs. Visit the student section of the ACCA website to access materials which will help to familiarise you with the CBE system. By practising exam technique using computer-based practice tests, you will be able to concentrate on answering the questions, rather than understanding the system, when you eventually take a real CBE.

USING THE CBE SYSTEM
Actions associated with paper-based exams, such as turning a page, need to be recreated in different ways in a CBE. This is achieved by reserving part of the screen for tools which enable movement between questions and which also to help you monitor your progress through the exam, as can be seen in **Figure 1**, an example of a CBE question from a Paper FMA exam. The real exams include additional features, such as a timer to show how much time is remaining and a drop down list of questions showing the questions not yet answered.

Once you have entered your answer for a question, it is important to click on the 'Submit' button, for your answer to be saved. You can revisit questions and change answers by clicking on

A PARTICULAR BENEFIT OF THE CURRENT COMPUTER-BASED EXAMS IS THAT THEY CAN BE AUTOMATICALLY MARKED BY COMPUTER, WHICH MEANS THAT YOU CAN RECEIVE YOUR RESULTS SOON AFTER COMPLETING THE EXAM.

FIGURE 1: SAMPLE SCREEN FROM THE PAPER FMA CBE



the ‘Clear’ button to remove your old answer; remember to click on ‘Submit’ to save your new answer once you have entered it.

Use the drop down question list and the timer to monitor your progress through an exam. For example, if you are less than halfway through an exam with only one of the two hours remaining then you are probably spending too much time on each question and should move through the remaining questions more quickly.

Do not spend a lot of time on questions you are unsure of; instead, move on and come back to these questions at the end of the exam. Any questions that you could not answer first time through will be highlighted by an asterisk in the question list and you can quickly move to these questions by clicking on the relevant question number in the list. When you return to these more difficult questions, if you still cannot work out the answer, then guess the most likely option and submit this response. For number entry questions, where no answer options are given, you should enter a number that you believe could be correct. You will not lose any marks for an incorrect guess.

QUESTION TYPES

Currently, ACCA CBEs comprise four main question types: multiple choice, multiple response, multiple response matching and number entry. All

questions are worth two marks. **Table 2** shows the question types available in each CBE.

MULTIPLE-CHOICE QUESTIONS (MCQS)
MCQs are the most commonly used question type and feature in all of ACCA’s CBEs. Questions typically have four answer options, although some questions may have more than this. **Figure 2** shows an example of an MCQ from the Paper FA1 exam.

Figure 2: Multiple-choice question
This question type comprises a question and several answer options; only one of which is correct. Some questions also include a ‘question

stem’ – additional information needed to help you work out the answer. This information is presented in a box at the top of the screen.

You answer the question by clicking on the ‘radio’ button next to your chosen answer option, and then clicking the ‘Submit’ button. The computer prevents you from selecting more than one answer option at a time. You must press the ‘Submit’ button if you change your answer, otherwise your previous answer will be the one that is saved at the end of the exam.

MULTIPLE-RESPONSE QUESTIONS

Questions typically have four answer options, two of which are correct. However, sometimes the number of correct answer options varies, so it is important that you read the question carefully to see how many correct options you are looking for. **Figure 3** shows a multiple-response question from a Paper FAB exam.

Figure 3: Multiple-response question
Although multiple-response questions appear to be very similar to MCQs, you have to select more than one option by clicking on the square ‘tick boxes’ next

DO NOT SPEND A LOT OF TIME ON QUESTIONS YOU ARE UNSURE OF; INSTEAD MOVE ON AND COME BACK TO THESE

TABLE 2: COMPUTER-BASED EXAM QUESTION TYPES					
QUESTION TYPE	FIA FA1 AND MA1	FIA FA2 AND MA2	FIA – FAB ACCA – F1	FIA – FMA ACCA – F2	FIA – FFA ACCA – F3
Multiple choice	✓	✓	✓	✓	✓
Multiple response		✓	✓	✓	✓
Multiple response matching		✓	✓	✓	✓
Number entry		✓		✓	✓

FIGURE 2: MULTIPLE-CHOICE QUESTION

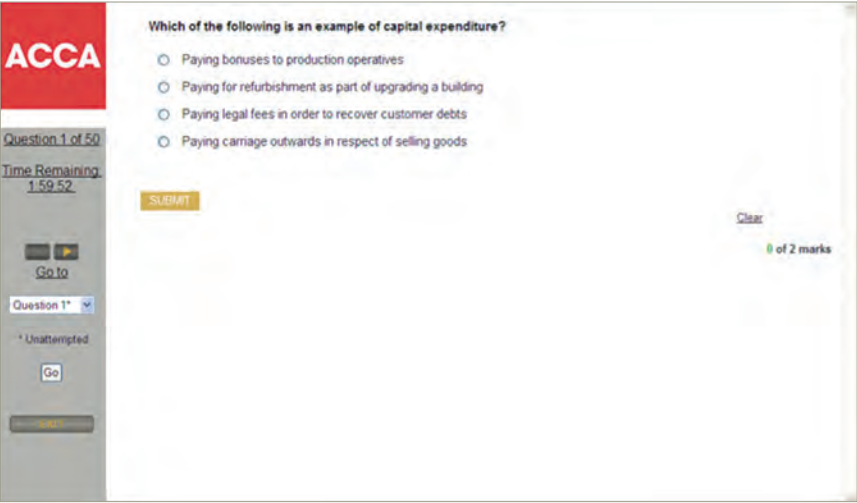
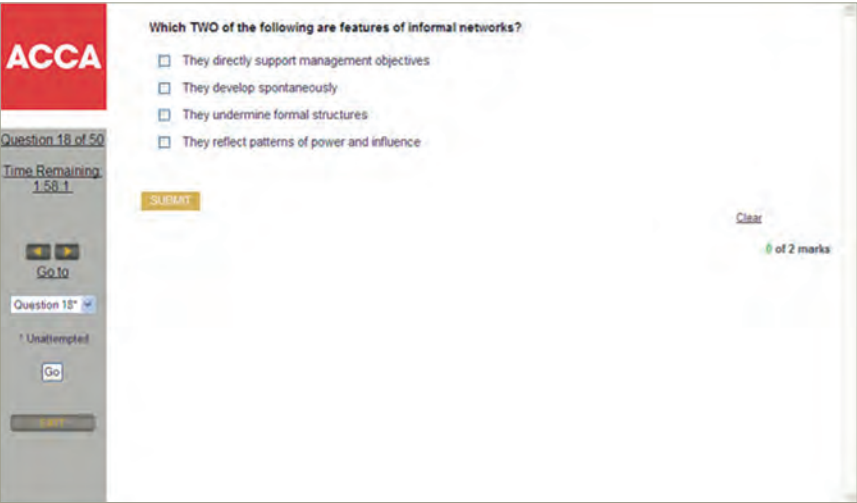


FIGURE 3: MULTIPLE-RESPONSE QUESTION



to your chosen options, then clicking the ‘Submit’ button. If you select an incorrect number of answer options and then click ‘Submit’, a pop-up box will remind you of the number of options that you are required to select.

ANSWERING MULTIPLE-CHOICE AND MULTIPLE-RESPONSE QUESTIONS

For MCQs and multiple-response questions, all incorrect answer options have been chosen carefully because they are common incorrect responses to the question. At first glance, all answer options may appear plausible. It is, therefore, important to take the time to read all the answer options carefully rather than choosing those that look most obviously correct.

If the question involves a calculation, work out the answer rather than simply selecting the option that looks most likely to be correct. If you find a particular question difficult, start by discounting any answer options that you know are incorrect and then concentrate in more detail on those that remain.

MULTIPLE-RESPONSE MATCHING QUESTIONS

Figure 4, from the Paper FMA exam, shows the standard layout for multiple-response matching questions.

Figure 4: Multiple-response matching question

This type of question comprises the actual question and several statements related to the question. Each statement is accompanied by several response options, in **Figure 3** these are ‘abnormal gain’ and ‘abnormal loss’. Each statement should be matched its correct response by clicking on the corresponding radio button in the row for the statement. Each statement needs to be completed correctly for the award of two marks.

IF A MULTIPLE-RESPONSE QUESTION INVOLVES A CALCULATION, WORK OUT THE ANSWER RATHER THAN SIMPLY SELECTING THE OPTION THAT LOOKS MOST LIKELY TO BE CORRECT. YOU CAN START BY DISCOUNTING ANSWERS THAT YOU KNOW ARE INCORRECT.

COMPLETING A CBE IS STRAIGHTFORWARD WHEN YOU ARE FAMILIAR WITH WHAT IS REQUIRED. BEFORE YOU TAKE YOUR FIRST CBE, ACCESS THE CBE RESOURCES AND SUPPORT AVAILABLE IN THE STUDENT AREA OF THE ACCA WEBSITE.

If only one statement is completed correctly you will not be awarded any marks. If you do not select a response for each statement, when you click ‘Submit’ a pop-up box will appear to remind you of the total number of responses that you should select.

NUMBER ENTRY QUESTIONS
The example in **Figure 5** is from a Paper MA2 exam.

Figure 5: Number entry question
This is the only question type in a CBE where you need to enter the correct answer yourself, rather than choose from a list of options. To gain marks for a correct value, remember that numerical answers should be submitted without commas and using the full stop as a decimal point (eg 10530.25).
If you enter letters or symbols that the CBE system does not recognise, the system will either change or ignore your answer. Therefore, before you press the ‘Submit’ button, check that you have presented your answer using the correct format.
Once you have clicked ‘Submit’, check that your answer is presented correctly next to the label ‘Your currently accepted answer’. If it does not appear as you intended press ‘Clear’ and try again.

SUMMARY
Completing a CBE is straightforward when you are familiar with what is required. Before you take your first CBE, access the CBE resources and support available in the student area of the ACCA website.
Remember, the computer will make sure that you select the correct number of answer options for each question; it is up to you to make sure that you choose the correct ones.

FIGURE 4: MULTIPLE-RESPONSE MATCHING QUESTION

ACCA

Question 3 of 50

Time Remaining: 1:59:38

Go to

Question 3*

Unattempted

Go

Next

Information relating to two processes (F and G) was as follows:

Process	Normal loss as % of input	Input (litres)	Output (litres)
F	8	65,000	58,900
G	5	37,500	35,700

For each process, was there an abnormal loss or an abnormal gain?

	Abnormal loss	Abnormal gain
Process F	<input type="radio"/>	<input type="radio"/>
Process G	<input type="radio"/>	<input type="radio"/>

SUBMIT

Clear

0 of 2 marks

FIGURE 5: NUMBER ENTRY QUESTION

ACCA

Question 11 of 50

Time Remaining: 1:58:53

Go to

Question 11*

Unattempted

Go

Next

A company is evaluating a project that requires 400 kg of raw material X. The company has 150 kg of X in inventory that was purchased six months ago for \$55 per kg. The company no longer has any use for X. The inventory of X could be sold for \$40 per kg. The current purchase price for X is \$53 per kg.

What is the total relevant cost of raw material X for the project?

\$

Your currently accepted answer:

SUBMIT

Clear

0 of 2 marks

OPTIONS PAPERS

FAU, FTX AND FFM

INCLUDED WITHIN THE FOUNDATIONS IN ACCOUNTANCY SUITE OF AWARDS ARE THREE STANDALONE SPECIALIST EXAM PAPERS THAT STUDENTS CAN SIT TO HELP FURTHER THEIR CAREER OR EMPLOYMENT DEVELOPMENT NEEDS. CERTIFIED ACCOUNTING TECHNICIAN (CAT) STUDENTS WILL ALSO BE REQUIRED TO SELECT ANY TWO OF THESE NEW EXAMS AS THEIR OPTIONS PAPERS WITHIN THE NEW CAT QUALIFICATION

In the Foundations in Accountancy suite of awards, the three standalone specialist exam papers are:

- Foundations in Audit (Paper FAU)
- Foundations in Taxation (Paper FTX)
- Foundations in Financial Management (Paper FFM)

Please note that these are currently only available as paper-based exams, whereas all other papers within Foundations in Accountancy are available as both computer-based and paper-based exams.

The availability of these exams as standalone awards provides additional flexibility for those currently working in – or aspiring to work in – these specialist areas of accounting. It allows them to gain formal recognition of their achievements through being awarded individual certificates for passing each of these exams. In addition, those following the CAT route, who need to take at least two of these three exams as part of their studies, will themselves be awarded additional qualification certificates for successfully completing each of these papers.

SYLLABUS AND EXAM STRUCTURE CHANGES

The changes to the Options papers will take place with effect from June 2012 and involve both exam structure and syllabus content changes.

The main structural change to all three papers is the change from a three-hour to a two-hour exam. This means that the time allocation per mark is changing from 1.8 minutes per mark to 1.2 minutes for this paper. Candidates must carefully bear this in mind when allocating time to answering questions set in all three of the above exams.

In addition to the duration of the exam being reduced from three to two hours, there will no longer be reading

and planning time for these papers with effect from June 2012.

The detailed changes planned for each paper are as follows:

PAPER FAU, FOUNDATIONS IN AUDIT
The changes to Paper FAU outlined below will apply to the (INT), (UK) and (SGP) papers.

TABLE 1: THE NEW STRUCTURE OF THE FOUNDATIONS IN AUDIT EXAM
New structure:
Section A: 10 x compulsory multiple-choice questions of one, two and three marks each TOTAL = 20 marks
Section B: Nine x compulsory questions: Q1 and Q2 (15 marks each) Q3 and Q4 (10 marks each) Q5 to Q9 (6 marks each) TOTAL = 80 marks

Syllabus changes
The following areas of the CAT Paper 8 syllabus will not be included in the new Paper FAU syllabus.

- The audit engagement process – syllabus area 2c.
- Internal audit – syllabus area 3c.
- The use of an expert – syllabus area 3c.
- Events after the end of the reporting period – syllabus area 7a(i).
- Opening balances and comparatives – syllabus area 7a(iii).

PAPER FTX (UK), FOUNDATIONS IN TAXATION
The changes to Paper FTX (UK) are outlined as follows.

TABLE 2: THE NEW STRUCTURE OF THE FOUNDATIONS IN TAXATION (UK) EXAM
New structure:
Section A: 10 x compulsory multiple-choice questions worth one, two or three marks each TOTAL = 20 marks
Section B: Nine x compulsory questions*: Q1 and 2 (15 marks each) Q3 and 4 (10 marks each) Q5 to Q9 (6 marks each) TOTAL = 80 marks
* Question 1 of the new exam will focus on income tax and Question 2 will focus on corporation tax. The remaining questions will examine topics from any area of the new syllabus. Adequate notice of any new exam structure changes will be given.

The main structural changes, and the changes shown in Table 2 also apply to the variant papers FTX (IRL), (LSO), (SGP) and (MYS). However, each of these variant papers has its own separate syllabus, which should be referred to (all the *Syllabuses* and *Study Guides* are available on ACCA's website).

Syllabus changes
Table 3 shows new areas in the Paper FTX (UK) syllabus.

THE CHANGES TO THE OPTIONS PAPERS WILL TAKE PLACE WITH EFFECT FROM JUNE 2012

TABLE 3: NEW AREAS WITHIN PAPER FTX (UK)

SUBJECT AREA	SYLLABUS CONTENT
B7 Adjusted profit/loss computations	Complete the self-employed or partnership supplementary pages of the tax return for individuals, and submit them within the statutory time limits
C1(c) Income tax liabilities	Identify sources of taxation information for individuals
C6(c) Income tax liabilities	Detail the responsibilities that individuals have for disclosure of income and payment of tax to the relevant authorities Describe the duties and responsibilities of a tax practitioner
D5(b) Capital gains tax	Record relevant details of gains and the capital gains tax payable legibly and accurately in the tax return
E6 Corporation tax liabilities	Complete corporation tax returns correctly and submit them within statutory time limits
E8(a) Corporation tax liabilities	iXBRL now included as part of the requirement to explain and apply the features of the self-assessment system as it applies to companies
E8(b) Corporation tax liabilities	Explain the system of penalties and interest as it applies to income tax, corporation tax and capital gains
F8 Communicate VAT information	Inform managers of the impact that the VAT payment may have on the company cash flow and financial forecasts Advise relevant people of the impact that any changes in VAT legislation, including the VAT rate, would have on the organisations recording systems Communicate effectively with the relevant tax authority when seeking guidance

TABLE 4: AREAS WITH CAT PAPER 9 (UK) NO LONGER ASSESSED IN NEW PAPER FTX (UK) SYLLABUS FROM JUNE 2012

SUBJECT AREA	SYLLABUS CONTENT
Study session 29(d) – Value Added Tax 2	Explain the treatment of overseas transactions (EU and non-EU)
Study session 5(a) – Income tax employment income 1	The difference between employment and self-employment
Study session 5(c) – Income tax employment income 1	Directors’ earnings basis
Study session 6(b) – Income tax employment income 2	Dispensation agreements
Syllabus content 7 – Administration of income tax and capital gains tax	HM Revenue & Customs enquiries Reducing payments on account
Syllabus content 9 – Administration of corporation tax	HM Revenue & Customs enquiries Calculations of corporation tax instalments for short periods

Table 5 below shows other changes to the Paper FTX (UK) syllabus as compared with the CAT Paper 9 (UK), *Preparing Taxation Computations* syllabus.

OTHER CHANGES TO PAPER FTX (UK)

SUBJECT AREA	SYLLABUS CONTENT
Adjustment of trading profits/losses for tax purposes	Remoteness and duality tests for profit deduction are not examinable
Adjustment of trading profits/losses for tax purposes	Post-cessation receipts and expenses are not examinable
Capital allowances	Industrial buildings allowance no longer applies
Income from property, savings and investments	Junior ISAs are not examinable

PAPER FFM, FOUNDATIONS IN FINANCIAL MANAGEMENT

Table 6 below shows the new structure of the Foundations in Financial Management exam.

TABLE 6: THE NEW STRUCTURE OF THE FOUNDATIONS IN FINANCIAL MANAGEMENT EXAM

New structure:
Section A:
10 x compulsory multiple-choice questions of one, two and three marks each
TOTAL = 20 marks

Section B:
Six compulsory questions:
Q1 (20 marks)
Q2 and Q3 (15 marks each)
Q4 and Q6 (10 marks each)
TOTAL = 80 marks

Formulae and maths tables
Before June 2012, discount table extracts and selected mathematical formulae were provided with the exam, only when necessary. From June 2012, full discount tables (present value and annuity) will be provided at each session, but other mathematical formulae will continue to be supplied only as required.

Syllabus changes
There are no areas within the new Paper FFM syllabus which were not already included within the CAT Paper 10, *Managing Finances* syllabus. However, the following area within CAT Paper 10, *Managing Finances* will not be included within the Paper FFM syllabus from June 2012:

Syllabus area 7: short-term decisions
The application of the following principles:
▪ cost behaviour and cost-volume profit analysis
▪ breakeven charts and profit volume charts
▪ make or buy decisions
▪ opportunity costs and relevant costs.

KEY POINTS
Candidates planning on studying one of the Foundations in Accountancy Options papers should note the changes to the syllabus compared with the previous CAT Qualification papers. Full *Syllabus* and *Study Guides* can be downloaded from the ACCA website.
The new syllabus content and new exam structures, including the reduction from three to a two-hour exam, takes place with effect from the June 2012 session.

Gareth Owen is ACCA qualifications development manager

FROM JUNE 2012, FULL DISCOUNT TABLES (PRESENT VALUE AND ANNUITY) WILL BE PROVIDED AT EACH SESSION, BUT OTHER MATHEMATICAL FORMULAE WILL CONTINUE TO BE SUPPLIED ONLY AS REQUIRED



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BUILDING ON STRONG

– STARTING AT THE RIGHT LEVEL IN FO

GARETH OWEN, ACCA QUALIFICATIONS DEVELOPMENT MANAGER, EXPLAINS THE STRUCTURE OF THE FOUNDATIONS IN ACCOUNTANCY SUITE OF QUALIFICATIONS AND OFFERS ADVICE ON APPROPRIATE ENTRY POINTS TO OFFER BETTER EMPLOYMENT OPPORTUNITIES, HIGHER EXAM SUCCESS RATES AND PROMOTE STRONGER FOUNDATIONS FOR FURTHER STUDY

Foundations in Accountancy consists of the following seven qualifications:

1. Introductory Certificate in Financial and Management Accounting
2. Intermediate Certificate in Financial and Management Accounting
3. Diploma in Accounting and Business
4. Certificate in Foundations of Audit
5. Certificate in Foundations of Taxation
6. Certificate in Foundations of Financial Management
7. Certified Accounting Technician (CAT) Qualification.

Foundations in Accountancy is an open access suite of qualifications. There are 10 exams in total and you can select the exams you wish to take, each of which leads to the award of certain certificates and diplomas. All of the exams – except the foundation specialist awards in Audit, Tax and Financial Management – are available as computer-based exams. This means they can be taken on demand at any time of the year in ACCA licensed exam centres.

The flexibility of this structure gives you the widest possible choice about which qualifications to register for, the level of the programme at which to register and also about when, how often and in which order to take exams. In theory, regardless of your general education, your level of vocational skills or work experience, you can register directly for any of the seven qualifications above. However, with this choice must come a responsibility for you as a potential student to make an informed decision about what to register for and at which level.

This is important for two main reasons:

- First, and most importantly, it is vitally important that you register at a level adequately supported by your general or vocational educational background and on the relevant experience you may possess, including your general maths and English language skills.

- Second, the choice should be determined by where you are currently working or want to work and the specialism of work you are in or wish to be involved with.

FIRM FOUNDATIONS FOR THE ACCA QUALIFICATION

Apart from being suitable for specific vocational roles or specialisms, as indicated in Table 1 (right), these qualifications offer valuable and relevant standalone certificates to recognise and validate specific knowledge and skills gained as a student progresses.

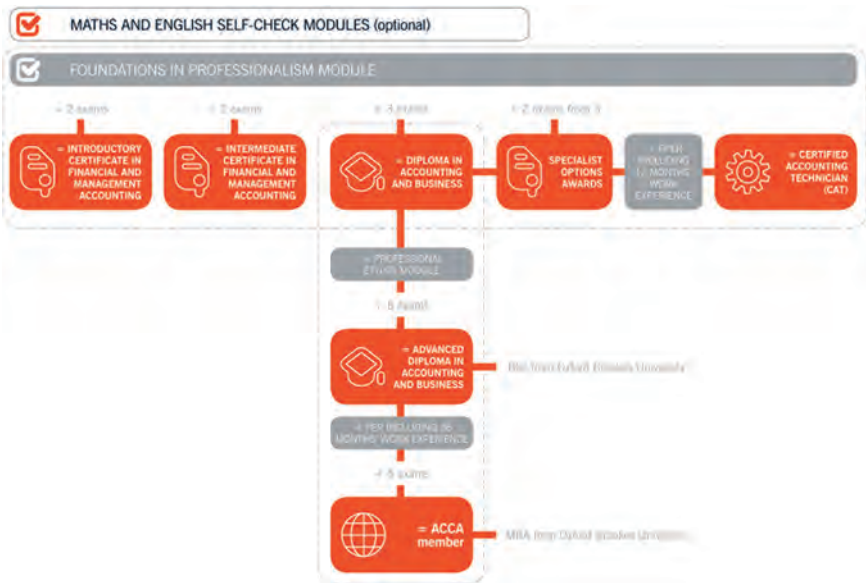
Foundations in Accountancy qualifications are also designed as pathways or stepping stones towards the ACCA Qualification for those who aim to achieve ACCA membership, but who do not currently have the minimum academic qualifications to apply directly to the ACCA Qualification.

Depending on the level at which you register as a Foundations in Accountancy student, you can gain valuable qualifications as you progress, which in turn leads to recognition and reward for the knowledge and skills you gain. The qualifications also provide you with good underpinning knowledge to help you better prepare for the ACCA Qualification exams.

PASS RATES AND ENTRY POINTS

Candidates who have progressed to the Diploma in Accounting and Business level from previous levels of study (within the Foundations in Accountancy route) tend to experience better pass rates and faster completion rates than those who enter the Diploma level directly, possibly without adequate underpinning knowledge or experience. This is illustrated in Table 2 (right).

HOW THE FOUNDATIONS IN ACCOUNTANCY QUALIFICATIONS ARTICULATE WITH THE ACCA QUALIFICATION



G FOUNDATIONS

FOUNDATIONS IN ACCOUNTANCY

TABLE 1: THE FOUNDATIONS IN ACCOUNTANCY QUALIFICATIONS AND ASSOCIATED EMPLOYMENT ROLES

QUALIFICATION	ASSOCIATED EMPLOYMENT ROLES
Introductory Certificate in Financial and Management Accounting	Aimed at those aspiring to employment – or already employed – as a junior accounts clerk or junior bookkeeper of an SME, or someone in a range of junior accounting administration roles within an accounting department of a larger organisation, or a business process outsourcing organisation, or a financial shared service centre.
Intermediate Certificate in Financial and Management Accounting	Aimed at those aspiring to employment – or already employed – as a bookkeeper or cost clerk in an SME, or someone in an accounting administration role within an accounting department of a larger organisation, or a business process outsourcing organisation, or a financial shared service centre
Diploma in Accounting and Business	Aimed at those aspiring to employment – or already employed – in a wide ranging and responsible accounting role in an SME, or those involved in financial reporting and/or in financial decision-support roles, possibly in supervisory roles in the accounting departments of larger organisations. In financial shared service centres, or business process outsourcing organisations, this qualification would suit those performing financial supervisory or management roles in accounts payables and/or receivables, or a financial role in fixed asset accounting.
Certificate in Foundations of Audit	Aimed at those wishing to specialise in audit or to add an audit specialism to a wider accounting qualification.
Certificate in Foundations of Taxation	Aimed at people wishing to specialise in personal and business taxation or to add a taxation specialism to a wider accounting qualification for business or practice.
Certificate in Foundations of Financial Management	Aimed at people wishing to specialise in financial and credit management or to add a financial management specialism to a wider accounting qualification for business or practice.
Certified Accounting Technician (CAT) Qualification	Aimed at those learners carrying out a wide range of accounting technician roles in commercial organisations with formal internal training programmes, requiring the assessment of off-station knowledge and understanding to balance this training programme. It is also aimed at those aspiring to work – or already working – as team managers and with supervisory responsibilities.

TABLE 2: TABLE SHOWING THE DIFFERENCE IN PASS RATES BETWEEN STUDENTS REGISTERING DIRECTLY FOR THE DIPLOMA IN ACCOUNTING AND BUSINESS EXAMS AND STUDENTS WHO PROGRESS FROM THE INTRODUCTORY AND INTERMEDIATE CERTIFICATE LEVELS

Diploma in Accounting and Business paper	Percentage improvement in pass rates obtained at the Diploma in Accounting and Business exams by registering for Introductory or Intermediate Certificates in Financial and Management Accounting exams before registering for the Diploma
Paper FAB, Accountant in Business	+40%
Paper FMA, Management Accounting	+71%
Paper FFA, Financial Accounting	+53%
Mean Diploma exams Pass rate	+55%

As can be seen from the statistics on the left, students who enter for the Diploma in Accounting and Business exams after progressing from the Introductory and Intermediate Certificates have, on average, approximately 55% more chance of passing their Diploma exams than those who enter for the Diploma directly. The latter group takes longer to complete the qualification than others who have entered the Diploma with adequate prior learning and or experience.

KEY GUIDANCE ON SUITABLE ENTRY POINTS
Someone with no previous academic qualifications or knowledge, understanding or experience of accountancy will find it very difficult

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