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RELEVANT TO PAPERS P1 TO P7

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# EDITOR'S CHOICE

## Welcome to this special issue of *Student Accountant Essential Guide*.

This issue is completely focused on exam-related information that you, as Professional level students, require. It contains a range of tailored advice and information to help you get prepared for the June 2012 session.

We include examiner feedback from the Professional level exams taken in December 2011. This advice looks at overall performance in Papers P1 to P7, outlining areas where candidates obtained both high and low marks. Reading the examiner feedback together with the past exam questions and answers from the latest exam session can help you identify where students have gone wrong in the past, and how to develop your answers to achieve the best marks possible – it is one of the key resources to use in exam preparation.

As well as examiner feedback, this issue contains examinable standards and information relevant to Papers P2, P6 (UK) and P7. Use this information to guide your exam preparation and take note of the areas that you could be examined on.

We include essential information on making the most of reading and planning time, and how to gain those all-important professional marks. We also help you understand the intellectual levels of Professional level exams and how to take note of the verbs used in questions.

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

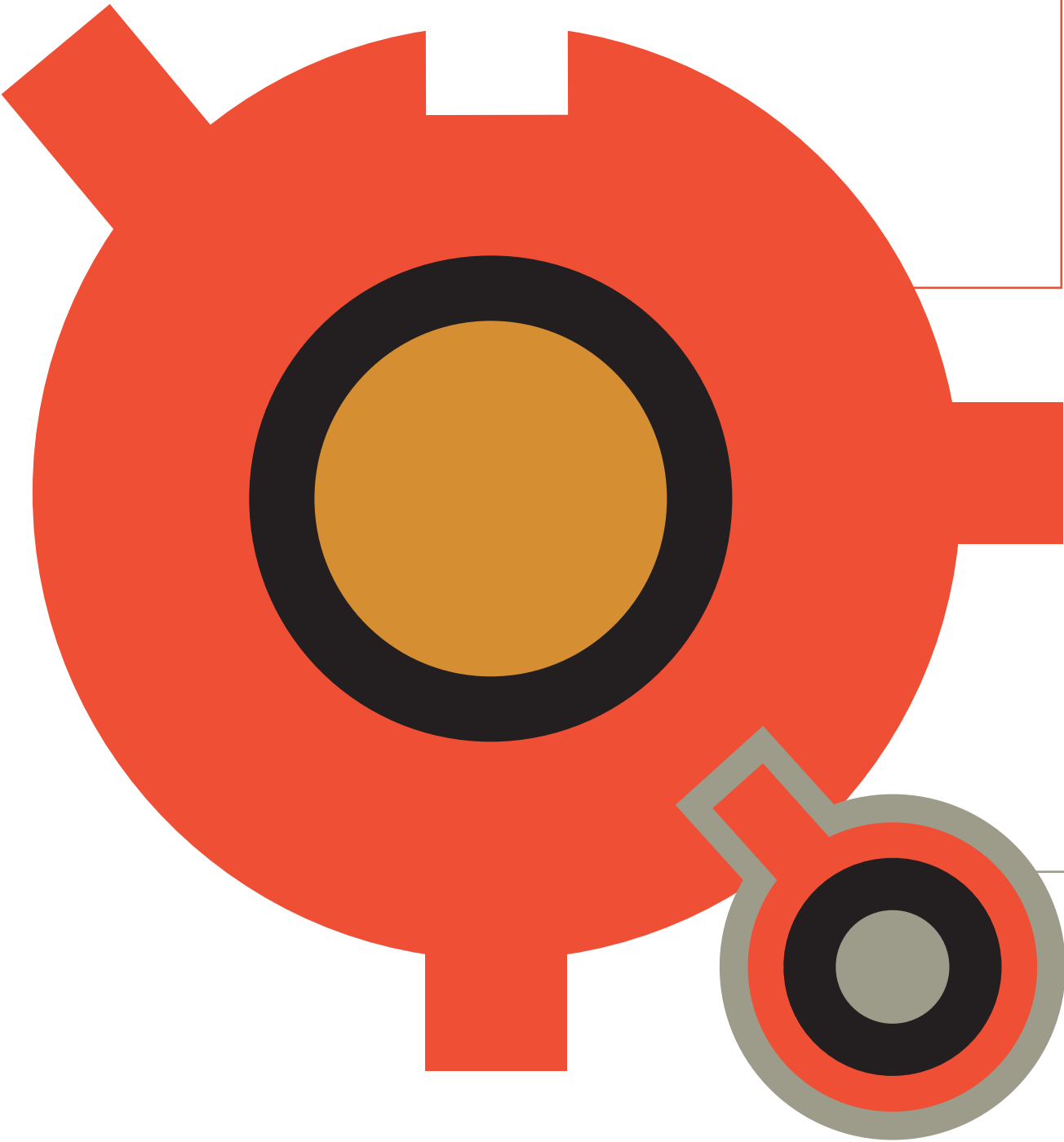
We've produced this magazine to be as helpful to you as possible in the lead up to the June 2012 exams. We have also produced two other tailored magazines for students taking Papers F4 to F9 and Foundations in Accountancy/Paper F1, F2 and F3 students. These can be accessed at [www.accaglobal.com/en/student/Accessing-Student-Accountant.html](http://www.accaglobal.com/en/student/Accessing-Student-Accountant.html)

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

Email me at [studentaccountant@accaglobal.com](mailto:studentaccountant@accaglobal.com) with your feedback on this issue.

**Victoria Morgan**  
Editor, *Student Accountant* magazine





KEY DATES FOR THE JUNE 2012  
EXAM SESSION

Exams start **11 June 2012**

For a full list of the exam dates, go to page 65 of this issue



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KNOWLEDGE AND PROGRESS

Read more on progressing through the papers and underpinning knowledge at [www.studentaccountantmagazine.com/egapril2012](http://www.studentaccountantmagazine.com/egapril2012)

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All technical content from *Student Accountant* is on ACCA's website at [www2.accaglobal.com/students/student\\_accountant/archive](http://www2.accaglobal.com/students/student_accountant/archive)

Answers to frequently-asked questions about ACCA's qualifications can be found at [www2.accaglobal.com/learningproviders/tuition\\_provider/faq](http://www2.accaglobal.com/learningproviders/tuition_provider/faq)

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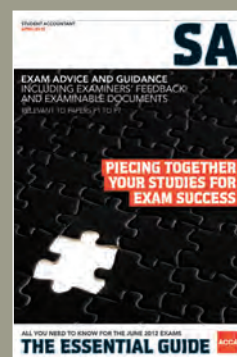
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## PRACTICAL EXPERIENCE

Your PER return can be made at any time during the year. Why not log into your myACCA account to record your experience gained so far this year?

## STUDENT ACCOUNTANT

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



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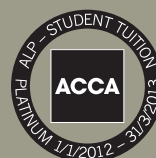
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EXAM

TECHNIQUE

INTELLECTUAL LEVELS AND QUESTION VERBS

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

It is particularly important to consider

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

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

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

INTELLECTUAL LEVELS

Knowledge and comprehension

Papers F1–F3

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

Application and analysis

Papers F4–F9

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

Evaluation and synthesis

Papers P1–P7

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

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

QUESTION VERBS

- Analyse** *Intellectual level 2, 3 Actual meaning* Break into separate parts and discuss, examine, or interpret each part *Key tips* Give reasons for the current situation or what has happened.
- Apply** *Intellectual level 2 Actual meaning* To put into action pertinently and/or relevantly *Key tips* Properly apply the scenario/case.
- Assess** *Intellectual level 3 Actual meaning* To judge the worth, importance, evaluate or estimate the nature, quality, ability, extent, or significance *Key tips* Determine the strengths/weaknesses/importance/significance/ability to contribute.
- Calculate** *Intellectual level 2, 3 Actual meaning* To ascertain by computation, to make an estimate of; evaluate, to perform a mathematical process *Key tips* Provide description along with numerical calculations.
- Comment** *Intellectual level 3 Actual meaning* To remark or express an opinion *Key tips* Your answer should include an explanation, illustration or criticism.
- Compare** *Intellectual level 2 Actual meaning* Examine two or more things to identify similarities and differences

- Key tips* Clearly explain the resemblances or differences.
- Conclusion** *Intellectual level 2 ,3 Actual meaning* The result or outcome of an act or process or event, final arrangement or settlement *Key tips* End your answer well, with a clear decision.
- Criticise** *Intellectual level 3 Actual meaning* Present the weaknesses/problems; evaluate comparative worth Don't explain the situation. Instead, analyse it *Key tips* Criticism often involves analysis.
- Define** *Intellectual level 1 Actual meaning* Give the meaning; usually a meaning specific to the course or subject *Key tips* Explain the exact meaning because usually definitions are short.
- Describe** *Intellectual level 1, 2 Actual meaning* Give a detailed account or key features. List characteristics, qualities and parts *Key tips* Make a picture with words; identification is not sufficient.
- Discuss** *Intellectual level 3 Actual meaning* Consider and debate/argue about the pros and cons of an issue. Examine in-detail by using arguments in favour or against *Key tips* Write about any conflict, compare and contrast.
- Evaluate** *Intellectual level 3 Actual meaning* Determine the scenario in the light of the arguments for and against *Key tips* Mention evidence/case/point/issue to support evaluation.
- Explain** *Intellectual level 1, 2 Actual meaning* Make an idea clear. Show logically how a concept is developed.

- Give the reason for an event *Key tips* Don't just provide a list of points, add in some explanation of the points you're discussing.
- Illustrate** *Intellectual level 2 Actual meaning* Give concrete examples. Explain clearly by using comparisons or examples *Key tips* Add in some description.
- Interpret** *Intellectual level 3 Actual meaning* Comment on, give examples, describe relationships *Key tips* Include explanation and evaluation.
- List** *Intellectual level 1 Actual meaning* List several ideas, aspects, events, things, qualities, reasons, etc *Key tips* Don't discuss, just make a list.
- Outline** *Intellectual level 2 Actual meaning* Describe main ideas, characteristics, or events *Key tips* Briefly explain the highlighted points.
- Recommend** *Intellectual level 3 Actual meaning* Advise the appropriate actions to pursue in terms the recipient will understand *Key tips* Give advice or counsel.
- Relate** *Intellectual level 2, 3 Actual meaning* Show the connections between ideas or events *Key tips* Relate to real time examples.
- State** *Intellectual level 2 Actual meaning* Explain precisely *Key tips* Focus on the exact point.
- Summarise** *Intellectual level 2 Actual meaning* Give a brief, condensed account Include conclusions. Avoid unnecessary details *Key tips* Remember to conclude your explanation.



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# READING AND PLANNING TIME

**Reading and planning time (RAPT) is a 15-minute time allowance given to all students taking three-hour exam papers.**

## WHAT CAN YOU DO IN RAPT?

This additional time, to be spent at the beginning of each three-hour exam, allows you to familiarise yourself with, and to navigate around, the exam paper. During RAPT you can read and understand the questions on the paper and begin to plan your answers before you start writing in your answer books. You can also use calculators to make some preliminary numerical calculations.

RAPT begins when instruction is received from your centre supervisor. You must not open your question paper until advised to do so, and during RAPT you may only write or make notes on your question paper. You must not write anything in your answer booklets until advised to do so by the supervisor.

## HOW CAN YOU MAKE THE BEST USE OF RAPT?

RAPT gives you the opportunity to make sure you are clear about what the examiner is assessing. It also allows

you valuable extra time for thinking and planning. To use this additional 15 minutes most effectively:

- ▣ carefully read and understand all question requirements, making an informed choice about which optional questions to attempt where applicable
- ▣ read through and highlight relevant information and financial data, noting why it is included
- ▣ take note of the marks awarded for each question and the allocation of marks between different requirements within a question
- ▣ start to plan your answers, particularly for discursive questions
- ▣ think about the order in which to attempt questions
- ▣ make preliminary calculations.

## Reading the question requirements

You should use some of the RAPT to carefully read through the main requirements in each question. This is particularly important in exams where you need to decide which questions to answer.

Even where there is no choice of question, it is still important to read the question carefully so that you understand what the examiner is asking you to do. All too often, examiners' reports contain references to students who have answered questions they wanted to answer rather than the ones the examiner was asking. The best way

to avoid this is to use RAPT to ensure that you fully understand the verbs used by examiners. For example, if the examiner has asked you to compare and contrast two theories or techniques, they are not looking for a full description or explanation of each, but an explanation of the similarities or differences.

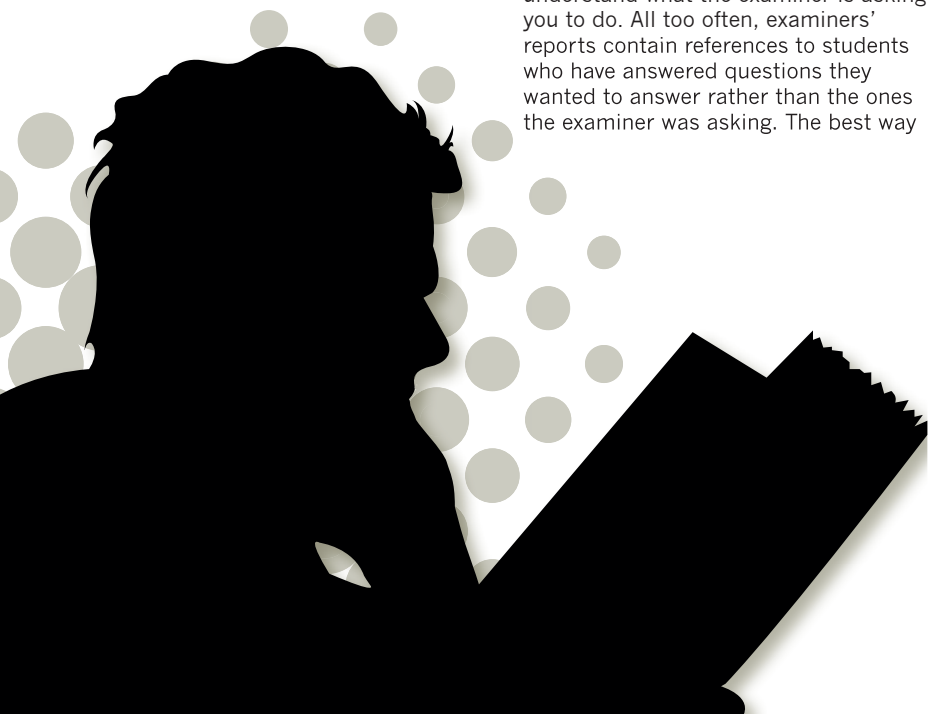
## Read and highlight relevant information and financial data, noting why it is included

RAPT allows you to have a first read through of all the information contained in each question. Having already carefully read the question requirements, you can now highlight any relevant information or data which you feel are of most relevance with reference to each question requirement. You can use calculators during RAPT, which allows you to make quick calculations of key financial or quantitative data contained within the exam paper.

Reading through the paper will allow you to familiarise yourself with – and find your way around – the exam paper. As a result, when you come to writing in your answer book, you will already have a good idea what is relevant information, where it is located, and possibly how to use it.

In case study or scenario questions, RAPT is a particularly good opportunity to familiarise yourself with the facts and data contained within the case study and to decide what information may be the most relevant. RAPT also allows you to gain an initial understanding of the main facts of a case study. This means that when you come to read it again during the exam, things will become much clearer, and more points will become apparent, as happens when watching a film or reading a book for the second time.

As would be expected, most ACCA exam questions contain financial data and information that must be considered and analysed. During RAPT it is useful to think about why such information is included, with reference to the question requirements, and to consider which of this information or data is of particular relevance and how it might be needed to answer the questions.





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**RAPT IS AN ADDITIONAL 15 MINUTES WHICH IS TO BE SPENT AT THE BEGINNING OF EACH THREE-HOUR EXAM AND ALLOWS YOU TO FAMILIARISE YOURSELF WITH, AND TO NAVIGATE AROUND, THE EXAM PAPER.**

## Take note of the mark allocation between different requirements within questions

You should also use RAPT to help you plan your approach to answering the questions. This is particularly important when you are deciding which questions to attempt at the Professional level of the ACCA Qualification.

When you are first reading the question requirements, you should undertake a personal exam SWOT analysis – matching your own strengths and weaknesses to the opportunities available and, thereby, identify any potential threats to your performance within the exam paper.

Where you have a choice, you should identify those question requirements (and their specific parts) which offer you the best opportunity to earn marks. It is particularly important that your choice of questions enables you to give your best performance in the exam. When making your question choices you need to be aware of the mark allocation. A question could look very attractive if you see one or two requirements in areas you have studied and revised. However, if these requirements only attract a few marks – and the main requirement, which attracts the most marks is one which you feel unprepared for – it may be advisable to attempt another question.

By doing this you will make a more informed choice of question, where choice exists. Even where there is no choice, it is still important to assess which parts of which question requirements attract most marks and where you need to focus your attention.

## Start to plan answers – particularly for discursive questions

If time allows, after reading the paper, it is worth planning answers to certain questions, particularly to longer-form discursive questions. Start by trying to identify the relevant main themes within a question; normally relevant points can be classified under a few broad headings. There is usually insufficient time to identify specific points during RAPT, but it is very useful to identify the main headings under which to put these points.

Identifying these headings or themes also acts as a way for you to structure your answers logically, for which some professional marks are available at the Professional level of the ACCA Qualification. It will also help to remind you about the types of points you should be making under each heading so that you can maximise the marks you can earn. For example, a Paper P1 exam question could contain the following requirement: 'Explain four roles of a non-executive director and how cross-directorships could undermine these roles.'

During RAPT, you could identify the four roles that you would need to explain, and quickly write these down as an aide-memoire. For example, you could identify the following roles:

- ▣ strategy
- ▣ scrutiny
- ▣ risk
- ▣ people.

When you answer this question in the exam you can develop these roles and expand on them before you go on to identify how cross-directorships could undermine these roles.

## Think about the order in which you should attempt the questions

You can answer questions in the order they are presented in the exam paper, but there may be good reasons why you shouldn't do this. For example:

- ▣ There is a question you believe you can answer well, that you have revised for thoroughly and therefore, by answering it first, you get yourself off to a good, confident start.

- ▣ There is a question which, if you don't answer it first, could worry and distract you during the exam, and may be more difficult to answer later on when you become more tired.
- ▣ You want to tackle the question with the highest mark allocation while you are at your freshest and most disciplined, both to ensure that you perform well and that you leave enough time to attempt all other questions.
- ▣ You prefer to start with a shorter question and leave a longer case study question until you have settled into the exam.
- ▣ There may be other reasons why you might want to tackle a paper in a particular order, so RAPT is the ideal time to make that decision and to decide on your exam strategy.

It is important that you always answer every part of a question before moving on to the next question – clearly labelling all parts of your answer. Ideally, you should answer all parts of a question in order, and there are two main reasons for this. First, there may well be a logical and progressive structure to the requirements of a question, and so answering these in the wrong order could put you at a disadvantage. Second, if your mind is engaged with the information contained within a particular question, and you leave it part way through to move on to another, you will need time to get to grips with that information again when you return to that question later. This is not a good idea.

## SUMMARY

Making the best use of RAPT, rather than rushing ahead to write down as much as you can in the time allowed, will help you develop a better and more effective exam strategy. It will also help you develop a more relaxed, positive, and controlled approach.



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# PROFESSIONAL MARKS

## HOW TO EARN PROFESSIONAL MARKS

There have been several articles and other support information published about professional marks since 2007 and the launch of the current ACCA Qualification. It is therefore a good time to update students on what professional marks are, how they are awarded at the Professional level and to remind potential candidates how best to achieve these additional, and often crucial, marks.

Professional marks were introduced to the ACCA Qualification to allow students to demonstrate – and examiners to assess – particular professional communication skills and high-level capabilities that employers expect ACCA members to possess.

WHERE AND HOW MANY PROFESSIONAL MARKS ARE AVAILABLE?

With effect from June 2012, all Professional level papers include four professional marks at each session until further notice.

Table 1 shows how these are awarded across the seven Professional level papers:

TABLE 1: WHERE THE FOUR PROFESSIONAL MARKS ARE AWARDED AT THE PROFESSIONAL LEVEL FROM JUNE 2012 ONWARDS

PROFESSIONAL LEVEL PAPER:	SECTION A OR B	QUESTIONS
Paper P1, <i>Governance, Risk and Ethics</i>	A	All four in Q1
Paper P2, <i>Corporate Reporting</i>	B	Two marks in each question
Paper P3, <i>Business Analysis</i>	A	All four in Q1
Paper P4, <i>Advanced Financial Management</i>	A	All four either in Q1 or Q2
Paper P5, <i>Advanced Performance Management</i>	A	All four either in Q1 or Q2
Paper P6, <i>Advanced Taxation</i>	A	All four either in Q1 or Q2*
Paper P7, <i>Advanced Audit and Assurance</i>	A	All four either in Q1 or Q2

Note that in Paper P2 (as professional marks are only available in Section B and candidates must select two from three questions to answer) two marks are available in each question to ensure that the candidate can potentially earn four in total. These are awarded for capabilities and skills which are in addition to – and separate from – the technical intellectual levels, which include synthesis and evaluation as the basis of Level 3 intellectual level capabilities – and as specified in the ACCA Professional level study guides.

Professional marks are awarded for the overall quality of answers, and for using or adopting effective professional communication skills as required by the examiner. These are determined by a number of factors, as decided by the relevant examiner. They can include the strength and persuasiveness of arguments made, the effective use of evidence, presenting logical conclusions and recommendations where appropriate, showing sensitivity to the intended target audience, and for effectively utilising the format, structure and presentation of the answer or communication required. Professional marks can also be awarded for: introducing an answer clearly by ‘setting the scene’ – laying out key objectives in the context

of the specific requirements and for the use of judgment in addressing the key objective of the communication, using the appropriate tone.

A common requirement relating to professional marks would be as follows from the June 2011 Paper P1, *Governance, Risk and Ethics* exam: *Professional marks will additionally be awarded in Part (d) for drafting a statement that is clear, has a logical flow, is persuasive and is appropriately structured.* (4 marks)

Such requirements have been regularly examined since December 2007, in a range of Professional level exams and have included the need to do the following or similar:

- Prepare a speech
- Draft a statement
- Report to a committee
- Compose a memo
- Write an article or press briefing
- Justify a position or argue against it
- Consider an ethical dimension to a technical issue

Candidates can earn a majority of the marks available for the technical content within such requirements, particularly if their answer contains enough relevant points, but the major discriminator in requirements such as these is the professional mark component. It is the latter that many technically well-prepared and knowledgeable candidates fail to adequately address, and which in many cases can lead to failure for the exam overall. As there are 1.8 minutes per mark for the Professional level exams, in theory professional marks should attract at least seven minutes of work or thought in an exam and, therefore, should be given sufficient attention when answering such a question.

It is vitally important to remember that, statistically, a significant proportion of candidates score between 45 and 55% in any exam, as a consequence of the ‘bell shaped’ curve of the normal distribution of marks derived from a representative cohort of candidates. This means that marks lost or missed for any available professional marks can make a considerable difference to the marginal candidates’ chances of success, particularly when up to 4%

of the marks in any one exam may be at stake for demonstrating these professional skills. And following the aforementioned 1.8 minutes per mark rule, you should aim to use the required exam time to gain these marks. Hence, the need for careful consideration.

An article written by Sara Condon in the June/July 2009 issue of *Student Accountant* clearly explains how critical the professional marks are to candidate success at this level. She also explains how these marks can be most effectively earned and why such marks are often needlessly lost.

Her main tips for acquiring professional marks, depending on what is being asked for, are included in the following list:

- ❑ Think and plan your answer before you start writing (remember there are 15 minutes of reading time, so make allowances for this component within that time).
- ❑ Establish *who you are* or *what your role is* in the requirement, along with *who your audience* is and *what you are trying to achieve*. For example, are you an auditor, a shareholder, or a director and who are you trying to influence or persuade, and for what reason?
- ❑ Consider the type of communication you are required to give and be clear whether you are writing in the first ('I' or 'we') or third person ('it' or 'the company'). For example, a speech is best written in the first person and a report usually in the third person.
- ❑ Adopt a format or structure that is most appropriate for the type of communication required – is there a need for an introduction, conclusions or recommendations?
- ❑ Decide in which order you should present information, to improve the logical flow and strength of your arguments.
- ❑ Group similar points together and decide whether you want to introduce key points first, or keep some until last, for maximum impact and to improve persuasiveness.
- ❑ Use headings, and include spaces between your paragraphs to enhance your presentation marks and create a more professional looking answer.
- ❑ Avoid the use of bullet points as these are not usually appropriate for earning professional marks.
- ❑ Insert linking narratives between the sections of your answer, particularly if you are writing a speech or statement. For example, 'having covered some of the economic arguments, I will now

move to the key social responsibility issues involved...'

- ❑ Try and refer to your audience throughout the answer, particularly in a speech or briefing, keeping the tone of your answer personal, where relevant, and linked directly to their main interest. For example: 'If you remember, when I last addressed you, we had some very good news to give you regarding the value of your share options...'
- ❑ Be prepared to answer the question from a perspective that may differ from your own, regardless of whether you agree with it or not, and make use of counter argument where appropriate such as: 'The economic case for building a new highway through the forest are obvious, but ethically such a decision may be disastrous, not for voluntary stakeholders who can speak for themselves, but for involuntary stakeholders who may not be able to independently defend their own interests.'

Professional marks are, therefore, about showing the ability to communicate effectively by forming or supporting opinion and demonstrating alternative viewpoints through the use of case evidence and through the use of effective argument and counter-argument. It may be that the examiner wants the candidate to generate ideas or link or adapt theories or models. Professional marks may require a candidate to arrive at a solution or gain a new insight by exercising professional judgment and using an ethical approach to providing advice – in line with relevant legislation, regulation, and accounting or auditing standards in the stakeholders' interests.

Such professional skills require the candidate to analyse and present information in the context of the views and perceptions of the person that they are supposed to represent, such as a CEO. This may include anticipating reactions from the intended audience, or from the alternative points of view of different stakeholders. To earn professional marks it may often be necessary to draw together the main themes of an answer and select or prioritise the main points of an argument to arrive at a valid and properly supported overall conclusion. Sometimes you may be required to put forward some recommendations, which faithfully represent the content included within the main body of the answer given, or drawn from available case or scenario information.

### SUMMARY

In summary, professional marks are for doing the following:

- ❑ Understanding the intended purpose of a communication.
- ❑ Identifying its intended users and their needs.
- ❑ Preparing and using the appropriate type of document in an answer.
- ❑ Using a logical and appropriate answer structure or format.
- ❑ Judging the tone to use, depending on the nature of background information and objectives to be met.
- ❑ Assessing where and how much detail is required, as appropriate.
- ❑ Adopting clear, concise, and precise methods of presentation, both in verbal and numerical contexts.

Not all the above will be assessed in each exam paper, but they do indicate the kind of capabilities that candidates might be required to demonstrate. It will be clearly indicated within the question requirements where professional marks are allocated in each paper, and the requirement should always make it clear how these marks will be awarded.

As already stated, in total, four marks are awarded within each paper at the Professional level for the above professional capabilities from June 2012. In most papers the professional marks are awarded in Section A and all awarded within one question. If assessed in Section B, where questions are optional, there will always be the same number of professional marks awarded for each question in that section, as is the case for Paper P2, *Corporate Reporting*. This ensures that candidates can potentially earn the same number of professional marks in total, regardless of their choice of questions.

\* *Papers P6 (CYP) and P6 (MLA) will have professional marks split between Q1 and Q2 in June 2012, and all four marks in either Q1 or Q2 from December 2012 onwards*

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**Gareth Owen is ACCA qualifications development manager**

# MAKING THE BEST OPTIONS CHOICES

**The Options papers are the final exam hurdle before you can become an ACCA member. Peter Redfern, ACCA qualifications manager, explains how choosing Options papers which you are most comfortable with will, hopefully, improve your chances of success**

To complete the ACCA Qualification exams at the Professional level you must complete three Essentials papers (P1, P2 and P3) and then complete two from four Options papers (P4, P5, P6 and P7).

The Options papers are specialised papers. They cover, in depth, the specialist areas of professional accountancy, namely: financial management, performance management, tax, and audit and assurance.

Our research has found that you will have a better chance of success if you have really got to grips with the fundamental concepts of these subjects. In addition, if you have gained experience in the workplace which relates to the Option paper you have chosen, it will really help you in your studies and in the exam.

THE FUNDAMENTALS

When we speak to students, tutors and examiners about the Options papers they agree that if you have a good grasp of the fundamental knowledge of the Options papers you are taking, then you have a better chance of success.

It is important to remember that the Options papers take the subjects covered in the Fundamental papers to a more advanced level. This is set out below:

- Paper F9, *Financial Management* → Paper P4, *Advanced Financial Management*
- Paper F5, *Performance Management* → Paper P5, *Advanced Performance Management*
- Paper F6, *Taxation* → Paper P6, *Advanced Taxation*
- Paper F8, *Audit and Assurance* → Paper P7, *Advanced Audit and Assurance*

When you choose which Options papers to take, think about how well you did in the Fundamentals level papers. If there was a subject you excelled at or felt most comfortable with, then that would be a good choice to take as your option. Our research has shown that there is

a link between success in the Options papers and success in the underpinning Fundamentals level paper.

You may, of course, have been exempted from taking the Fundamentals level paper, or it may have been a long time since you studied these subjects. If this is the case, it is useful to look at the materials available for the Fundamentals level papers to help you refresh your knowledge.

In the table (opposite) we have identified the key areas of the Fundamentals level paper syllabuses which relate directly to each Options paper. Looking at this will help you see which areas of the Fundamentals level paper you need to have grasped to be successful in the Options papers. It will also show you that there may be some areas of the Fundamental papers which are you are not required to demonstrate in the Options paper exam. It is also worth noting that along with the Fundamentals level papers, some of the areas covered in Paper P3 underpin Paper P5. Likewise, some areas of Paper P2 underpin Paper P7.

APPLYING YOUR EXPERIENCE

The ACCA exams are designed to be achievable even if you have no relevant experience at all. That said, one of the most things students, tutors and examiners say about the Options papers is that you may perform better if you have gained work experience relevant to the Options papers you are taking.

If you are currently in the workplace remember to look at ACCA's practical experience requirements. You need to complete these requirements to gain the benefits of ACCA membership. They may also help you focus on gaining experience relevant to your Options papers. Part of the requirements is

that you need to achieve 13 from 20 performance objectives. Like the ACCA Qualification exams, there are some performance objectives you need to take – known as the essentials performance objectives – and there are others where you get a choice of which ones to do – known as the options performance objectives. The options performance objectives cover some of the same areas as the Options papers (Table 1 below).

One of the benefits of matching the experience performance requirements to the Options papers you are taking is that it may assist your workplace mentor or supervisor in giving you the experience to help your studies. It may also help your workplace mentor or supervisor answer questions you have about particular areas of the Options paper syllabuses which you are struggling with.

It is a great idea to be thinking about how your studies can be applied to your future career prospects. However, be careful. If there is an Options paper subject you find particularly hard, but you feel it would be better for your career prospects, you may be wiser to choose a different Options paper subject which better suits your ability. Remember, you can take ACCA exam papers after you have qualified.

CONCLUSION

The Options papers are the final exam hurdle you need to complete to qualify. It is important you make the right choice of which two Options papers to take. You will have a greater chance of success if you chose the Options papers based on what you feel most comfortable with, whether that is because you did well in the underpinning Fundamentals paper or you took the underpinning Fundamentals paper recently or because you have gained most work experience in that area.

TABLE 1: THE OPTIONS PERFORMANCE OBJECTIVES

OPTIONS PAPER	RELEVANT OPTIONS PERFORMANCE OBJECTIVES
Paper P4	PO15 and 16 on finance and financial management
Paper P5	PO12, 13 and 14 on performance measurement and management accounting
Paper P6	PO19 and 20 on taxation
Paper P7	PO17 and 18 on audit and assurance and underpinned by PO10 and 11 for financial reporting



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# ESSENTIAL UNDERPINNING FOR OPTIONS PAPERS

## PAPER P4

Paper F9 to Paper P4 –  
essential knowledge

### **D Investment appraisal**

All subheadings

### **E Business finance**

- 1 Sources of, and raising, short-term finance
- 2 Sources of, and raising, long-term finance
- 4 Internal sources of finance and dividend policy
- 5 Gearing and capital structure considerations

### **F Cost of capital**

All subheadings

### **G Business valuations**

- 2 Models for the valuation of shares
- 3 The valuation of debt and other financial assets
- 4 Efficient market hypothesis (EMH) and practical considerations in the valuation of shares

### **H Risk management**

All subheadings

Paper P3 to Paper P4 –  
essential knowledge

### **G Financial analysis**

- 2 Finance decisions to formulate and support business strategy
- 4 Financial implications of making strategic choices and of implementing strategic actions

## PAPER P5

Paper F5 to Paper P5 –  
essential knowledge

### **A Specialist cost and management accounting techniques**

All subheadings

### **B Decision-making techniques**

- 6 Dealing with risk and uncertainty in decision making

### **C Budgeting**

2. Budgetary systems
3. Types of budget
5. Behavioural aspects of budgeting

### **D Standard costing and variances analysis**

All subheadings excluding:

- 2 Basic variances and operating statements

### **E Performance measurement and control**

All subheadings

Paper P3 to Paper P5 –  
essential knowledge

### **B Strategic position**

- 2 Environmental issues affecting the strategic position of an organisation
- 3 Competitive forces affecting an organisation
- 4 Marketing and the value of goods and services
- 6 The expectations of stakeholders and the influence of ethics and culture

### **B Strategic choices**

- 1 The influence of corporate strategy on an organisation
- 3 Alternative directions and methods of development

### **C Strategic action**

- 1 Organising and enabling success

### **G Financial analysis**

- 3 The role of cost and management accounting in strategic planning and implementation

Paper P1 to Paper P5 –  
essential knowledge

### **B Internal control and review**

- 1 Management control systems in corporate governance

### **C Identifying and assessing risk**

- 1 Risk and the risk management process
- 2 Categories of risk
- 3 Identification, assessment and measurement of risk

### **D Controlling risk**

- 3 Risk avoidance, retention and modelling

## PAPER P6

Paper F6 (UK) to Paper P6 (UK) –  
essential knowledge

### **B Income tax liabilities**

- 2 Income from employment
  - h) Compute the amount of benefits assessable
- 3 Income from self-employment
  - e) Compute assessable profits on commencement and cessation
  - h) Relief for trading losses
- 5 The comprehensive computation of taxable income and income tax liability
  - b) Calculate the amount of personal allowance available generally, and for people aged 65 and above
  - c) Compute the amount of income tax payable
- 6 The use of exemptions and reliefs in deferring and minimising income tax liabilities
  - a) Explain and compute the relief given for contributions to personal pension schemes, using the rules applicable from 6 April 2011

### **C Corporation tax liabilities**

- 2 Taxable total profits
  - e) Explain the treatment of interest paid and received under the loan relationship rules
  - g) Understand how trading losses can be carried forward
  - h) Understand how trade losses can be claimed against income of the current or previous accounting periods
  - i) Recognise the factors that will influence the choice of loss relief claim
  - k) Explain how relief for a property business loss is given
- 3 The comprehensive computation of corporation tax liability
  - a) Compute the corporation tax liability and apply marginal relief
- 4 The effect of a group corporate structure for corporation tax purposes
  - a) Define an associated company and recognise the effect of being an associated company for corporation tax purposes
  - b) Define a 75% group, and recognise the reliefs that are available to members of such a group ►

THE ACCA EXAMS ARE DESIGNED TO BE ACHIEVABLE  
EVEN IF YOU HAVE NO RELEVANT EXPERIENCE AT ALL

IT IS IMPORTANT YOU MAKE THE RIGHT CHOICE OF WHICH TWO OPTIONS PAPERS TO TAKE. YOU WILL HAVE A GREATER CHANCE OF SUCCESS IF YOU CHOSE THE OPTIONS PAPERS BASED ON WHAT YOU FEEL MOST COMFORTABLE WITH

- ◀ c) Define a 75% capital gains group, and recognise the reliefs that are available to members of such a group
- d) Compare the UK tax treatment of an overseas branch to an overseas subsidiary
- e) Calculate double taxation relief

#### **D Chargeable gains**

- 1 The scope of the taxation of capital gains
  - b) Explain how the residence and ordinary residence of an individual is determined
- 2 The basic principles of computing gains and losses
  - a) Compute capital gains for both individuals and companies
- 3 Gains and losses on the disposal of movable and immovable property
  - d) Compute the exemption where a principal private residence is disposed of
- 5 The computation of capital gains tax payable by individuals
  - a) Compute the amount of capital gains tax payable
- 6 The use of exemptions and reliefs in deferring and minimising the tax liabilities arising on the disposal of capital assets
  - a) Explain and apply entrepreneurs' relief as it applies to individuals
  - b) Explain and apply rollover relief as it applies to individuals and companies
  - c) Explain and apply holdover relief for the gift of business assets
  - d) Explain and apply the incorporation relief that is available upon the transfer of a business to a company

#### **E Inheritance tax**

- 2 The basic principles of computing transfers of value
  - a) State, explain and apply the meaning of transfer of value, chargeable transfer and potentially exempt transfer

- b) Demonstrate the diminution in value principle
- c) Demonstrate the seven-year accumulation principle taking into account changes in the level of the nil rate band
- 3 The liabilities arising on chargeable lifetime transfers and on the death of an individual
  - a) Understand the tax implications of chargeable lifetime transfers and compute the relevant liabilities
  - b) Understand the tax implications of transfers within seven years of death and compute the relevant liabilities
  - c) Compute the tax liability on a death estate

#### **G Value added tax**

- 2 The VAT registration requirements
  - a) Recognise the circumstances in which a person must register for VAT
  - b) Explain the advantages of voluntary VAT registration
  - d) Explain how and when a person can deregister for VAT
  - e) Explain the conditions that must be met for two or more companies to be treated as a group for VAT purposes, and the consequences of being so treated
- 3 The computation of VAT liabilities
  - h) Explain the treatment of imports, exports and trade within the European Union
- 4 The effect of special schemes
  - a) Describe the cash accounting scheme, and recognise when it will be advantageous to use the scheme
  - b) Describe the annual accounting scheme, and recognise when it will be advantageous to use the scheme
  - c) Describe the flat rate scheme, and recognise when it will be advantageous to use the scheme

#### **PAPER P7**

Paper F8 to Paper P7 – essential knowledge

#### **A Audit framework and regulation**

- 4 Professional ethics and ACCA's Code of Ethics and Conduct

#### **B Internal audit**

- 3 The scope of the internal audit function

#### **C Planning and risk assessment**

- 2 Assessing the risks of material misstatement
- 3 Understanding the entity and its environment
- 4 Materiality, fraud, laws and regulations
- 5 Analytical procedures
- 6 Planning an audit

#### **D Internal control**

- 6 Communication on internal control

#### **E Audit evidence**

- 2 Audit procedures
- 3 The audit of specific items
- 6 The work of others

#### **F Review**

- 1 Subsequent events
- 2 Going concern
- 4 Audit finalisation and the final review

#### **G Reporting**

- 1 Audit reports

Paper P2 to Paper P7 – essential knowledge

#### **C Reporting the financial performance of entities**

- All sub headings excluding:
- 11 Reporting requirements of small and medium-sized entities (SMEs)

#### **D Financial statements of groups of entities**

All subheadings



# TIME MANAGEMENT

**Even the most hard-working, well-prepared students sometimes fail exams if they don't manage their time properly in the exam hall.**

If you have read the textbook from cover to cover, practised every past exam question from the last five years, and done everything that your tutor told you to in the days and weeks leading up to the exam, it is still difficult to pass without also having a clear strategy when you are sitting in the exam hall.

Managing your time effectively in the exam is critical to success. There will always be plenty of easy marks on every exam paper, so it is vitally important that you focus on accumulating these easy marks and don't allow yourself to become bogged-down in the difficult parts of the paper.

The different levels of the ACCA Qualification each address different intellectual levels.

## ENTERING THE EXAM HALL

Effective time management starts as you are walking to your desk in the exam hall. Three-hour exams (180 minutes) have 100 marks on the exam paper, so you should be preparing to allocate 1.8 minutes to each mark. If you know that the paper is made up of (say) 20-mark questions, calculate that you should be spending 36 minutes ( $20 \times 1.8$ ) on each question.

## READING TIME

For the first 15 minutes that you sit at your desk, you are not allowed to write in your answer booklet – this period is designated as reading and planning time. Many students impatiently wish this time away, keen to start writing and to show the examiner the extent of their knowledge. However, a student with good time management skills will use this reading time effectively.

- First, flick through the exam paper and note next to each question the time allocations you have calculated using your 1.8 minutes per mark rule. For example, each 20-mark question will have a 36-minute allocation, or a 10-mark question will have an 18-minute allocation.

- Next, check the instructions on the exam paper to see whether all questions are compulsory, or whether there is some choice of questions. This will ensure that you don't spend time unnecessarily working through too many questions.

## No choice of questions

Even if all the questions on the exam paper are compulsory, it is still very important to spend the reading time developing a plan of attack. Even if you have to attempt all questions over the course of the following three hours, there is no rule that dictates the order in which you should attempt the questions.

Look through the exam paper and review the question requirements.

Search for questions that test your favourite syllabus areas, and questions that will allow you to show your strengths. For example, some students are more confident with writing than doing calculations (or vice versa), so make sure you focus initially on the questions that suit you. Of course, you may find that there are some questions that you really don't like the look of. Try to push these questions to the back of your mind for the moment. The key thing is that you start the exam by attempting your preferred questions, so that you accumulate marks quickly, and only end up attempting your least favourite questions later on, when you have already scored most (if not all) of the marks needed to secure a pass.

## Choice of questions

If there is a choice of questions in the exam, you must decide quickly which questions you want to attempt and which you want to leave out.

As explained above, look for those questions that test your preferred syllabus areas or those where you will be able to best demonstrate your strengths.

Once you have decided which questions to leave out, focus on the questions you have decided to attempt and (as explained above) choose the order in which you are going to attempt the questions.

## TIME TO START WRITING

At the end of the reading time, start with the question you have identified to be your favourite. Split the overall time allocation between the different parts of the question and write the times on the exam paper to emphasise how important it is to manage time properly within the question.

As you consider the best way to attack the question, consider how you will be able to accumulate marks quickly. For example, if the first part of the question involves a calculation and then the second part is a discussion, is it possible to attempt the writing first, to grab some easy marks before you even start your calculations? As long as you clearly note in your answer booklet which part of the question you are attempting, the markers don't mind which part of the question you present first.

As you progress through the question, keep your eye on the time, and be strict with your time allocations.

It's very tempting to tell yourself that you're going to spend 'just an extra five minutes' on a question if you haven't quite finished it in the allocated time, but over the course of the exam, 'just an extra five minutes' on each question can mount up and mean you have no time left for your final question.

Admittedly, you will have planned to leave your least favourite question until last, so it might be tempting to focus on those questions which you have decided to do first, but bear in mind that there are always some easy marks on every question, so you must pay attention to your time management.

Of course, if you find yourself running out of ideas as you attempt your least favourite questions, by all means abandon them and go back to spend some more time on your unfinished answers to previous questions.

The key to success is accumulating the easy marks on all questions, and not allowing yourself to become too bogged-down in the detail of any one question.

**Andrew Howarth, Kaplan Publishing's content specialist**

**LOOK FOR THOSE QUESTIONS THAT TEST YOUR PREFERRED SYLLABUS AREAS AND THOSE WHERE YOU WILL BE ABLE TO BEST DEMONSTRATE YOUR STRENGTHS**

# EXAM TECHNIQUES

EXAM TECHNIQUES FOR FINANCIAL REPORTING STUDENTS

**I find that the examiner's reports – available on ACCA's website – give an invaluable insight into how candidates might improve their exam performance. I recently read in an examiner's report that many candidates are failing their exams because of technique rather than knowledge or ability (see Paper F7 examiner report, June 2011). The report went on to provide examples, such as giving an answer to a question that was not asked and, conversely, not answering a question properly and giving unnecessary and very detailed workings, repetition and writing down the definitions that were not asked for. This reinforces to me the critical importance of basic exam technique. Sitting an exam represents the climax of many hours of study and some candidates are simply not doing themselves justice in the exam due to poor exam technique.**

It is universally acknowledged that time management is critical in passing an ACCA exam. A three-hour ACCA exam carries 100 marks – that equates to 1.8 minutes per mark, so an attempt at a 25-mark question should be completed within 45 minutes. After the allotted exam time is up for any question, you must move on to the next question – even if this means that the answer itself is not wholly finished. It is always easier to gain marks at the start of a new question than to try and squeeze more marks out of a question that you have already spent 45 minutes on. Time in the exam should be spent doing what you can do and not spending time on doing what you cannot. So when starting to answer questions you should attempt the easier ones first and return at the end of the exam – if you have time – to those that you may find more difficult. You need to attempt the whole exam and you cannot do that if you run out of time. It has got to be easier to obtain the pass mark of 50 if you are being marked out of 100 rather than 75.

When writing answers to questions that require the preparation of a set of financial statements, precious time can be saved by not adding down figures – ie not actually balancing off the statement of financial position or calculating the profit for the financial year. No marks

are ever specifically awarded for these balancing figures. Remember that to pass the exam the answer itself need not be perfect.

The 15 minutes of reading and planning time should be used to read and comprehend the requirements of the questions. It gives you extra valuable time for thinking and planning (see page 8). Only by initially focusing on and understanding the requirements can candidates ensure that their answers will indeed answer the question that has been set. Examiners still comment on the importance of making sure that the answer is relevant to the question, which clearly some candidates do not (see Paper P2 examiner report, June 2011). Incidentally, there is no rule that says Question 1 must be attempted first, but the first question attempted should be done well (to give you confidence) and in the allotted exam time (to prevent you playing catch-up for the remainder of the exam).

In another examiner's report I read that answers with no – or unreferenced – workings to support them were common (see Paper F7 examiner report, December 2010). Examiners also frequently comment on poor handwriting. In some ways I can understand this is due to the fact that so much writing is now done using keyboards. Think about this from the marker's perspective and you will appreciate that if your handwriting cannot be read, then you cannot expect to score marks. So try to be neat – perhaps write larger in an attempt to improve your presentation – don't be frightened of leaving space, and always show and cross-reference your workings.

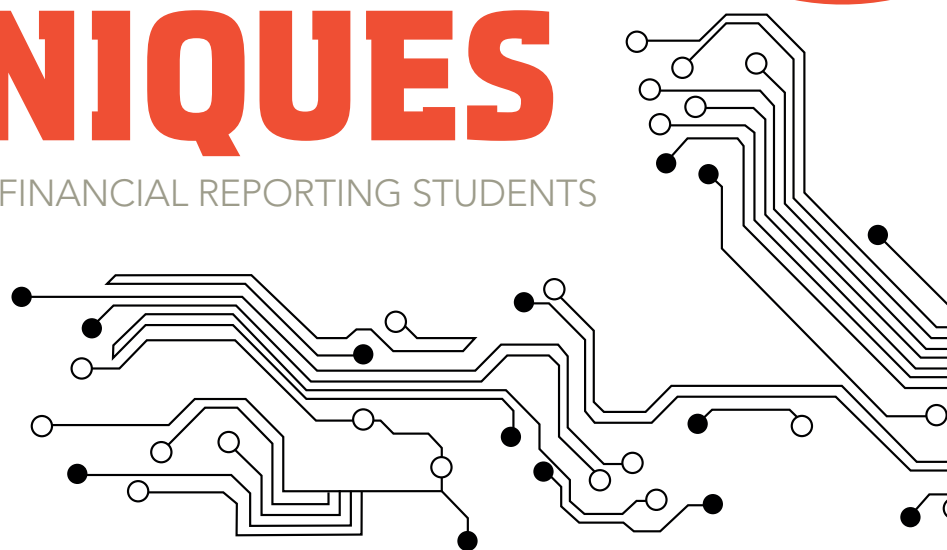
Good exam technique requires you to trust the system used by markers,

known as method marking. That is to say that mistakes are only penalised once, so that you can gain marks for doing the right thing to the wrong number. However, markers cannot allocate any marks to an incorrect figure unless they can see how the figure has been arrived at, so it is essential that your workings exist and are legible and clearly referenced.

At the back of the model answers to all the past exam papers – which are available on the ACCA website – you will find details of the marking guides. This can be very insightful. For example, where we see in respect of a discursive question a marking guide stating one mark per point, then this reinforces the need to make five separate points as there are five marks available. There is no negative marking, so if you make an irrelevant point you are not penalised. In computational questions there is often one mark available for each adjustment. Just knowing this can prove to be a confidence booster.

As part of your revision, you should regularly attempt exams under timed conditions to improve your time management. If possible, ask a tutor to mark your attempts. If this is not possible, consider asking a fellow student to mark it in return for you marking their script (a peer review). If neither of these options is possible, use the marking guide and model answer to mark your own script. You may have made mistakes, but what is important is that you learn from those mistakes. Ask yourself what you have done well and where you can make improvements.

**Tom Clendon FCCA is a tutor at Kaplan Financial**



# IMPROVE YOUR PERFORMANCE

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

## USING RESOURCES

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

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

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

When preparing for **any** Professional level papers, particularly those such as Paper P7, which deal with current

issues, it is recommended to **read more widely** and beyond the *Study Guide*, making use of online resources such as those provided by ACCA.

## REVISION STRATEGIES

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

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

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

Success at the **Professional level requires extensive study and practice.** Question spotting and the use of relatively short, intensive revision courses are unlikely to be successful.

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

## EXAM TECHNIQUE – GENERAL ADVICE

In the exam centre, good technique can make a difference between a marginal pass and fail. Use past papers to practise your exam technique, as well as your technical skills, and pay

particular attention to the **appropriate exam style for each paper**. For example, where a question is worth four marks, brief succinct answers are all that are required.

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

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

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

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

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

## PRESENTATION

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

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

Although possibly a sign of poor planning, **it is acceptable to start a question, move on to another, and then**

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

#### ADDITIONAL ADVICE FOR RE-SIT CANDIDATES

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

**return to the first question later** – just make sure that each answer is clearly labelled and starts on a new page.

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

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

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

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

#### QUESTION BY QUESTION

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

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

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

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

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

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

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

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

**When performing calculations, judge carefully when to detail workings.**

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

#### PROFESSIONAL MARKS

Read the article on page 12 to find out more about how professional marks can be gained, and how they can make the difference between a fail and a pass.

Professional marks are available for the **clarity, format and presentation** of an answer. If an answer includes an explanation which is **confused, repetitive or non-existent**, then professional marks will not be awarded.

**Quality of language** contributes to the award of professional marks, so practise your writing style as well as your technical ability.

Professional marks are also awarded for presenting an answer in the **specific format required**, using language appropriate to that format (the language used in a letter, for example, could be very different from that used in a report).

Read specific exam feedback from the examiners for Papers P1 to P7 from page 25.





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# HOW TO BE GOOD

## PROFESSIONAL ETHICS

### RELEVANT TO ACCA QUALIFICATION STUDENTS

#### Values, ethics and governance are essential skills for finance professionals.

This is why ACCA has adopted a holistic approach to your ethical development via the exams syllabus, the practical experience requirements and the Professional Ethics module – requirements you need to complete in order to obtain your ACCA Qualification.

As an ACCA student, your ethical and professional development starts from day one – as soon as you have registered with ACCA.

#### PROFESSIONAL ETHICS MODULE

As part of your ethical development, students are required to complete the Professional Ethics module, developed by ACCA.

This will give you exposure to a range of ethical perspectives and includes several self-tests which require you to reflect on your own ethical behaviour and values.

You then apply what you have learned in a case study where you experience an audit situation from two points of view – that of the auditor and the corporate financial accountant.

#### MODULE CONTENT

So what can you expect the module to be like? It consists of nine units –

detailed below – each designed to help you understand what it means to think and act as a professional accountant. Sometimes, without you even realising, your personal values can get in the way of your professional ethics. As accounting students, you have been learning the technical aspects of your chosen profession, and may not have spent much time thinking about your own values, how you make decisions, and how you may be influenced in making those decisions. The Professional Ethics module includes some exercises to help you explore these issues. Then, when you are faced with a difficult decision and find yourself applying the fundamental principles of your profession, you will be better prepared to apply your professional judgment rather than your personal beliefs.

#### Professional Ethics module units

- 1 Start here
- 2 Judging the acceptability of arguments
- 3 What is ethics?
- 4 Rules vs principles
- 5 About ACCA's fundamental principles
- 6 The framework
- 7 Case study
- 8 Applying what you have learned
- 9 Tell us what you have learned

Looking at some of the units within the Professional Ethics module more closely:

- Unit 2 gives you the opportunity to judge the acceptability of arguments for and against some difficult decisions. It is important that you give careful consideration to these arguments, and there is great value in discussing these with your friends and colleagues. The objective is to help you see what kinds of arguments might make you change your mind. Providing you with this valuable knowledge about yourself will be useful when you are a qualified accountant, where you may be faced with a difficult decision and find that people are trying to influence your decisions or behaviour.
- Unit 3 contains a brief overview of ethical schools of thought to help you recognise your own personal values in the context of established theory.
- Unit 7 is an interactive case study. Based on a realistic scenario and using computer animation, the unit provides the opportunity to apply what you have learned from other units by evaluating information, assessing the consequences of your actions, and making ethical judgments. The case study is a chance for you to practice your ethical decision-making skills and will provide you with feedback on all the decisions you make.
- Unit 8 gives you further practice at making ethical decisions. Within this module you are presented with five situations. For each one, you are required to select what you think is the best solution, and obtain feedback on your decision.
- In Unit 9, you are required to write a short paragraph about what you have learned from completing the module.

You are given access to the Professional Ethics module as soon as you become eligible to take Paper P1, *Governance, Risk and Ethics*. It is recommended that you take the Professional Ethics module at the same time as, or before Paper P1.

While you have the flexibility to complete the Professional Ethics module in your own time, if you registered as a student after January 2007, you should note that ethics is now one of your requirements of membership. ACCA will now contact you as soon as you have met all of the requirements – exams, ethics, experience and performance objectives – and invite you to transfer to membership.

