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APRIL

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Standard exam entry deadline

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JULY

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Early exam entry for December 2012

ONE AREA OF CONCERN WAS THAT THERE APPEARS TO BE A RETURN TO THE PRACTICE OF A SIGNIFICANT NUMBER OF CANDIDATES NOT ATTEMPTING ALL QUESTIONS, PARTICULARLY QUESTIONS 4 OR 5 (AND SOMETIMES BOTH).

the inheritance tax that would be payable as a result of a taxpayer's gift to a trust, and the additional inheritance tax that would be payable if the taxpayer were to die between four and five years of making the gift. The taxpayer paid the inheritance tax arising from the gift, so grossing up was necessary.

This was the least well answered of the three 15-mark questions, although it was often the last one to be answered with time pressure being an issue. Part (a) was not as complicated as candidates tried to make it, and remembering basic principles would have eliminated the worst of the errors – only current year losses can be group relieved, with no relief available for capital losses. In Part (b), candidates were helped by being told how to layout their answers, but this advice was often ignored. Many candidates made the calculations far more difficult than was necessary by not appreciating that corporation tax was at the small profits rate of 21% – they instead applied the marginal rate. A surprisingly common mistake was to deduct double taxation relief from taxable total profits rather than reducing the corporation tax liability. Candidates were again helped in Part (c) by being told to ignore annual exemptions, but many also ignored these instructions. They were not penalised for this, but it made the calculations a bit more complicated than was necessary. When calculating the additional liability arising on death, many candidates had problems computing the amount of brought forward gross chargeable transfer, and taper relief was often calculated and deducted at the wrong point in the computation. Candidates should also appreciate that exams are not quite the same as real life. With a six-mark section it should be obvious that the value of the transfer was more than the annual exemption of £325,000 – many candidates calculating the transfer as 200,000 x £1 = £200,000. Using any of the other values would have enabled some marks to be obtained. However, there were many perfect answers to Part (c), with the six marks obtained often being the difference between a pass and a fail.

PAPER F7
FINANCIAL REPORTING

As with past exam sessions, the best answered questions were the consolidation in Question 1 and financial statements preparation in Question 2. This was closely followed by the cash flow element of Question 3. Answers to Questions 4 and 5 (relating to the wider syllabus areas) were more mixed and rather polarised into either very good or very poor attempts. The overall effect was that there were many solid scripts scoring 70 or more; a truly impressive performance.

One area of concern was that there appears to be a return to the practice of a significant number of candidates not attempting all questions, particularly Questions 4 or 5 (and sometimes both).

There were some exam technique issues that caused problems:

- Several figures needed detailed workings, notably the cost of sales in Question 2. Many candidates wrote down a long line of figures with no written description of what the figures represented or how they had arrived at them. When this happens it is almost impossible for markers to determine whether incorrect totals deserve any credit.
- Not reading the question properly, or answering a different aspect of a question from the one set.
- Poor handwriting is still an important issue for many markers (particularly for the written elements): put simply, markers cannot award marks if they cannot read what has been written.

The composition and topics of the questions was such that, on this diet, there was very little difference between the International Paper (the primary paper) and all other variant papers – thus, these comments generally apply to all streams.

SPECIFIC COMMENTS QUESTION 1

This question required the preparation of a consolidated statement of financial position, including an associate. There were fair value adjustments for plant and the need to recognise a 'customer relationship' intangible asset. Further adjustments required the elimination of current account balances and unrealised profit (URP) on inventory due to intra-group trading.

The majority of candidates clearly have a good working knowledge of consolidation techniques, which showed through in very good marks for this question; there were a noticeable number of full marks. As usual, it was the more complex aspects where errors occurred.

CONSOLIDATED GOODWILL

Some candidates did not discount the deferred consideration (or ignored it altogether) when calculating the purchase consideration. Also, the non-controlling interest's consideration was sometimes calculated as $35m (10 million shares x $3.50 x 100%), rather than as 20% of this figure).

Many candidates did not include the customer relationship as an asset at the date of acquisition, and many deducted the post-acquisition additional depreciation/amortisation charges when calculating goodwill. As a point of technique, many candidates are calculating goodwill as a two-stage process; the parent's element and the non-controlling interest's element. While this does give the same answer (if done correctly), it over-complicates the calculation and wastes time.

OTHER CONSOLIDATION ERRORS

- Occasionally, candidates added (rather than deducted) the additional depreciation/amortisation charges.
- Incorrect calculation of the associate's post-acquisition profit; either not time apportioning it or using the retained earnings figure rather than the profit for the year.
- Taking a 25% share of the impairment loss (rather than all of it) on the investment in the associate without understanding it was the investment itself that was impaired. Unrealised profit in inventory was often taken as $2.6m (which was the intra-group sales figure, not the profit) or $300,000 (based on the profit in the current account balance rather than the sales) or $780,000 (based on 30% as the margin rather than mark up). The correct figure was $600,000 ($2.6m x 30%/130%).
- A common error was to offset the subsidiary's overdraft against the bank balance (in hand) of the parent. This is incorrect; there is no right of offset, they are two different legal entities.

- Some candidates managed to account for a non-existent outstanding share issue by recognising the shares issued by the parent on acquiring the subsidiary, although the question stated this had already been recorded. The calculation of retained earnings proved problematic. The share of the subsidiary's and associate's post-acquisition profit was often incorrect and the non-inclusion of URP, unwinding of deferred consideration and the impairment loss was common.
- There were some instances of candidates using proportionate consolidation (and consolidation of the associate), but thankfully these were very few.

Despite the above errors, as said earlier, many candidates achieved high marks for this question.

QUESTION 2

This question was a traditional preparation of financial statements from a trial balance combined with several adjustments including a goods on sale or return transaction, manufacture of own plant, property revaluation, a dividend calculation, fair value of a financial instrument and accounting for taxation.

This question was very well answered and many candidates achieved high scores. Most candidates have a sound knowledge of preparing financial statements in this format and, as expected, most of the problems involved the required adjustments. The most common of these were:

STATEMENT OF COMPREHENSIVE INCOME

Surprisingly, an inability to correctly apply a gross profit margin to a sales figure; many candidates grossed up the sales figure and others took 25% as a mark up on cost rather than a gross profit margin. The question required the cost of an item of manufactured plant for own use to be removed from the related costs in the trial balance figures and capitalised. The question said that, normally, the company adds a profit margin of 40% to cost to arrive at a selling price. Many candidates proceeded to add 40% to the manufactured cost to arrive the capitalised value. This is not permitted; a company cannot make a profit out of itself.

Many candidates did not include production labour and factory overheads as part of costs of sales. A surprising number of candidates did not appreciate that the cost of sales calculation required the inclusion of opening and closing inventories – the former was often ignored completely. A smaller number of candidates noted the increase in inventory and reported it as a revaluation in other comprehensive income which has no logical basis. Many did not add back the cost of the goods on sale or return to the closing inventory.

An incorrect calculation of the dividend was common, with most making the mistake of not realising the shares had a nominal value of 25 cents each (they assumed $1 instead).

There were many problems in calculating the deferred tax, particularly in relation to the deferred tax on the revaluation of property. This lack of understanding also fed through to the statement of financial position figures and the revaluation figure in other comprehensive income.

The loss on fair value of a financial asset (equity investment) should have been charged to the income statement, but it was often shown in other comprehensive income.

Only a minority of candidates correctly deducted the deferred tax element of the revaluation as part of other comprehensive income.

STATEMENT OF FINANCIAL POSITION

This was again generally well done with some errors being due to the knock-on effect of those made in the statement of comprehensive income, which are not generally penalised under the method marking principle.

A very common error was to take the date of the revaluation of the leased property as being at the end of the year rather than the beginning.

The adjustment to revenue for the sale or return was not followed through to the receivables.

Many candidates omitted the revaluation reserve, even though they had calculated the figure in other comprehensive income.

Not surprisingly, weaker candidates reported a credit bank balance as an asset.

Despite the above comments, this was a high-scoring question.

QUESTION 3

Most of the marks for this question (19) were for the preparation of a statement of cash flows. In general, this was very well answered with many candidates scoring full marks. The main errors were:

- Incorrect adjustment for depreciation (this surprised me as the charge for the year was given in note (ii) of the question and did not need calculating).
- The disposal proceeds of a property was often shown as the profit on disposal (and vice versa).
- The decrease in product warranties provision was treated as an increase (other elements of the cash flows were also often incorrectly signed).
- Several problems in the calculation of the tax paid (often ignoring the effect of the deferred tax).
- Many treated the new finance lease additions ($6.7m) as a cash outflow, perhaps confusing this with the repayment of the finance leases (which was also often calculated incorrectly).
- All of the investment income ($1.1m) was treated as a cash flow when, in fact, only the dividend received of $200,000 was a cash flow.
- Various incorrect figures for the shares issued; the increase in the share capital of $6m should have been reduced by $3.6m for the effect of a bonus issue (which is not a cash flow).

Although this is a long list, most candidates only made two or three of these errors, such that it was a good scoring question.

Part (b) (International) required candidates to focus on two aspects of the statement of cash flows they had produced in Part (a); operating performance and the investment in property, plant and equipment. The question required candidates to assess the different perspective of the above two areas that the accruals-based financial statements (the income statement and the statement of financial position) gave when compared to the equivalent information in the statement of cash flows. The majority of candidates seemed to misinterpret this requirement. The main issue of operating performance was that the income statement reported a profit of $3.3m, whereas the cash generated from operations was a deficit of $4.9m, clearly a very different indication of performance. The question wanted candidates to discuss what had caused this difference (mainly depreciation, working capital adjustments, product warranties and profit on disposal of property), but few candidates got beyond a mention of depreciation and working capital items.

Similarly the statement of financial position showed a net increase in property, plant and equipment of $8.5m, but the net cash actually spent was only $200,000 – again, very different perspectives. Here, the main differences were due to non-cash finance lease acquisitions and the profit on disposal, but few candidates gave such an explanation. Some candidates completely ignored the question's wording and did a 'rote-learned' interpretation, including calculating lots of accounting ratios.

Overall, Part (b) was badly answered, and often not at all.

QUESTION 4

This question was on the topic of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Part (a) asked for a definition of provisions and contingent liabilities and how these definitions improve consistency in financial reporting.

Most candidates had learned the definitions well and scored appropriate marks, but were not as good at explaining the consistency aspects. Weaker candidates guessed at the definitions getting confused between which were probable and which were possible, and between constructive obligations and contingent liabilities. Some just gave examples of provisions and contingencies without attempting to define the terms (this was not answering the question and gained no marks) and others defined contingent assets, which was not asked for. Very few mentioned that requiring companies to provide for certain types of provisions (for example, decommissioning/environmental costs, taking a cue from Part (b) of the question) – that prior to the IAS had often not been provided for – was an example of improving consistency.

Part (b) tested two examples of the application of IAS 37 – environmental costs and a contingent liability. The environmental provision was made up of a fixed amount ($20m) and a variable amount that was based on the amount of oil extracted annually. Most candidates correctly accounted for the fixed element by adding it to the cost of the licence (thereby amortising it over 10 years) and treating it as a non-current liability. The treatment of the variable amount was not as well answered with many candidates, treating it the same as the fixed cost; the variable element is a liability, but it is not added to the cost of the licence, instead it is charged to the income statement annually on an accruals basis. Many candidates tried to discount the values given in the question, despite the question clearly stating they were already discounted values. In effect, the provision should have been increased (compounded) each year by 8% representing the unwinding of the discount as a finance cost.

The second example was a guarantee given by a parent for part of a loan held by its subsidiary. The guarantee was for $10m out of a total loan of $25m (the other $15m was secured on the subsidiary's property). An interesting aspect of the question was that it asked candidates to consider the issue in the consolidated financial statements and the parent's own (entity) financial statements. Candidates often assumed that Borough had lent the money to Hamlet, and discussed intra-group elimination issues, but the question did not state this and Borough would not need to guarantee its own loans.

This was badly answered, with candidates showing a great deal of misunderstanding.

Many completely ignored consolidated/parent aspect and some answered from the perspective of the subsidiary, which was not asked for. Many did appreciate that there was a contingent liability somewhere, but could not identify in which financial statements it should be disclosed. The correct answer was that, from a group point of view, there is no contingent liability – the whole $25m is an actual liability – and it is from the parent's own perspective that there is a discloseable contingent liability. A further complication is that the going concern of the subsidiary was in doubt; this meant that the parent might need to treat the contingent liability as an actual (current) liability. Many candidates discussed aspects of how a potential loss on the value of the subsidiary's securing property should be treated. The question specifically said that this should not be considered; indeed, the point was that the shortfall in the value of the secured property had no effect on the treatment of the loan or the contingency.

QUESTION 5

This question tested candidates' understanding of a compound financial instrument: a convertible loan note.

Part (a) was a two-part written element asking why a convertible loan had a lower interest rate than a loan without conversion rights, followed by a requirement to comment on the directors' proposal of treating the loan note as equity (on the basis that conversion to equity was expected) and using the nominal interest rate for the charge to the income statement. Candidates who had studied this topic could explain that there was an expected benefit in having the share option on the convertible loan, which justified a lower interest rate, and went on to say that the directors' proposals were not acceptable; the instrument needed to be split between a debt and an equity element. Fewer candidates referred to the interest rate issue (ie the requirement to use the effective interest rate for a non-convertible loan) and fewer still discussed the impact of this on the financial statements (improved earnings, lower gearing, etc).

Part (b) required candidates to show how the convertible loan should be treated in the financial statements. Strangely, some candidates correctly explained how the loan note should be treated in Part (a), but could not put this into practice in Part (b). Broadly speaking, candidates either got full marks on this section or wrote down meaningless figures for the marker to try and make some sense of. The latter type of answer gained few, if any, marks.

CONCLUSION

Overall, this was an excellent performance with many candidates scoring well on the wider topic areas of Questions 4 and 5, indicating appropriate coverage of the full range of syllabus topics.

Many of the above comments on the individual questions focus on where candidates made errors. This is intended to guide candidates' future studies and to highlight poor techniques with a view to improving future performance. This may appear to give an overly pessimistic view of candidates' performance. This is not the intention, nor is it the case. There were many excellent papers where it was apparent that candidates had done a great deal of studying and they were rewarded appropriately.

THERE WERE MANY EXCELLENT PAPERS WHERE IT WAS APPARENT THAT CANDIDATES HAD DONE A GREAT DEAL OF STUDYING AND THEY WERE REWARDED APPROPRIATELY.

PAPER F8
AUDIT AND ASSURANCE

The exam consisted of five compulsory questions. Section A contained Question 1 for 30 marks and Question 2 for 10 marks. Section B comprised three further questions of 20 marks each.

The vast majority of candidates attempted all five questions. The level of unanswered questions was marginally higher than in previous sessions. Where questions were left unanswered by candidates, this appeared mainly due to a lack of knowledge or inadequate exam technique, as opposed to time pressure. There was a small minority of candidates who spent too long on Question 1, usually at the expense of Question 5; candidates are reminded of the importance of allocating their time appropriately between questions.

As in previous sessions, a small minority of candidates answered Question 1 last and their answers were often incomplete. As Question 1 is the case study and represents 30 of the available marks, leaving this question until last can be a risky strategy, as many answers presented were incomplete or appeared rushed.

Candidates performed particularly well on Questions 1(a), 1(e), 2(b), 3(a), 4(a), 4(b) and 4(c). The questions candidates found most challenging were Questions 1(c), 1(d), 2(a), 3(b), 3(c), 5(a) and 5(b). This is mainly due to candidates not understanding core syllabus areas well enough, a lack of technical knowledge, and a failure to read question requirements carefully.

A number of common issues arose in candidates' answers:

- Failing to read the question requirement clearly and, therefore, providing irrelevant answers that scored few, if any, marks.
- Poor time management between questions; some candidates wrote far too much for some questions and this put them under time pressure to finish remaining questions.
- Not learning lessons from earlier examiner reports and, hence, making the same mistakes, especially in relation to audit risk.
- Failure to fully understand the requirement verbs such as 'explain' or 'describe' and, hence, not providing sufficient depth to their answers.
- Providing more than the required number of points.
- Illegible handwriting and poor layout of answers.

THE VAST MAJORITY OF CANDIDATES ATTEMPTED ALL FIVE QUESTIONS. THE LEVEL OF UNANSWERED QUESTIONS WAS MARGINALLY HIGHER THAN IN PREVIOUS SESSIONS. WHERE QUESTIONS WERE LEFT UNANSWERED BY CANDIDATES, THIS APPEARED MAINLY DUE TO A LACK OF KNOWLEDGE OR INADEQUATE EXAM TECHNIQUE

SPECIFIC COMMENTS QUESTION 1

This 30-mark question was based on a light manufacturer, Chuck Industries Co, and tested candidates' knowledge of the payroll cycle, substantive procedures for payroll and a redundancy provision, law and regulations, and reliance on internal audit.

Part (a) for 12 marks required candidates to explain the implications and suggest recommendations for deficiencies identified in the scenario for the payroll cycle of Chuck Industries.

Most candidates performed well on this part of the question. They were able to confidently provide answers for five to six deficiencies identified from the scenario. The question did not specify the number of implications and recommendations required and, hence, some candidates provided more than six. This meant that if some points were not specific enough to attain the one mark available for each of the implications and recommendations, candidates were still able to achieve a strong overall score.

The scenario contained an abundance of deficiencies and so, on the whole, candidates were able to easily identify enough points. A small minority of candidates provided implications and recommendations for general deficiencies that were not specified within the scenario; these points would not have gained credit as the question requirement clearly stated that points needed to be raised for the deficiencies identified in the scenario.

A significant proportion of candidates wasted time by writing out the deficiencies from the scenario; there were no marks available for deficiencies, only for the implications and recommendations. It would have been better to use headings to identify to the marker which deficiency was being addressed, or to give brief details within the explanation of the implication. Also, many candidates felt that Chuck Industries paying wages in cash was in itself a deficiency; this is not the case as many businesses pay their employees in cash, and as long as the process is well controlled no issues should arise.

Common mistakes made by candidates were failing to explain the implications fully. Many just paraphrased the deficiency without considering how this would impact the company. For example, candidates easily identified the deficiency of joiners and leavers not being notified to the payroll department on time, leading to incorrect salaries being paid out. However, some candidates did not then consider what the implication – other than incorrect salaries being paid – would be to Chuck Industries. They could have explained that the payroll expense would be incorrect and also a possible loss of employee goodwill. Also, for the deficiency of 'no monitoring/supervision of the clocking in/out process', most candidates stated that the implication was that employees could clock in and out for each other, but this was not sufficient for one mark; they needed to link this to the implication, that this could result in wages being paid even though the employees had not worked.

In addition, some candidates failed to provide sufficient detail in their recommendations and some answers were vague. Such as recommending that 'the HR department should promptly inform payroll of joiners and leavers', but without detailing how this would resolve the issue of HR staff members being on holiday and, therefore, failing to notify payroll on time.

A majority of candidates adopted a columnar approach with deficiency, implication and recommendation, or just implication and recommendation. If this was not done, then most other candidates laid their answer out in paragraphs giving the implication and then the related recommendation. This ensured that, for each implication, sufficient detail was provided for the recommendation. A minority of candidates listed out all the implications and then the recommendations. Where this approach was taken,

THOSE CANDIDATES WHO PERFORMED WELL WERE ABLE TO PRODUCE DETAILED PROCEDURES WHICH RELATED TO THE SCENARIO.

it was often difficult to link up which recommendation related to which implication; in addition, the recommendations tended to become combined. Future candidates should take note that where the requirements are linked, it is advisable to use columns or to address an implication along with the related recommendation.

Part (b), for six marks, required substantive procedures the auditor should perform to confirm the accuracy and completeness of Chuck Industries' payroll charge. Performance was mixed on this part of the question.

The main area where candidates made mistakes was to provide tests of control rather than substantive procedures. As noted in previous examiner reports, candidates are often confused with the differences between tests of controls and substantive tests. Both are methods for obtaining evidence and are key elements of the Paper F8 syllabus. Future candidates must ensure that they understand when tests of controls are required and when substantive procedures are needed. They need to learn the difference between them and should practise questions requiring the generation of both types of procedures.

Other common mistakes made by some candidates were:

- not considering analytical procedures, only tests of detail
- providing vague tests that were not related to the payroll charge in the financial statements
- not generating enough tests for six marks; it is one mark per valid procedure.

The requirement verb was to 'describe', therefore sufficient detail was required to score the one mark available per test. Candidates are reminded that substantive procedures are a core topic area and they must be able to produce relevant detailed procedures. An answer such as 'perform analytical review of payroll' is far too vague as it does not explain how to undertake the analytical review, what is being compared and for what period. In addition, answers such as 'ensure tax deductions are correct' are objectives; if a test starts with 'ensure that...', it is likely to be an objective rather than a substantive procedure.

Part (c), for four marks, required an explanation of the responsibilities of management and auditors in relation to compliance with law and regulations under ISA 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*. This question – where it was attempted – was answered unsatisfactorily by most candidates. The scenario provided details of a situation where the company had been visited by the tax authorities and they had discovered problems with the tax being deducted.

Many candidates did not attempt this question at all, and for those who did it seemed clear that most had little knowledge of responsibilities under law and regulations. If candidates had applied their knowledge of responsibilities under fraud and error to law and regulations, then they would have scored at least two marks. Management is responsible for ensuring compliance with law and regulations, while auditors are not responsible for preventing or detecting non-compliance with law and regulations. These points would have scored a pass for this part of the question.

Unfortunately, most candidates focused on management's responsibility for preparing financial statements and implementing controls and auditors' responsibility to provide a true and fair opinion. These points are not related to law and regulations. Many candidates' answers did not even mention law and regulations. A significant minority only focused on the tax issues arising from the visit by the authorities rather than on law and regulation responsibilities.

Part (d), for four marks, required substantive procedures the auditor should perform on Chuck Industries' redundancy provision. This requirement was answered unsatisfactorily by many candidates.

Candidates who did not score well tended to focus on whether the redundancy was legal or not; therefore, some wanted the auditor to focus on reviewing redundancy law and contacting the company lawyer. Others wanted to focus on the outsourcing of the sales ledger, which was irrelevant in confirming the provision. Some candidates wanted to undertake a proof in total of the redundancy provision; however, with only 14 employees, this procedure would not have been practical. In addition, some candidates wanted to compare this provision to an industry average, which was impractical and demonstrated that candidates seem to learn generic lists of procedures. Candidates must tailor their knowledge to the scenario in order to pick up application marks.

Those candidates who performed well were able to produce detailed procedures that related to the scenario. In addition, sufficient breadth was given including recalculation of the provision, discussion with management with regards to the basis of the provision, reviewing disclosures, reviewing post year-end period for payment of the provision and obtaining written representations.

In relation to the popular answer of obtaining written representations, this procedure needs to be phrased with sufficient detail to obtain credit. Therefore, if we consider the following candidate answers:

- 'Obtain a written representation from management' – this would not have scored any marks as it does not specify what the representation is for.
- 'Obtain a written representation from management in relation to the provision' – this would have scored half marks as it did not specify which assertion we wanted confirmation over.
- 'Obtain a written representation from management confirming the completeness of the provision' – this would have scored one mark as it clearly states what is required from management, and in relation to which balance and for which assertion.

Part (e), for four marks, required an explanation of the factors an external auditor should consider prior to placing reliance on a company's internal audit department. Candidates performed well on this question, with many attaining full marks.

Most candidates easily identified the areas of independence and competence. Many then identified professional care and skill or scope of the work performed; least popular was communication between internal and external audit.

Where some candidates did not score fully, this was due to a failure to adequately explain the factors; some just stated 'independence of the auditors' – this was not sufficient for one mark. Also, some gave answers such as

'Independence of internal auditors – we would consider the independence of the auditors'; while longer than the first point, it still does not actually explain what is meant by independence of the internal auditors. In addition, some candidates repeated their points on competence and independence; this simply wasted time.

QUESTION 2

This 10-mark question covered the topics of internal control components and elements of an unmodified auditor's report.

Part (a), for five marks, required candidates to state and briefly explain the components of an entity's internal control as per ISA 315, *Identifying and Assessing the Risks of Material Misstatements through Understanding the Entity and Its Environment*. Candidates' performance was unsatisfactory on this question, with a number of candidates not even attempting it.

A significant minority of candidates did not understand the question requirement, or did not have sufficient technical knowledge of this area and, so, instead of providing components such as control environment and control activities relevant to audit, they focused on providing a list of internal controls such as authorisation or segregation of duties controls. Candidates are reminded to read the question requirements carefully and to answer the question asked and not the one they wish had been asked.

ISA 315 is an important element of the Paper F8 syllabus and candidates need to ensure that they have a better knowledge of this area.

Part (b), for five marks, required a description of the elements of an unmodified auditor's report. This question was answered well by most candidates, with many scoring well.

However, the verb 'describe' was not as well addressed as it should have been. A description requires a certain level of detail and, therefore, to simply give an answer such as 'auditor's responsibilities' is not a description and so would not have scored one mark. A brief paragraph explaining what the auditors' responsibilities are – to form an opinion on the truth and fairness of the financial statements – was needed to score the full mark available.

In addition, a minority of candidates were confused as to what was required for 'elements of an audit report', and so gave an explanation of what an unmodified audit opinion means, rather than what the elements are. Therefore, they wrote at length about what true and fair means; this was not the question requirement. In addition, a significant minority misunderstood the requirement and gave lists of the different types of audit opinions that can be given.

QUESTION 3

This 20-mark question was based on a manufacturer of pharmaceuticals, Abrahams Co. The question tested knowledge of audit risk, the areas of risk identification and substantive procedures for inventory.

Part (a), for six marks, required an explanation of the components of audit risk and, for each component, an example of a factor that increased audit risk. This question was unrelated to the scenario, was knowledge-based and candidates performed well.

Where candidates did not score full marks, this was because they failed to read the question properly. The question clearly required an example for each component of audit risk, being inherent, control and detection risk. A minority of candidates did not provide three examples and just gave one example or, in many cases, did not give any examples at all. Also, some gave valid examples but for the wrong component.

A significant proportion of candidates wasted time by providing a definition of audit risk, along with how the components fit together into the audit risk model, as well as which components the auditor had control over. This generated no marks as it was not part of the requirement. Candidates are reminded yet again that they must answer the question asked as opposed to the one they wish had been asked.

Part (b) for 10 marks required a description of five audit risks and responses for Abrahams Co. Many candidates performed inadequately on this part of the question. As stated in previous examiner reports, audit risk is a key element of the syllabus and candidates must understand audit risk. This is now the fourth session in a row where audit risk has been tested and where most candidates' performance has been unsatisfactory. This is disappointing, especially as guidance was recently provided in an article on how to tackle audit risk questions.

The main area where candidates continue to go wrong is that they did not actually understand what audit risk relates to. Hence, they provided answers that considered the risks the business would face or 'business risks', which are outside the scope of the syllabus.

In addition, many candidates correctly identified an issue from the scenario such as 'the standard costs are set when a product is first manufactured and are not usually updated', but this is all that they would state in their answer. There was no attempt to link this issue to the audit risk that arises in the financial statements – ie the risk that the inventory could be under or overvalued as the standard cost might be out of line with actual cost. Audit risks must be related to the risk arising in the audit of the financial statements and should include the financial statement assertion impacted. Just stating that 'this increases inherent risk' is not sufficient to gain the mark available. If candidates did not link the risk to the financial statement assertion, then they would have struggled to pass this part of the question.

Even if the audit risks were explained, many candidates failed to provide a relevant response to the audit risk. Most chose to give a response that management would adopt rather than the auditor. For example, in relation to the issue of the new IT manager not starting until January, many candidates suggested that the auditor needed to discuss with management why the new manager was not starting for two months. This is not a response that the auditor would adopt, as they would be focused on testing the risk of errors arising in the new system due to the lack of IT support. Also, some responses were too vague such as 'increase substantive testing' without making it clear how, or in what area, this would be addressed.

Future candidates must take note that audit risk is – and will continue to be – an important element of the syllabus

CANDIDATES DID NOT SEEM TO UNDERSTAND THAT STANDARD COSTING WAS AN ACCEPTABLE OPTION FOR CALCULATING THE COST OF INVENTORY AND, HENCE, THEY NEEDED TO TEST HOW CLOSE AN APPROXIMATION TO ACTUAL COST STANDARD COST WAS.

and must be understood. They would do well to practise audit risk questions.

Part (c), for four marks, required substantive procedures to obtain evidence in relation to (i) inventory held at third party warehouses and (ii) standard costs used for inventory valuation. This question was answered unsatisfactorily by most candidates, especially (c)(ii).

Many candidates made a reasonable attempt at Part (c)(i) on third party warehouses, suggesting obtaining a confirmation from these warehouses or attending an inventory count.

However, Part (c)(ii) on standard costs was inadequately attempted. Candidates seemed to see 'inventory valuation' in the requirement, and so produced generic tests for verifying that inventory should be at the lower of cost and NRV. This was not what the question required. Candidates did not seem to understand that standard costing was an acceptable option for calculating the cost of inventory and, hence, they needed to test how close an approximation to actual cost standard cost was.

QUESTION 4

This 20-mark question was based on a listed company, Serena VDW Co, and tested candidates' knowledge of corporate governance and auditor's responsibilities with regard to client confidentiality.

Part (a), for three marks, required an explanation of corporate governance and why it is important. This question was unrelated to the scenario, was knowledge-based and candidates performed well.

Many candidates were able to provide a definition of corporate governance and suggest a reason as to why it is important. This was sufficient to score a pass on this requirement. A small minority of candidates wrote far too much on this part of the question, even though it only had a maximum of three marks available. Candidates need to consider the mark allocation when allocating time and effort in answering questions.

Part (b), for 12 marks, required a description of six weaknesses and recommendations faced by Serena VDW to ensure compliance with corporate governance. Candidates performed well on this question. Most candidates structured their answers in two columns to consider weaknesses and recommendations, and this helped to generate a sufficient number of points.

The majority of candidates scored an overall pass on this requirement and they were able to easily identify the weaknesses within the scenario. However, the requirement was to 'describe' the weaknesses as opposed to 'identify', and this was where some candidates failed to score as well as they could have. A common weakness given was 'chairman and chief executive are the same person'. This does not describe how this could be a weakness to the company; the answer needed to expand into the potential abuse of power by allowing one person to perform both roles. Also, some felt that by adding 'this is not allowed under corporate governance rules', this would be sufficient as a description. Again this was not.

Candidates must pay close attention to the verb of the question requirement; if it is 'describe' or 'explain', then candidates must identify an issue and then provide detail as to how this is an issue for the entity in question.

With regards to the recommendations, many candidates had adequate corporate governance knowledge. However, for some candidates it was the application of this knowledge that they struggled with. A common mistake was to suggest that 'the auditors remuneration should be proposed by the remuneration committee'. In addition, some recommendations were phrased as statements rather than as recommendations, such as 'corporate governance says that chairman and chief executive should be separate'. However, this does not explain what Serena VDW Co should now do to resolve this issue.

Part (c), for five marks, required an explanation of the auditor's ethical responsibilities in relation to client confidentiality and when there is an obligatory or voluntary responsibility to disclose information. Candidates performed well on this question.

A majority of candidates were able to provide sufficient examples of when an auditor can disclose client information. However, some candidates confused these examples and gave obligatory examples for voluntary and vice versa. In addition, a significant number did not answer the first part of the question, which was to 'explain the auditor's ethical responsibilities'; many just went straight into the examples when information can be disclosed. This was due to a failure to read the question carefully.

QUESTION 5

This 20-mark question was based on a chain of food wholesalers, Humphries Co, and tested candidates' knowledge of subsequent events and audit reports.

Part (a), for five marks, required a description of the auditor's responsibility in relation to subsequent events occurring between the year-end and the date the audit report is signed, and then from this point to the date the financial statements are issued. This question was unrelated to the scenario and performance was, on the whole, unsatisfactory.

The question focused on responsibilities as opposed to audit procedures; however, a significant proportion of candidates provided a list of audit procedures to be performed during a subsequent events review. This suggests that these candidates did not read the question carefully, saw the words 'subsequent events' and proceeded to just list any procedures they had knowledge of.

The other common mistake made was for candidates to focus on what adjusting and non-adjusting events are. While candidates need to bring their Paper F3, *Financial Accounting* knowledge to this paper, they should only give this knowledge if it is asked for. Answers that focused on the impact on financial statements if events were adjusting or non-adjusting would not have scored any marks as this was not what was required from the question.

It was also clear to see that many candidates had learnt standard phrases such as 'active duty' and 'passive duty'; however, they did not understand what these meant and, hence, were unable to elaborate on these points.

A minority of candidates failed to appreciate that in the second situation – from the date the auditors' report was signed to the financial statements being issued – the auditors are unable to modify their report as it has already been issued.

Subsequent events are an important element of the completion stage of an audit, and future candidates should ensure that they have sufficient technical knowledge of this area.

Part (b), for 15 marks, required a discussion of whether three subsequent events in the scenario required the financial statements to be amended, as well as audit procedures, to form a conclusion on the amendment and an explanation of the impact on the audit report if these issues remain unresolved. Candidates' performance

was unsatisfactory on this question. There were a significant number of candidates who did not devote sufficient time and effort to this question, bearing in mind it was worth 15 marks.

Each of the three issues had a maximum of five marks available and, in order to score well, candidates needed to consider the following in their answer:

- A discussion of whether the event was adjusting or non-adjusting and why.
- A calculation of whether the event was material or not, using the financial information provided in the scenario.
- Subsequent events audit procedures.
- A description of the type of audit report required.
- An explanation of the impact on the audit report.

A significant proportion of candidates were able to correctly state whether an event was adjusting or not; however, they could not explain why. In order to maximise marks, candidates needed to link into their knowledge of Paper F3, *Financial Accounting* and focus on whether there were any pre-existing conditions at the year end date, as this was required for the event to be adjusting.

A significant minority of candidates ignored the materiality calculation completely. Some candidates stated the event was material but without using the financial information provided. What was required was a calculation – for example, the receivable balance was $0.3m, and so represented 4% of profit before tax and 0.4% of revenue – and then an explanation of whether this was material or not.

Having assessed the materiality, many candidates then struggled to link the implications of this to whether the financial statements should be amended and possible implications for the audit report if not correctly treated. If an error is immaterial, then the financial statements do not require amendment and an unmodified audit report would be given. Many candidates stated that an error was material, but that the audit report would be unmodified and vice versa.

In relation to the audit procedures, many candidates were able to suggest a few appropriate tests. However, there still tended to be vague and unrealistic procedures given, such as 'write to the receivable and ask them if they will pay the outstanding balance'; the receivable is not going to give this information to the auditor.

Of the three events, candidates performed best on the receivable and worst on the warehouse. Very few understood the implication of the insurance cover meaning that it was only if uninsured losses were material, then they would potentially need disclosure.

With regards to the type of audit report required, many candidates provided a scattergun approach of suggesting every possible audit report option. Giving every possible audit report option will not allow candidates to score well. Candidates seemed unable to decide whether, for each of the three events, the opinion should be modified or not.

A significant proportion of candidates do not understand when an 'emphasis of matter' paragraph is relevant, and seemed to think that it was an alternative to an unmodified opinion or an 'except for' qualification. Alternatively, rather than amending the financial statements, candidates felt an emphasis of matter paragraph would be sufficient.

In relation to the impact on the audit report, many candidates were unable to describe how the opinion paragraph would change, and that a basis for qualified opinion paragraph was necessary for the lawsuit and the warehouse if the disclosure of uninsured losses was inadequate.

Future candidates are once again reminded that audit reports are the only output of a statutory audit and, hence, an understanding of how an audit report can be modified, and in which circumstances, is considered very important for this exam.

PAPER F9 FINANCIAL MANAGEMENT

Candidates who were well prepared and who had studied all parts of the syllabus did well on this paper. Candidates who were not successful may have focused on a small number of topic areas, hoping to gain most of their marks there. This may explain why many candidates had better marks on Questions 1 and 2 than on Questions 3 and 4. It has been said in previous examiner reports that each paper covers many areas of the syllabus, so concentrating on one or two parts of the syllabus – thus giving less attention to other parts – will decrease the likelihood of success.

SPECIFIC COMMENTS

QUESTION 1(A)

This part of Question 1 asked for a calculation of net present value (NPV). Many answers scored full marks here. Some answers lost marks because they left something out (error of omission). These answers, for example, did not include incremental fixed costs, or working capital investment, or working capital recovery, or scrap value, or even in some cases one whole year of income and costs (the evaluation was over five years). Other answers lost marks because there was a mistake in the way that NPV was calculated (error of principle). Such mistakes included treating working capital recovery or scrap value as tax-allowable deductions, and calculated tax liability on sales or on contribution, rather than on net taxable cash flow.

QUESTION 1(B)

The requirement here was to calculate the internal rate of return (IRR) of an investment, and many answers gained full marks. Some answers lost marks due to calculation errors while, as in previous exams, there were a small number of answers that calculated ARR (accounting rate of return or return on capital employed) instead of IRR. Some candidates did not understand the IRR decision rule, claiming wrongly that the investment was not acceptable because the IRR was greater than the cost of capital of the investing company.

QUESTION 1(C)(I)

This part asked for an explanation of sensitivity analysis in the context of investment appraisal. Weaker answers did not refer to investment appraisal, or suggested that project variables were sensitive to NPV, rather than NPV being sensitive to project variables.

QUESTION 1(C)(II)

Candidates were asked here to calculate the sensitivity to a change in selling price and discount rate, and comment on the findings. Many candidates had difficulty with the brief calculations required here.

Looking first at selling price, many answers noted correctly that sensitivity could be found by dividing NPV by the present value (PV) of the relevant project variable. Many answers calculated correctly the PV of sales income, but did not adjust this for tax liability. Weaker answers used the PV of selling price, or the PV of total sales income, or did not use a present value at all.

Some answers used an algebraic version of the NPV calculation, with selling price as the unknown variable. While this is an acceptable alternative

to the simpler method of dividing NPV by PV of the relevant project variable, answers often contained calculation errors, or incorrect adjustments for tax liability, or omitted some of the one-off project cash flows.

Turning to the discount rate sensitivity, what was needed was a simple comparison of the IRR with the company's discount rate. Many candidates seemed unaware of this and wasted valuable time with calculations that had no merit at all.

Sensitivity analysis can also be undertaken by changing a project variable by a set amount and calculating the change in the NPV. Some answers used this method correctly and gained credit. Since only one variable at a time is changed in sensitivity analysis, answers that changed simultaneously both selling price and discount showed a lack of understanding and gained little credit.

QUESTION 1(D)

This part asked for a discussion of the nature and causes of capital rationing, as well as how it can be overcome. Good answers explained that capital rationing meant that there was insufficient capital to invest in all projects with a positive NPV (note the link here with the NPV decision rule); that capital rationing could be hard or soft, explaining these terms and giving examples of each; and then discussed how the profitability index and the NPV of combination of projects could be used to find the optimal investment decision within a given investment capital constraint.

Weaker answers deviated from this approach in some or all of its component parts – for example, by offering a weak or incorrect definition of capital rationing; by failing to identify and discuss soft (internal) and hard (external) capital rationing; or by giving incomplete or incorrect explanations of the profitability index and its use.

QUESTION 2(A)

The requirement here was to explain the cash operating cycle and its relationship with the level of investment in working capital. Many answers correctly discussed the flow of cash between the elements of current assets and current liabilities, identifying the financing gap that many organisations experience between cash payments and cash receipts.

Where answers were of variable quality, it was often because of a failure to focus on the question asked. For example, the requirement referred to the level of investment in working capital and not to the different sources of finance that might be used. Some answers discussed aggressive, moderate and conservative approaches to the financing of fluctuating and permanent current assets, but this was not what the question required. Better answers discussed how some companies adopted a more conservative or more aggressive policy to the level of investment in working capital than other companies, and also explained how the cash operating cycle depended on the nature of business operations. The wording of the question encouraged candidates to frame their answers in these terms.

EACH PAPER COVERS MANY AREAS OF THE SYLLABUS, SO CONCENTRATING ON ONE OR TWO PARTS OF THE SYLLABUS AND GIVING LESS ATTENTION TO OTHER PARTS WILL DECREASE THE LIKELIHOOD OF SUCCESS.

QUESTION 2(B)

This part asked for a calculation of the cash operating cycle and most answers gained full marks, showing that candidates had learned about working capital ratios.

QUESTION 2(C)

The requirement here was to evaluate two offers made by a factor. Better answers looked at costs and benefits in a methodical way, either on an incremental basis by looking at the two offers, or by costing the current position and the net costs and benefits of each offer. The meaning of with recourse (bad debts revert to the company) and without recourse (bad debts are taken by the factor) had to be understood in order to calculate correctly the relative benefits in terms of bad debts, and some answers were not able to do this. Another key area that some candidates found challenging was calculating the financial benefit of a lower level of receivables, and the increased interest cost on the advance made by the factor.

QUESTION 2(D)

This part asked for comment on the financial acceptability of the factor's offer and discussion of the possible benefits of factoring. Credit was given for an appropriate comment on the results of the financial analysis in Part (c). Discussion of the possible benefits of factoring was of variable quality, with weaker answers often doing little more than repeating back the features of the factor's offer given in the question. Better answers gave a more informed discussion of the benefits of factoring, looking for example at the expertise of the factor, insurance against bad debts and so on.

QUESTION 3(A)

Candidates were asked here to calculate the value of a company using net asset value, the dividend growth model and the earnings yield method.

It was surprising how many answers struggled to calculate net asset value from the statement of financial position figures provided in the question. This calculation is a relatively straightforward one.

Most candidates were able to calculate correctly the value of the company using the dividend growth model. Some answers wasted time calculating the value per share, but the question did not ask for this; rather it asked for the value of the company.

Fewer candidates were able to calculate correctly the value of the company using the earnings yield method, whether without earnings growth (earnings divided by earnings yield) or with earnings growth (using the growth model). Some answers converted the earnings yield figure given in the question into a price/earnings ratio (the one is the reciprocal of the other), but the price/earnings ratio valuation method was not asked for here. Some answers substituted the cost of equity for the earnings yield, or incorrectly used dividends rather than earnings.

QUESTION 3(B)

This part asked for a discussion of the dividend growth model as a way of valuing a company and its shares. Candidates were not asked to discuss the dividend growth model as a way of calculating the cost of equity, so comparisons with the capital asset pricing model did not gain any credit.

Most answers were able to discuss the weakness of the assumptions underlying the dividend growth model as regards

the future dividend growth rate and the future cost of equity. Weaker answers talked about subjectivity, or about how estimates of values could be wrong, or offered only a list of points, with little or no discussion.

QUESTION 3(C)

The requirement here was to calculate the weighted average cost of capital (WACC) of a company. The cost of equity and the before-tax cost of debt were given in the question.

Some answers seemed to follow a learned routine for calculating WACC, without noting the information given by the question. This is the only reason I can offer to explain why some answers calculated the cost of equity, even though this was stated to be 10%.

In order to calculate the WACC, the market values of equity and the 8% bonds were needed. Most answers calculated correctly the market value of equity. Many answers then assumed that the market value of the bonds was $120m, but this was in fact the nominal (par) value of the bonds in the statement of financial position. The information needed to calculate the market value per bond was given in the question: interest rate, redemption value, maturity and cost of debt. Some answers calculated the market value using the after-tax interest payments, when the interest payments should have been before tax.

The after-tax cost of debt could be calculated by multiplying the before-tax cost of debt by one minus the tax rate, or by linear interpolation. Many answers used linear interpolation, but if the market value of the bonds had not been calculated, the interpolation calculation had no purpose. Candidates should be aware that if a bond is trading at nominal value ($100) and is to be redeemed at nominal value ($100), then the interest rate is the same as the cost of debt. A linear interpolation calculation using these values to find the cost of debt simply goes round in a circle back to the interest rate.

While some answers ignored the bank loan, other answers correctly included it using the after-tax interest cost as its cost of debt, or explaining why it could be costed using the after-tax cost of debt of the 8% bonds.

A small number of answers added reserves to the market value of equity, but reserves are only of significance when using book values as weights.

QUESTION 3(D)

This part asked for a discussion of the circumstances under which WACC could be used as the discount rate in investment appraisal, together with a brief indication of alternative approaches that could be used where WACC was not appropriate.

Good answers identified and discussed the link between business risk, financial risk and WACC, along the lines covered by the suggested answer. Essentially, WACC can be used as the discount rate in investment appraisal if business risk and financial risk do not change. Some answers ignored the requirement to indicate briefly alternative approaches that could be adopted, and discussed at length the use of the capital asset pricing model in investment appraisal.

QUESTION 4(A)

The requirement here was to calculate the theoretical ex rights price per share and most answers did this correctly.

QUESTION 4(B)

This part required candidates to calculate and discuss whether using the rights issue cash to buy back bonds was acceptable to shareholders, commenting on the belief that the price/earnings ratio would remain constant.

Good answers calculated the current price/earnings ratio: the nominal value of the bonds redeemed ($80m); the nominal value of the bonds remaining in the statement of financial position ($45m); the reduction in the interest payable each year (down from $10m to $3.6m); the revised earnings and earnings per share values; and the revised share price (by multiplying the revised earnings per share by the current price/earnings ratio). The revised share price could then be compared with the theoretical ex rights price per share to assess the effect on shareholder wealth (a capital loss).

Answers lost marks to the extent that they did not achieve the elements described above. Answers that did not calculate the effect of redeeming $80m of bonds could discuss in general terms only whether buying back bonds would be acceptable to shareholders. Many answers used the assumption of a constant price/earnings ratio, together with the theoretical ex rights price per share, to calculate implied earnings per share figure, but this serves no purpose and does not take account of buying back bonds. Although the question said that the company planned to use the rights issue funds to pay off some of its debt, some answers assumed incorrectly that all of the bonds were to be bought (using reserves to finance the difference, even though these are not cash).

Some answers calculated a revised price/earnings ratio using the theoretical ex rights price per share, but the statement that the price/earnings ratio was expected to remain constant meant that a revised share price could be calculated from the revised earnings per share. The theoretical ex rights price per share is the share price before the rights issue funds are used; once these funds are used, the share price will change, so the theoretical ex rights price per share cannot be used to calculate a revised price/earnings ratio.

QUESTION 4(C)

This part asked candidates to calculate and discuss the effect of buying back bonds on the financial risk of the company, looking at interest cover and gearing. While most answers were able to calculate both ratios correctly before buying back bonds, calculations of the ratios after the buy-back were of variable quality. At this level, ratio definitions should not be a reason for losing marks, and it was surprising to see answers where interest cover or gearing were calculated incorrectly. The question also required the use of the book value debt to equity ratio, so calculations using market values or debt divided by debt plus equity gained little credit. Most answers correctly indicated that financial risk would decrease.

QUESTION 4(D)

The requirement here was to compare and contrast the financial objectives of a stock exchange listed company and a not-for-profit (NFP) organisation. In general, the answers to this part were often quite weak. One reason for this is that many answers spent a lot of time discussing non-financial objectives, even though the question asked clearly for a discussion of financial objectives.

A second reason for this is that many answers showed a general lack of awareness of financial objectives as such; some answers were not able to offer much more than shareholder wealth maximisation and increasing profit as financial objectives.

A third reason is that some answers picked up on 'compare and contrast' while ignoring financial objectives, and therefore offered a general comparison of the key features or decision areas of the two organisations. For example, the functional areas of the organisations might be compared and contrasted, or their stakeholders, or their personnel. This is not what the question was looking for.

EXAM NOTES

EXAMINABLE DOCUMENTS

Relevant to the June 2012 exam session

Exam notes provide guidance on ACCA examinable material, including any relevant accounting and auditing documents. Use them in conjunction with your studies and revision

To access *Syllabus*, *Study Guides*, past papers, examiner feedback, and examiner resources, visit the links below:

PAPER F4
www2.accaglobal.com/students/acca/exams/f4

PAPER F5
www2.accaglobal.com/students/acca/exams/f5

PAPER F6
www2.accaglobal.com/students/acca/exams/f6

PAPER F7
www2.accaglobal.com/students/acca/exams/f7

PAPER F8
www2.accaglobal.com/students/acca/exams/f8

PAPER F9
www2.accaglobal.com/students/acca/exams/f9

EXAM NOTES
WHAT YOU NEED TO KNOW

PAPER F4, CORPORATE AND BUSINESS LAW

Knowledge of new examinable regulations and legislation issued by 30 September will be examinable in examination sessions being held in the following calendar year. Documents may be examinable even if the effective date is in the future. This means that all regulations and legislation issued by 30 September 2011 will be examinable in the June and December 2012 exams.

The *Study Guide* offers more detailed guidance on the depth and level at which the examinable documents will be examined. The *Study Guide* should be read in conjunction with the examinable documents list.

Guidance and examinable legislation for all variant papers is available on the ACCA website.

Note on case law

Candidates should support their answers with analysis referring to cases or examples. There is no need to detail the facts of the case. Remember, it is the point of law that the case establishes that is important, although knowing the facts of cases can be helpful as sometimes questions include scenarios based on well-known cases.

PAPER F4 (ENG) AND PAPER F4 (SCT)

English Legal System

Knowledge of the Human Rights Act 1998 and the Constitutional Reform Act 2005 is required.

The Law of Obligations

Knowledge of the Unfair Contract Terms Act 1977, the Unfair Terms in Consumer Contracts Regulations Act 1999, and the Contracts (Rights of Third Parties) Act 1999 is required.

Employment Law

Knowledge of the Employment Rights Act 1996 and the Employment Tribunals (Constitution and Rules of Procedure) Regulations 2004 is required.

Partnership Law

Knowledge will be required of the Partnership Act 1890, the Limited Partnerships Act 1907, the Limited Liability Partnerships Act 2000, and the Civil Liability Act 1978.

Company Law

Knowledge of the Companies Act 2006 is required. Knowledge is also required of the Business Names Act 1985, the Company Directors Disqualification Act 1986, the Insolvency Act 1986, and the Financial Services and Markets Act 2000.

Governance and Ethical Issues

Knowledge of the UK Corporate Governance Code is required. Knowledge of the Criminal Justice Act 1993 in relation to insider dealing, and the Proceeds of Crime Act 2002, and the Money Laundering Regulations 2007 in relation to money laundering, is required.
Knowledge of the Bribery Act 2010 is required.

PAPER F4 (MYS)

The examinable legislation for Paper F4 (MYS) consists of the following:

- Companies Act 1965 (including the Companies (Amendment) Act 2007)
- Capital Markets and Services Act 2007
- Securities Commission Act 1993
- Contracts Act 1950
- Partnership Act 1961
- Registration of Businesses Act 1956
- Employment Act 1955
- Industrial Relations Act 1967
- Malaysian Code on Corporate Governance.

Candidates are advised to take note of the Companies (Amendment) Act 2007 came into effect on 15 August 2007. It implements a number of the recommendations made by the High Level Finance Committee Report on Corporate Governance, 1999. Although no questions relating to the amendments have been set until the December 2008 paper, candidates can expect questions encompassing the amendments from June 2009 onwards. In particular, candidates should have knowledge of the amendments affecting directors' duties. Candidates are also advised to read the technical article on the amendments.

Further, it must be noted that the Securities Industry Act 1983 has been repealed and replaced by the Capital Markets and Services Act 2007.

Candidates are also reminded to refer to the latest updated *Study Guide* to be able to focus on examinable areas.

PAPER F4 (RUS)

Candidates will be expected to have a broad knowledge of the Russian legal system and the main elements of the Civil Code relating to civil rights, obligations and representation. The corporate law sections focus on the main types of partnership and company, but do not require a detailed understanding of other types of business. There are further sections of the syllabus on employment law and corporate governance.

The examinable legislation for Paper F4 (RUS) consists of the following:

- The Civil Code of the Russian Federation
- The Federal Law on Joint Stock Companies (Companies Limited by Shares)
- The Federal Law on Limited Liability Companies
- The Federal Law on Insolvency (Bankruptcy)
- The Labour Code of the Russian Federation.
- The Federal Law on Securities Market (in relation to transactions that destabilise markets only).

PAPER F4 (SGP)

Candidates should note that the Partnership Act, Limited Liability Partnerships Act 2005, the Limited Partnerships Act 2008, and the Companies (Amendment) Act 2005 are examinable.

In relation to the Partnership Act, candidates should understand the nature of a partnership, the relation of partners to each other and liability of partners.

The Limited Liability Partnerships Act 2005 ('LLP Act') commenced operation on 11 April 2005. The limited liability partnership is a new form of business vehicle available in Singapore modelled on similar business structures found in the UK and the US. It combines features of both a partnership and a company.

Only the general framework of the limited liability partnership will be examined. The corresponding changes in the Companies Act should also be noted. Candidates should refer to the website of the Accounting and Corporate Regulatory Authority, Singapore (ACRA) for the latest legislative development. In particular, candidates can refer to the May 2005, Issue No. 8 of the ACRA Legal Digest for a brief overview of the LLP Act. In particular, the nature of limited liability partnership in Part II and First

Schedule of Limited Liability Partnership Act should be carefully considered.

In relation to the Limited Partnerships Act 2008, the candidates should understand the nature of a limited partnership, which rules of general partnership apply to limited partnerships, the nature of limited partners and general partners.

In relation to the Companies Act, candidates should note that all relevant rules pertaining to topics set out in the study guide are examinable. In particular, recent amendments to the Companies Act, as set out in Companies (Amendment) Act 2005, Companies (Amendment) Act 2004 and Companies (Amendment) Act 2003, have to be considered.

PAPER F6 (UK), TAXATION

The following notes refer to Paper F6 (UK) only. Guidance for other variant papers – where available – is published on the ACCA website.

Legislation which received Royal Assent on or before 30 September annually will be assessed in the exam sessions being held in the following calendar year. Therefore, exams in June and December 2012 will be assessed on legislation which received Royal Assent on or before 30 September 2011.

FINANCE ACT

The latest Finance Act which will be examined in Paper F6 (UK) at the June and December 2012 sessions is the Finance Act 2011.

With regard to prospective legislation when, for example, provisions included in the Finance Act will only take effect at some date in the future, such legislation will not normally be examined until such time as it actually takes effect. The same rule applies to the effective date of the provisions of an Act introduced by statutory instrument.

SUPPLEMENTARY INSTRUCTIONS AND TAX RATES AND ALLOWANCES

The following supplementary instructions and tax rates and allowances will be reproduced in the exam paper in June 2012 and are examinable in Paper F6 (UK). In addition, other specific information necessary for candidates to answer individual questions will be given as part of the question.

- Calculations and workings need only be made to the nearest £.
- All apportionments should be made to the nearest month.
- All workings should be shown.

Income tax

		Normal rates %	Dividend rates %
Basic rate	£1–£35,000	20	10
Higher rate	£35,001– £150,000	40	32.5
Additional rate	£150,001 and over	50	42.5

A starting rate of 10% applies to savings income where it falls within the first £2,560 of taxable income.

Personal allowances

	£
Personal allowance	£7,475
Income limit for standard personal allowance	£100,000

Car benefit percentage

The base level of CO_2 emissions is 125 grams per kilometre (g/km).

	%
Petrol cars with CO_2 emissions of 75g/km or less	5
Petrol cars with CO_2 emissions between 76 and 120g/km	10

Car fuel benefit

The base figure for calculating the car fuel benefit is £18,800.

Pension scheme limits

Annual allowance	£50,000
The maximum contribution that can qualify for tax relief without evidence of earnings	£3,600

Authorised mileage allowances: cars

Up to 10,000 miles	45p
Over 10,000 miles	25p

CAPITAL ALLOWANCES: RATES OF ALLOWANCE

Plant and machinery

	%
Main pool	20
Special rate pool	10

Motor cars (purchases since 6 April 2009 (1 April 2009 for limited companies))

CO_2 emissions up to 110 grams per kilometre	100
CO_2 emissions between 111 and 160 grams per kilometre	20
CO_2 emissions over 160 grams per kilometre	10

Annual investment allowance

First £100,000 of expenditure	100

Corporation tax

Financial year	**2009**	**2010**	**2011**
Small companies rate	21%	21%	20%
Main rate	28%	28%	26%
	£	£	£
Lower limit	300,000	300,000	300,000
Upper limit	1,500,000	1,500,000	1,500,000
Standard fraction	7/400	7/400	3/200

Marginal relief

Standard fraction x (U–A) x N/A

Value added tax

Standard rate	20%
Registration limit	£73,000
Deregistration limit	£71,000

Inheritance tax: tax rates

		%
£1–£325,000		Nil
Excess	– Death rate	40
Excess	– Lifetime rate	20

Inheritance tax: taper relief

Years before death:	Percentage reduction
More than 3 but less than 4 years	20
More than 4 but less than 5 years	40
More than 5 but less than 6 years	60
More than 6 but less than 7 years	80

Capital gains tax

		%
Rate of tax	– Lower rate	18
	– Higher rate	28
Annual exemption		£10,600
Entrepreneurs' relief	– Lifetime limit	£10,000,000
	– Rate of tax	10%

National Insurance contributions (not contracted out rates)

		%
Class 1 Employee	£1–7,225 per year	Nil
	£7,226–42,475 per year	12.0
	£42,476 and above per year	2.0
Class 1 Employer	£1–7,072 per year	Nil
	£7,073 and above per year	13.8
Class 1A		13.8
Class 2	£2.50 per week Small earnings exception limit – £5,315	
Class 4	£1–7,225 per year	Nil
	£7,226–42,475 per year	9.0
	£42,476 and above per year	2.0

Where weekly or monthly calculations are required, the Class 1 limits shown above should be divided by 52 (weekly) or 12 (monthly) as applicable.

Rates of interest (assumed)

Official rate of interest	4%
Rate of interest on underpaid tax	3%
Rate of interest on overpaid tax	0.5%

FINANCIAL REPORTING – INTERNATIONAL AND UK

PAPER F7, FINANCIAL REPORTING

Knowledge of new examinable regulations issued by 30 September will be required in examination sessions being held in the following calendar year. Documents may be examinable even if the effective date is in the future.

The documents listed as being examinable are the latest that were issued prior to 30 September 2011 and will be examinable in June and December 2012 exam sessions.

The *Study Guide* offers more detailed guidance on the depth and level at which the examinable documents will be examined. The *Study Guide* should be read in conjunction with the examinable documents list.

International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs)

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 23	Borrowing Costs
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 32	Financial Instruments: Presentation
IAS 33	Earnings per Share
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IFRS 3	Business Combinations (revised)
IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 13	Fair Value Measurements

Other Statements

The Conceptual Framework for Financial Reporting

Note: The accounting of financial assets and financial liabilities is accounted for in accordance with IFRS 9 to the extent that this standard was in issue as at 30 September 2011. For any elements of the *Study Guide* deemed as examinable and not covered bv IFRS 9, these elements should be dealt with by studying IAS 39.

ADDITIONALLY EXAMINABLE FOR UK AND IRISH PAPERS ONLY

Indicated below are the main areas of difference between IFRS and UK standards/legislation. Some differences are examinable in Paper F7 (UK).

International Standard	UK Standard	UK difference	Difference examinable in Paper F7?
IAS 1	Co Act	Difference in terminology	No
	FRS 3	Disclosure of certain exceptional items on face of income statement not specified by IAS 1 although some picked up by IFRS 5	Yes
	FRS 3	Separate presentation of STRGL and income statement whereas International combines statements	No
	FRS 18	Less extensive disclosure requirements for estimation techniques	No
IAS 2	SSAP 9	Slight wording differences which mean that LIFO could be allowable whereas this doesn't appear within International	No
IAS 7	FRS 1	Format more detailed	Yes
	FRS 1	Cash and cash equivalents more strictly defined	Yes
	FRS 1	Exemptions available from preparing cash flow	No
IAS 8	FRS 3	Fundamental errors vs International's material errors although broadly similar	No
IAS 10	FRS 21	No examinable differences	No
IAS 11	SSAP 9	Services fall within scope whereas International this is addressed by IAS 18, although in principle broadly the same	No
	SSAP 9	Disclosure of year end balance split into recoverable on contracts and long-term contract balances	Yes
IAS 12	FRS 19	Timing differences rather than temporary differences	Yes
	FRS 19	Permits discounting	Yes
	FRS 19	Revaluation less likely to create deferred tax balance	Yes
IAS 16	FRS 15	Revaluation frequency specified by time (every five years) whereas International solely based on material changes in fair value as frequency indicator	Yes
	FRS 15	Different methods of revaluation dependent on the asset type	Yes
	FRS 15	Treatment of revaluation gains and losses especially with reference to clear consumption of economic benefit	Yes
IAS 17	SSAP 21	90% test included as part of guidance in lease classification	Yes
	SSAP 21	No requirement to consider land and buildings separately although this has recently been relaxed under International	No
	SSAP 21	Sale and finance leaseback requires asset to be disposed with new finance lease created and disposal profit to be deferred over lease term. Additionally UK rules allow funds to be treated as a secured loan per FRS 5	No
	SSAP 21	Operating lease incentives to be spread over shorter of lease term and period of next rent review. International spreads over lease term	No
IAS 18	FRS 5	In principle similar	No
IAS 19	FRS 17	Restricted scope as only covers retirement benefits whereas International covers various short-term and long-term employee benefits	No
	FRS 17	No deferral method as per IAS 19	No
	FRS 17	Deferred tax balances netted off net pension asset/liability, whereas shown separately under International	No
IAS 20	SSAP 4	Cannot net off grant against non-current asset to which it relates (although CoAct disallows not the standard)	No
IAS 21	FRS 23	No examinable differences	No
IAS 23	FRS 15	Choice as to whether capitalise borrowing costs	Yes
IAS 24	FRS 8	Materiality considered from perspective of company and related party	No
	FRS 8	Requires disclosure of names of related party where transaction has occurred	No
	FRS 8	Wholly owned UK subs exempt from disclosing in their own accounts transactions with parent	No
	IAS 26	No UK equivalent	No
IAS 27	FRS 2	Disposals not resulting in a loss of control, gain or loss to be shown in income statement whereas under International this is shown in equity as an owners transaction	No
	FRS 2	Partial disposals resulting in loss of control, remaining shareholding not required to be valued at fair value	No

IAS 28	FRS 9	Equity accounting in income statement shows associate split out across a number of lines whereas International show associate as one balance	No
IAS 29	FRS 24	No examinable differences	No
IAS 31	FRS 9	Does not allow proportional consolidation for joint venture but gross equity accounting instead	No
IAS 32	FRS 25	No examinable differences	No
IAS 33	FRS 22	No examinable differences	No
IAS 34	Statement on Interim reports	No examinable differences	No
IAS 36	FRS 11	Impairment on IGU specifically allocated to specifically damaged asset then to goodwill, intangibles and then tangible assets. International does not separate intangibles from tangibles	No
IAS 36	FRS 11	Allocation of impairment loss on clear consumption to income statement irrespective of revaluation balance relating to asset	Yes
IAS 36	FRS 11	Reversals of goodwill and intangibles only if external event clear demonstrates reversal of impairing event. UK standard more restrictive. Goodwill impairments will realistically not be reversed whereas International specifically disallows reversals of goodwill impairments.	No
	FRS 11	Requires future cash flows to be monitored for next five years to ensure that asset not further impaired.	No
IAS 37	FRS 12	No examinable differences	No
IAS 38	SSAP 13	Choice as to whether capitalise development costs or write off to income statement	Yes
	FRS 10	Only separable intangibles can be capitalised whereas International allows capitalisation if non separable but legal or contractual rights are held	Yes
IAS 39	FRS 26	Treatment of financial asset differences due to IFRS 9 otherwise no examinable differences. See IFRS 9	No
IAS 40	SSAP 19	No choice between cost model or fair value model	No
	SSAP 19	Treatment of revaluation gains and losses to revaluation reserve unless permanent diminution	No
IAS 41		No UK equivalent	No
IFRS 1		No UK equivalent	No
IFRS 2		No examinable differences	No
IFRS 3	FRS 6	Merger accounting where applicable	No
	FRS 6	Merger accounting on reconstructions	No
	FRS 7	NCI only calculated under partial method	Yes
	FRS 7	Acquisition costs capitalised	Yes
		Changes in contingent consideration capitalised within cost of investment	Yes
	FRS 7	Only separable intangibles can be capitalised	Yes
	FRS 10	Goodwill amortised with rebuttable assumption of life not exceeding 20 years	Yes
	FRS 10	Negative goodwill capitalised and amortised over life of assets to which they relate	Yes
	FRS 7	Goodwill calculation difference on piecemeal acquisitions	No
IFRS 4	FRS 27	Covers life assurance businesses although principles are similar	No
IFRS 5	FRS 3	Discontinued criteria difference meaning that UK likely to show discontinuance later than International	Yes
	FRS 3	Both continuing and discontinued must be analysed on face of profit and loss account	Yes
	FRS 3	Encourages separate disclosure of acquisitions	No
IFRS 6	SORP	Covers oil and gas, with similar principles of capitalisation and impairment	No
IFRS 7	FRS 29	No examinable differences	No
IFRS 8	SSAP 25	Identification of segments based on risks and returns approach whereas International based on management information and decision-making process	No
	SSAP 25	Disclosure for both business and geographical segments unlike International which is based on management decision making process	No
	SSAP 25	Segment information prepared in accordance with accounting policies whereas International based management information	No
	SSAP 25	Seriously prejudicial exemption available	No
IFRS 9	FRS 26	Not yet updated to changes in financial asset classification categories and therefore recognition differences	No
IFRS for SMEs	FRSSE	Differences in principle not actual accounting differences examinable between FRSSE and IFRS for SME	No

Additionally for Paper F7 (UK) the following basic Companies Act requirements surrounding when:

- single and group entity financial statements are required and when exemptions may be claimed from the preparation.
- a subsidiary may be excluded from the group financial statements are also examinable.

AUDIT – INTERNATIONAL

PAPER F8, AUDIT AND ASSURANCE

Knowledge of new examinable regulations issued by 30 September will be examinable in exam sessions being held in the following calendar year. Documents may be examinable even if the effective date is in the future. This means that all regulations issued by 30 September 2011 will be examinable in the June and December 2012 exams.

The *Study Guide* offers more detailed guidance on the depth and level at which the examinable documents should be examined. The *Study Guide* should therefore be read in conjunction with the examinable documents list.

ACCOUNTING STANDARDS

The accounting knowledge that is assumed for Paper F8 is the same as that examined in Paper F3. Therefore, candidates studying for Paper F8 should refer to the accounting standards listed under Paper F3 (see Appendix A on page 56).

International Standards on Auditing (ISAs)

Glossary of Terms
International Framework for Assurance Assignments
Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services

ISA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with ISAs
ISA 210	Agreeing the Terms of Audit Engagements
ISA 230	Audit Documentation
ISA 240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
ISA 250	Consideration of Laws and Regulations in an Audit of Financial Statements
ISA 260	Communication with Those Charged with Governance
ISA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
ISA 300	Planning an Audit of Financial Statements
ISA 315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
ISA 320	Materiality in Planning and Performing an Audit
ISA 330	The Auditor's Responses to Assessed Risks
ISA 402	Audit Considerations Relating to an Entity Using a Service Organisation
ISA 450	Evaluation of Misstatements Identified During the Audit
ISA 500	Audit Evidence
ISA 501	Audit Evidence – Specific Considerations for Selected Items
ISA 505	External Confirmations
ISA 510	Initial Audit Engagements – Opening Balances
ISA 520	Analytical Procedures
ISA 530	Audit Sampling
ISA 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures
ISA 560	Subsequent Events
ISA 570	Going Concern
ISA 580	Written Representations
ISA 610	Using the Work of Internal Auditors
ISA 620	Using the Work of an Auditor's Expert
ISA 700	Forming an Opinion and Reporting on Financial Statements
ISA 705	Modifications to the Opinion in the Independent Auditor's Report
ISA 706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
ISA 710	Comparative Information – Corresponding Figures and Comparative Financial Statements
ISA 720	The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements

International Auditing Practice Statements (IAPSs)

IAPS 1000	Inter-bank Confirmation Procedures
IAPS 1013	Electronic Commerce: Effect on the Audit of Financial Statements

International Standards on Assurance Engagements (ISAEs)

ISAE 3000	Assurance Engagements other than Audits or Reviews of Historical Financial Information

Other Documents

ACCA's 'Code of Ethics and Conduct'
The UK Corporate Governance Code as an example of a code of best practice

AUDIT – UK

PAPER F8, AUDIT AND ASSURANCE

Knowledge of new examinable regulations issued by 30 September will be examinable in exam sessions being held in the following calendar year. Documents may be examinable even if the effective date is in the future. This means that all regulations issued by 30 September 2011 will be examinable in the June and December 2012 exams.

The *Study Guide* offers more detailed guidance on the depth and level at which the examinable documents should be examined. The *Study Guide* should therefore be read in conjunction with the examinable documents list.

ACCOUNTING STANDARDS

All questions set will be based on International Financial Reporting Standards. The accounting knowledge that is assumed for Paper F8 is the same as that examined in Paper F3. Therefore, candidates studying for Paper F8 should refer to the accounting standards listed under Paper F3 (see Appendix A on page 56).

International Standards on Auditing (ISAs) (UK and Ireland)

Glossary of terms 2009

ISA 200	Overall objectives of the independent auditor and the conduct of an audit in accordance with ISAs (UK and Ireland)
ISA 210	Agreeing the terms of audit engagements
ISA 230	Audit documentation
ISA 240	The Auditor's responsibilities relating to fraud in an audit of financial statements
ISA 250A	Consideration of laws and regulations in an audit of financial statements
ISA 260	Communication with those charged with governance

ISA 265	Communicating deficiencies in internal control to those charged with governance and management
ISA 300	Planning an audit of financial statements
ISA 315	Identifying and assessing the risks of material misstatement through understanding the entity and Its environment
ISA 320	Materiality in planning and performing an audit
ISA 330	The auditor's responses to assessed risks
ISA 402	Audit considerations relating to entities using a service organisation
ISA 450	Evaluation of misstatements identified during the audit
ISA 500	Audit evidence
ISA 501	Audit evidence – specific considerations for selected items
ISA 505	External confirmations
ISA 510	Initial audit engagements – opening balances
ISA 520	Analytical procedures
ISA 530	Audit sampling
ISA 540	Auditing accounting estimates, including fair value accounting estimates and related disclosures
ISA 560	Subsequent events
ISA 570	Going concern
ISA 580	Written representations
ISA 610	Using the work of internal auditors
ISA 620	Using the work of an auditor's expert
ISA 700	(Revised February 2011) The auditor's report on financial statements
ISA 705	Modifications to opinions in the independent auditor's report
ISA 706	Emphasis of matter paragraphs and other matter paragraphs in the independent auditor's report
ISA 710	Comparative information – corresponding figures and comparative financial statements
ISA 720A	The auditor's responsibilities relating to other information in documents containing audited financial statements
ISA 720B	The auditor's statutory reporting responsibility in relation to directors' reports

Practice Notes (PNs)

PN 16	Bank reports for audit purposes in the United Kingdom (Revised – February 2011)
PN 25	Attendance at stocktaking (Revised – February 2011)
PN 26	(Revised) Guidance for smaller entity audit documentation (December 2009)

Ethical Standards (ESs)

ES	(Revised – December 2010) Provisions available for small entities
ES1	(Revised – December 2010) Integrity, objectivity and independence
ES2	(Revised – December 2010) Financial, business, employment and personal relationships
ES3	(Revised – October 2009) Long association with the audit engagement
ES4	(Revised – December 2010) Fees, remuneration and evaluation policies, litigation, gifts and hospitality
ES5	(Revised – December 2010) Non-audit services provided to audit clients
Glossary	(Revised – December 2010)

Bulletins

2009/4	Developments in corporate governance affecting the responsibilities of auditors of UK companies
2010/2	(Revised) Compendium of illustrative reports on United Kingdom private sector financial statements for periods ended on or after 15 December 2010

Other Documents

ACCA's 'Code of Ethics and Conduct'
The UK Corporate Governance Code
Scope and Authority of APB Pronouncements (Revised) – October 2009

APPENDIX A

ACCOUNTING STANDARDS EXAMINABLE IN PAPER F3, RELEVANT TO PAPER F8, AUDIT AND ASSURANCE CANDIDATES

International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs)

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 10	Events After the Reporting Period
IAS 16	Property, Plant and Equipment
IAS 18	Revenue
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IFRS 3	Business Combinations (revised)

Other Statements

Framework for the Preparation and Presentation of Financial Statements*

Note:

* The Conceptual Framework was issued 28 September 2010. Given the proximity to the cut off ACCA has made the decision that in the interests of all stakeholders this revised document will not be examined and any questions relating to the framework will be based on the documents listed in the above table.

RESOURCES

The Resources section contains important information to prepare for your exams, and also includes answers to your frequently-asked questions and contact details for *ACCA Connect*

ACCA CONNECT

For all enquiries, simply contact *ACCA Connect* – our global customer service centre. However you want to contact us –by phone, fax, email or post – one of our expert advisers will be happy to assist you.

STAY CONNECTED

ACCA Connect is now available 24 hours a day, seven days a week, 365 days a year providing global support at times convenient to you.

You can also access your *myACCA* account and the ACCA website for answers to many queries.

ACCA Connect
2 Central Quay
89 Hydepark Street
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tel: +44 (0)141 582 2000
fax: +44 (0)141 582 2222
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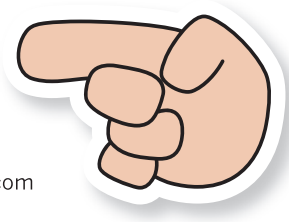
website: www.accaglobal.com



FEES

ANNUAL SUBSCRIPTION – 2012

Please note that, as a student, you are required to pay an annual subscription for each year you are registered with ACCA. This is a separate fee to your initial registration fee. Your annual subscription is due on 1 January – irrespective of the month you registered.

For example, if you registered in December, you will still be required to pay an annual subscription by 1 January. The payment enables ACCA to provide you with services and support to assist you with your studies and training as you work towards gaining your qualification.

Students who fail to pay fees when due (including exam/exemption fees) will have their names removed from the ACCA register. Students wishing to re-register are required to submit any amounts unpaid at the time of their removal in addition to the re-registration fee. No penalty fee will be charged. Confirmation of your unpaid fees can be obtained from your national ACCA office or *ACCA Connect*.

The following fees and subscriptions apply:

ACCA Qualification students	
Initial registration	£77
Re-registration	*£77
Annual subscription	£77
*plus unpaid fee(s)	

EXAM FEES

Exam entry period	**June 2012 exam fee (per exam)**	**December 2012 exam fee (per exam)**
Fundamentals level Skills module exams		
Papers F4, F5 F6, F7, F8 and F9		
Early	£69	£75
Standard	£80	£86
Late	£208	£217
Professional level exams		
Papers P1, P2 and P3 (and any two from Papers P4, P5, P6 and P7)		
Early	£81	£88
Standard	£94	£101
Late	£222	£231

SEE PAGE 63 FOR INFORMATION ABOUT EXAM FEES FOR EARLY, STANDARD AND LATE EXAM ENTRY

ACHIEVING ACCA MEMBERSHIP

ACCA will now invite you to transfer to membership as soon as your records indicate that you are ready.

For more information visit www2.accaglobal.com/students/acca/membership/. However, if, after the next set of results in August 2012, you think you are ready, you can download and complete the application form available at www2.accaglobal.com/students/acca/membership/ and return it to:
ACCA Customer Services
2 Central Quay
89 Hydepark Street
Glasgow G3 8BW, United Kingdom

It will take approximately four to six weeks to process your application for membership.

Are your contact details up to date?
https://www.acca-business.org

EXAM TIMETABLE

JUNE 2012 EXAM SESSION

The following dates have been confirmed for the next exam session:

JUNE 2012
Week 1 11 to 15 June
Week 2 18 to 20 June

Exams will take place over an eight-day period with one session of exams each day.

The exams will be held concurrently in five different time zones. The base starting times in each of these time zones will be:

- Zone 1 (Caribbean) – 08.00hrs
- Zone 2 (UK) – 10.00hrs
- Zone 3 (Pakistan and South Asia) – 14.00hrs
- Zone 4 (Asia Pacific) – 15.00hrs
- Zone 5 (Australasia) – 17.00hrs.

Local starting times will be set falling out from these base start times for every centre. Details of local start times can be found against each centre on the *Examination Centre List* accompanying your *Examination Entry Form*. Papers F1 to F3 are two-hour exams, and Papers F4 to F9 and P1 to P7 are three-hour exams.

Monday 11 June
FTX Foundations in Taxation
F5 Performance Management
P7 Advanced Audit and Assurance

Tuesday 12 June
MA2 Managing Costs and Finance
FFM Foundations in Financial Management
F6 Taxation
P4 Advanced Financial Management

Wednesday 13 June
FA2 Maintaining Financial Records
F7 Financial Reporting

Thursday 14 June
MA1 Management Information
F8 Audit and Assurance
P5 Advanced Performance Management

Friday 15 June
FAB Accountant in Business
F1 Accountant in Business
F9 Financial Management
P6 Advanced Taxation

Monday 18 June
FAU Foundations in Audit
F4 Corporate and Business Law
P3 Business Analysis

Tuesday 19 June
FFA Financial Accounting
F3 Financial Accounting
P2 Corporate Reporting

Wednesday 20 June
FA1 Recording Financial Transactions
FMA Management Accounting
F2 Management Accounting
P1 Governance, Risk and Ethics

ACCA exam rules: www2.accaglobal.com/students/rules/exam_regs

EXAMS WILL TAKE PLACE OVER AN EIGHT-DAY PERIOD WITH ONE SESSION OF EXAMS EACH DAY.

KEEPING YOU INFORMED

The quickest way for us to send you important information such as changes to exam entry and exam results is by e-communication (such as email and SMS) but we need you to give us your permission – it's the law. To update your details to ensure we use your preferred method of communication, please visit our website at www2.accaglobal.com/consent for further information.

EXAM RULES

Important information for ACCA students intending to take exams at the June 2012 exam session

1 You are required to comply in all respects with any instructions issued by the registrar, exam supervisor, and invigilators before and during an exam.
2 You may not attempt to deceive the registrar or the exam supervisor by giving false or misleading information.
3 You are not allowed to take to your exam desk, possess, use, or intend to use while at that desk, any books, notes or other materials except those authorised by the registrar. If you are found to have taken to your desk, or possessed while at that desk, unauthorised materials which are relevant to the syllabus being examined, it will be assumed that you intended to use them to gain an unfair advantage in the exam. In any subsequent disciplinary proceedings, it shall be for you to prove that you did not intend to use the materials to gain an unfair advantage in the exam.
4 You may not assist, attempt to assist, obtain, or attempt to obtain assistance by improper means from any other person during your exams.
5 You are required to adhere at all times to the Instructions to Candidates, which you receive with your *Examination Attendance Docket*.
6 You are required to comply with the exam supervisor's ruling. Supervisors are obliged to report any cases of irregularity or improper conduct to the registrar. The supervisor is empowered to discontinue your exam if you are suspected of misconduct and to exclude you from the exam hall.

THESE RULES ARE REPRODUCED ON YOUR *EXAMINATION ATTENDANCE DOCKET* – YOU SHOULD TAKE TIME BEFORE THE EXAMS TO FAMILIARISE YOURSELF WITH THEM. IN ORDER TO BE ELIGIBLE TO SIT YOUR EXAMS YOU MUST SIGN YOUR DOCKET CONFIRMING YOUR AGREEMENT TO COMPLY WITH THESE RULES.

7 You may not engage in any other unprofessional conduct designed to assist you in your exam attempt.
8 You are not permitted to remove either your script booklet or your question paper from the exam hall. All exam scripts remain the property of ACCA.
9 Once the exam has started, you are not allowed to leave the exam hall permanently until the end of the session, and then only when instructed by the supervisor.

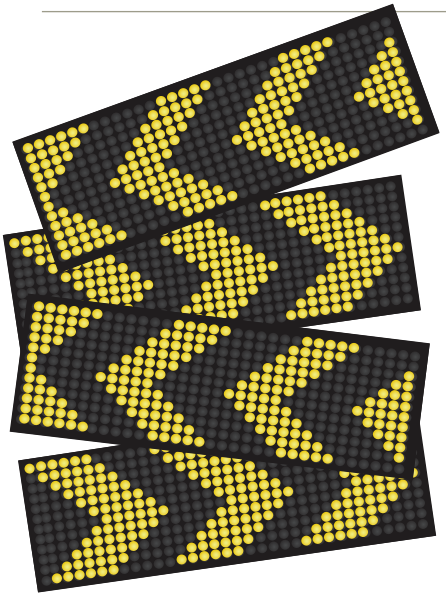
These regulations are reproduced on your *Examination Attendance Docket* – you should take time to familiarise yourself with them. In order to be eligible to sit your exams, you must sign your docket confirming your agreement to comply with these regulations.

Important examination rules

- Mobile phones and pagers should be switched off at all times in the exam hall, and are not permitted to be taken to your desk under any circumstances. Mobile phones are not permitted on your desk even if they remain switched off.
- Calculators taken into the exam must comply with the regulations stated on your *Examination Attendance Docket* – ie they should be noiseless, pocket-sized, and they must not have a print-out facility or graphic word display facility in any language.
- For security reasons, the exams are held concurrently in five different time zones. Students are therefore not permitted to leave the hall permanently until the end of the exam session. Any student in breach of this regulation will be reported.

In the exam hall

Every effort is made to ensure that you sit your exams in the best conditions. However, if you have a complaint regarding the centre operation, you should make this known to the exam supervisor in the first instance. The supervisor will do everything within their power to resolve the matter to your satisfaction there and then. If the complaint is of a fundamental nature, ACCA will take whatever further remedial action it considers appropriate in the circumstances.



RULES AND REGULATIONS

ACCA's disciplinary procedures cover matters such as professional misconduct, misconduct in exams and breaches of regulations which include any actions likely to bring discredit to you, ACCA, or the accountancy profession. The rules governing disciplinary procedures for students (and members) are set out in ACCA's Bye-laws and Regulations. All registered students are bound by these Bye-laws and Regulations. Further enquiries about matters which may be subject to disciplinary procedures can be directed to the Professional Conduct Department at our London office in the UK. ACCA's *Rulebook* is available for reading online, or at ACCA offices. Visit www2.accaglobal.com/students/rules/ for more information.

THE LATEST VERSION OF ACCA'S *RULEBOOK* IS AVAILABLE FOR READING ONLINE,OR AT ACCA OFFICES. VISIT WWW2.ACCAGLOBAL.COM/STUDENTS/RULES/ FOR MORE INFORMATION.

Are your contact details up to date?
https://www.acca-business.org

EXAM ENTRY: KEY DATES

ACCA's exam entry process offers you flexibility and can save you money. Using the online exam entry process, you can:

- submit an exam entry at any time of the year
- enter for exams early at a reduced fee
- enter for one of the next two exam sessions – June or December
- make amendments to existing exam entries – including changing exam centre, variant papers or entering for other exams.

ALL OF THESE NEW BENEFITS ARE EXCLUSIVELY AVAILABLE FOR EXAM ENTRIES MADE ONLINE

We are also making changes to the standard exam entry closing date for online and paper exam entries and we are keeping the online late exam entry period for those last minute exam entry emergencies. The dates to remember are illustrated in **Table 1** (June 2012) and **Table 2** (December 2012).

TABLE 1: CLOSING DATES TO REMEMBER FOR JUNE 2012 EXAM ENTRY

8 March 2012	Early exam entry **(online only)**
8 April 2012	Standard exam entry **(online and paper)**
8 May 2012	Late exam entry **(online only)**

TABLE 2: CLOSING DATES TO REMEMBER FOR DECEMBER 2012 EXAM ENTRY

8 September 2012	Early exam entry **(online only)**
8 October 2012	Standard exam entry **(online and paper)**
8 November 2012	Late exam entry **(online only)**

SEE PAGE 60 FOR INFORMATION ABOUT EXAM FEES FOR EARLY, STANDARD AND LATE EXAM ENTRY

STUDY OPTIONS

Choosing how you are going to study will be one of the most important decisions you make during your time preparing for your exams. Will you study with a tuition provider, or at home? How do you decide, from all the institutions offering tuition, which will be most suitable for your needs?

There are numerous tuition providers and a wide variety of different study methods, so selecting the one which is right for you can be difficult. Taking recommendations from friends and colleagues can provide some guidance, but what is suitable for one individual may not be the best option for another.

APPROVED LEARNING PARTNERS

If you choose to study with a tuition provider, ACCA strongly recommends you opt for one which is approved under ACCA's Approved Learning Partner – Student Tuition programme, as you can be sure:

- they have been assessed against ACCA's widely recognised and highly-regarded global best practice benchmarks
- they have access to a range of development opportunities and tools provided by ACCA
- an investigation will be carried out in the event of any student complaints.

HOW TO CHOOSE A TUITION PROVIDER

Regardless of whether or not you choose to study with one of ACCA's Approved Learning Partners, there are a number of factors that you may wish to take into consideration when choosing a tuition provider:

- Location: is there a choice of tuition providers in your local area? If not, you may want to consider a tuition provider who offers a distance learning package.
- Qualifications and courses offered: does the tuition provider offer a course for the qualification and paper(s) that you are studying for? Will you be able to take subsequent papers with the same tuition provider?
- Modes of study offered: are you looking for a full-time, part-time or revision course? Do you want to attend a tuition provider who offers face-to-face tuition, or would a distance learning package be more suited to your needs?
- Variants and adapted papers: does the tuition provider offer tuition for the variant or adapted paper that you are studying for?
- Computer-based exams: if you are studying towards Foundations in Accountancy papers or the Knowledge module of the ACCA Qualification, will you be able to take computer-based exams with the same tuition provider?
- Facilities: if you intend to drive to your chosen tuition provider, are there car parking facilities available? If you do not have access to a computer or the internet, does the tuition provider have computers available for students' use? Do you require disabled access?

You can search for a tuition provider using ACCA's Tuition Provider database (www2.accaglobal.com/students/study/search).

EXAM DAY FAQs

WHAT HAPPENS ON THE EXAM DAY?

You will receive an *Examination Attendance Docket* which includes a timetable of all the exams that you are entered for; details of the desk that has been assigned to you for each paper; and the address of your exam centre. If you are not completely sure of the location of the centre, how to get there or how long it may take you, make sure you rehearse your route before the day of the exam. Please remember that exams may start at peak times so you should allow for rush-hour traffic and possible hold-ups.

On arrival at the centre you must show your *Examination Attendance Docket* in order to gain entry to the exam hall. You must sit at the desk detailed on your docket. This will ensure that you are registered as being in attendance for that exam.

The docket will be collected by the supervisor during the exam to record your attendance. If you have any other exams during the session, the docket will be returned to you. If it is your last exam of the session, the docket will be retained for our records.

The *Examination Attendance Docket* also details important exam regulations and guidelines. You should read these carefully to familiarise yourself with the exam procedure and what equipment you are allowed to take with you into the exams. These regulations are reproduced regularly in the Noticeboard section of *Student Accountant*.

Please also remember to take your student registration card with you to each exam. If you do not have a student registration card, please take some other form of photographic ID. This will be checked during the exam together with your *Examination Attendance Docket* to verify your identity.

You should try to arrive at the exam centre about 30 minutes before the start of the exam. This will give you time to relax and prepare yourself. If you are sitting a three-hour exam, you will be given an additional 15-minute reading and planning time allowance. However, you should still be at your desk at the time stated on your docket.

IF SOMETHING HAPPENS AT THE EXAM CENTRE WHICH AFFECTS MY PERFORMANCE, CAN I MAKE A COMPLAINT?

ACCA makes every effort to ensure that you sit the exams in the best conditions possible. However, should you need to make a complaint, please contact the exam supervisor during the exam in order that everything possible can be done to rectify the situation. If you feel that the situation has affected your performance, please write to ACCA as soon as possible and within four weeks of the exam in order for the situation to be investigated and taken into account in the results process.

IF I ATTEND THE EXAMS BUT HAVE BEEN AFFECTED BY ILLNESS OR OTHER FACTORS, CAN THIS BE TAKEN INTO ACCOUNT IN THE MARKING PROCESS?

ACCA recognises that some students may sit exams in difficult personal circumstances. If this is the case for you and the circumstances have affected your performance, please write to ACCA as soon as possible and within four weeks of the exam in order for the situation to be investigated and taken into account in the results process. You must provide documentary evidence of the situation.

YOU SHOULD TRY TO ARRIVE 30 MINUTES BEFORE THE EXAM STARTS

WHAT WILL HAPPEN IF I MAKE AN ERROR ON THE EXAM DOCUMENTATION I HAVE TO COMPLETE?

It is important that you take care when completing your details on the exam documentation and the front of the exam answer booklet. These details are used in the marking process to ensure that you are issued with a result.

Please check carefully the information that you have filled in using the bubbles and written on the answer booklet. Make sure that you complete all of the fields requested. Please remember to do this during the exam as no time can be allowed once you have been advised the exam has ended. Invigilators are not permitted to make any markings on your documentation on your behalf.

WHAT AM I ALLOWED/NOT ALLOWED TO TAKE INTO THE EXAM CENTRE?

The items which you are allowed to take into the exam hall are listed on your *Examination Attendance Docket* and you should refer to your docket before each session to ensure that you are aware of the up-to-date regulations. The items that you may take to your desk are:

- rulers, pens, pencils and an eraser
- a slide-rule, logarithm tables, geometrical instruments and charting templates
- a small bottle of water, all labels removed. No other drinks are permitted
- a noiseless, cordless pocket calculator which may be programmable but may not have a print out or graphic/word display facility in any language.

IF I HAVE COMPLETED MY EXAMINATION FORM IN PENCIL WILL THIS BE SUBMITTED FOR CONSIDERATION OR WILL MY EXAM PAPER BE REJECTED?

You must complete all exam documentation in accordance with the instructions given. The instructions require you to complete your details using black pen. As some of the documentation you submit is processed electronically by technology that cannot read pencil markings or other colours of pen, it is in your interests to use black pen in order to ensure that we can issue you with a result.

Find out more about the practical experience requirement (PER) at www.accaglobal.com

PRACTICAL EXPERIENCE REQUIREMENT

A key part of the ACCA Qualification is getting relevant practical experience in the workplace. Our exams will give you the theory behind your knowledge of accountancy. But you also need to have the practical experience to support it. This practical experience requirement (PER), alongside your exams and ethical awareness, will mean you are fully prepared for a challenging career as a professional accountant.

The ACCA Qualification closely links practical experience to your studies. This means you can apply the knowledge you gain from the exams in your workplace. This also will show future employers that you have the right mix of knowledge and skills.

You need to do 36 months of relevant work experience and achieve 13 of the performance objectives listed below. You will need to do all nine listed as 'Essentials' and four of those listed as 'Options'.

Performance objectives are part of the requirements you must meet for your practical experience. They set out a clear guide for the activities you should do and what you should achieve in the workplace. They outline the standards and expected result of your work. They also show the attitudes you are expected to have as a trainee accountant.

ESSENTIALS (ALL NINE TO BE DONE)

Professionalism, ethics and governance

1 Demonstrate the application of professional ethics, values and judgment.
2 Contribute to the effective governance of an organisation.
3 Raise awareness of non-financial risk.

Personal effectiveness

4 Manage self.
5 Communicate effectively.
6 Use information and communications technology.

Business management

7 Manage ongoing activities in your area of responsibility.
8 Improve departmental performance.
9 Manage an assignment.

OPTIONS (FOUR TO BE DONE)

Financial accounting and reporting

10 Prepare financial statements for external purposes.
11 Interpret financial transactions and financial statements.

Performance measurement and management accounting

12 Prepare financial information for management.
13 Contribute to budget planning and production.
14 Monitor and control budgets.

Finance and financial management

15 Evaluate potential business/investment opportunities and the required finance options.
16 Manage cash using active cash management and treasury systems.

Audit and assurance

17 Prepare for and collect evidence for audit.
18 Evaluate and report on audit.

Taxation

19 Evaluate and compute taxes payable.
20 Assist with tax planning.

Visit the ACCA website to find out more about PER

OXFORD BROOKES BSc (HONS)

Students completing certain papers of the ACCA Qualification are eligible to apply for a BSc (Hons) in Applied Accounting from Oxford Brookes University.

The degree must be completed within 10 years of your initial registration on to ACCA's professional qualification; otherwise, your eligibility will be withdrawn.

Check your eligibility status at www2.accaglobal.com/students/bsc/. The dates below outline the forthcoming deadlines for completing the qualifying exams and the last opportunity to submit your *Research and Analysis Project* (RAP):

First session (1)	Final session for completing the qualifying exams (2)	Final date for submission of RAP
June 2002	December 2011	May 2012
December 2002	June 2012	November 2012

Notes

1 First applicable exam session as confirmed at the time of your initial registration with ACCA.
2 Completion of Fundamentals level exams.

Professional Ethics module

Students wishing to submit their *Research and Analysis Project* (RAP) must complete the Professional Ethics module. For more information visit www2.accaglobal.com/students/bsc/

ALP–C

We answer your frequently-asked questions about ACCA Approved Learning Partners – content

WHAT ARE THE BENEFITS OF USING MATERIALS PRODUCED BY AN APPROVED LEARNING PARTNERS – CONTENT?

Using materials produced by an Approved Learning Partner – content (ALP–c) is the best way to ensure you are using the most comprehensive and up-to-date materials to support your studies. All of the materials produced by ACCA's Approved Learning Partners – content have been through an extensive quality assurance process and, as such, are guaranteed to cover the entire ACCA syllabus in appropriate detail. Materials produced by ACCA's Platinum Approved Learning Partner, BPP, are subject to the most extensive quality assurance – an examiner review.

WHAT DOES ACCA MEAN BY 'CONTENT'?

ACCA defines content as material designed to supply students with some, or all, of the knowledge they require to pass an ACCA exam. ACCA's definition of content is not confined solely to printed materials and, as such, allows ACCA to quality assure e-books and other online offerings from our Approved Learning Partners – content, providing students with the widest range of approved materials to choose from. Many ALP–c learning resources have extra material available online, which can prove valuable in exam preparation.

HOW DO I FIND OUT ABOUT WHICH LEARNING MATERIALS ARE AVAILABLE TO SUPPORT MY STUDIES?

ACCA has created the Content Provider Directory for students. This is designed to make it easy to access up-to-date information about the learning materials available to support your studies. The directory distinguishes between materials provided by ACCA Approved Learning Partners – content which have been quality assured and cover all syllabus areas, materials which have not been quality assured by ACCA and those materials which may be useful additional reading for students to read around the subject but have not been designed specifically to support study for the ACCA exams. Visit www2.accaglobal.com/learningproviders/alpc/content_provider_directory/search/ to access the Content Provider Directory.

IS THERE ANY INFORMATION AVAILABLE ABOUT WHERE I CAN BUY LEARNING MATERIALS PRODUCED BY ACCA'S APPROVED LEARNING PARTNERS – CONTENT?

All of ACCA's Approved Learning Partners – content either have a list of suppliers or links to their websites and contact details to find out how to order materials, on the ACCA website. The supplier lists available on the ACCA website are global and you should be able to find a distributor located in your country of residence. These are accessible via the Content Provider Directory. If you are unable to access materials by one of ACCA's Approved Learning Partners – content where you live, please contact students@accaglobal.com to let us know. Alternatively, please contact the specific Approved Learning Partner – content in question.

SHOULD I USE THE MATERIALS LISTED ON THE CONTENT PROVIDER DIRECTORY WHICH ARE LISTED AS 'NOT QUALITY ASSURED'?

Materials listed on the Content Provider Directory as 'not quality assured' have not undergone any quality assurance review by ACCA. 'Subscribers' to the directory provide learning materials and ACCA feels it is important that students should be aware of them. ACCA does not recommend these materials to students and cannot comment on whether the books cover the ACCA syllabus. They may, however, be a useful supplement to a main study text by an Approved Learning Partner – content.

CAN I USE OLD TEXTBOOKS OR BORROW A TEXTBOOK FROM A FRIEND WHO DID THE EXAM A COUPLE OF YEARS AGO?

ACCA strongly advises against using materials which are out of date. ACCA syllabuses are updated on an annual basis and, as such, so are the materials produced by ACCA's Approved Learning Partners – content. Further to this, each year ACCA issues a list of examinable documents. The cut-off date for which is 30 September (the papers most directly affected are Papers F3, F4, F6, F7, F8, P2, P6 and P7). This means that any regulation and legislation issued by 30 September could potentially be deemed an examinable document in exam sessions within the following calendar year. If you are using an out-of-date book it will not cover these new areas and you will be severely disadvantaged in the exams. For information about ACCA's examinable documents, please visit www2.accaglobal.com/students/pass/examinable_documents/. Up-to-date materials by ACCA's Approved Learning Partners – content will be complete, relevant and reliable for the exam sessions they cover.

YOU SHOULD ALWAYS USE AN AUTHENTIC STUDY TEXT PRODUCED BY ONE OF ACCA'S APPROVED LEARNING PARTNERS FOR CONTENT

AUTHENTIC STUDY RESOURCES

ACCA would like to remind all students that you should always use an authentic study text produced by one of ACCA's Approved Learning Partners – content. Values, ethics and governance are essential skills for finance professionals. ACCA has a holistic approach to your ethical development via exams, the practical experience requirements, and the Professional Ethics module. As well as not using pirated books, it is important to remember that borrowing or accessing software or electronic products, or file-sharing those products, is a breach of copyright.

Are your contact details up to date?
https://www.acca-business.org

EXAM EXEMPTIONS

If you already have some qualifications you may not have to take all of the exams in the ACCA Qualification or Foundations in Accountancy awards. These are called exemptions and mean that you will start your studies at the right level for your knowledge and skill. You can also claim exemptions on the basis of practical experience if you wish to complete the CAT Qualification.

SHOULD I CLAIM MY EXEMPTIONS?

By claiming exemptions you can avoid studying the same topics that you have studied previously. This is a good idea if you have studied for a related qualification recently. However, if you are thinking of claiming exemptions based on qualifications you gained a number of years ago, or if you have been working in a field other than accountancy for some time, it may make more sense to take the exam.

Studying for the exam will allow you to refresh your knowledge of the topic and will ensure you are sufficiently prepared for the Professional level papers, which go into topics in greater depth.

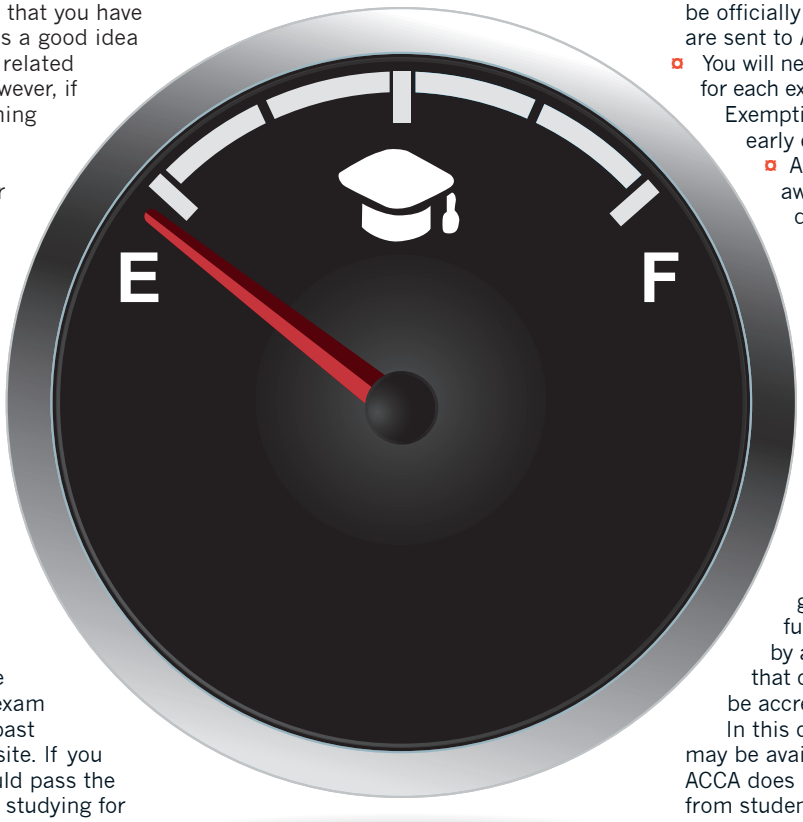
If you are not sure whether to apply for an exemption, why not have a look through our past exam papers? You can access past papers on the ACCA website. If you are not confident you could pass the exam right now, consider studying for the paper.

HOW TO CLAIM EXEMPTIONS

You can access a short guide *How to check your exemptions* on the ACCA website to find out how to check which exemptions you may be eligible to claim and if you could be entitled to claim any exemptions online. Please note:

- You must send official proof of any qualifications you already have or are studying for along with your registration form so that we can assess if you are eligible for exemptions. Please submit copies of academic transcripts or award certificates as evidence.
- Online printouts of academic transcripts are not acceptable for the purposes of claiming exemptions. Only copies of official documentation, signed and stamped by the awarding body, can be accepted.
- Any documents not in English must be officially translated before they are sent to ACCA.
- You will need to pay an exemption fee for each exemption you are awarded. Exemption fees are charged at the early exam entry rate.
- ACCA can only award exemptions for qualifications from recognised institutions (those recognised by the local Ministry of Education). If your institution is not listed on the exemption enquiry database, then please ask employees at or representatives of your institution to send copies of their documents to *ACCA Connect* for review.
- If ACCA has not been given the opportunity to fully assess a qualification by an awarding body, then that qualification may not be accredited.

In this case, fewer exemptions may be available. Unfortunately ACCA does not consider applications from students for further exemptions in these circumstances.



SELF-CHECK MODULES

Are you part way through your studies but struggling to pass your exams? Be honest with yourself – could your English and/or maths skills be a reason?

Why not complete ACCA's self-check modules to get a realistic assessment of your proficiency in English and maths? If you're struggling, there are some suggested interventions to help you improve.

ACCA's self-check modules in English and maths are optional to complete, free of charge and anonymous, so any results won't be recorded on your student record and only you will know the results and feedback. It could help give you the confidence and reassurance you need to feel ready to tackle your exams at the next exam session. And if your English and maths skills could do with some improvement, don't worry. There are e-learning modules that are free of charge which you can opt to complete to help improve your maths skills, as well as links to learning materials offered by other providers to help you improve your English skills.

So what are you waiting for? You have nothing to lose and everything to gain and you may just amaze yourself at how well you perform. Visit ACCA's Virtual Learning Centre (http://studentvirtuallearn.accaglobal.com/) to access the English and maths self-check modules.