CANDIDATES SHOULD NOTE THAT WHERE JUST ONE OR TWO MARKS ARE AVAILABLE FOR A REQUIREMENT, JUST A SHORT SENTENCE IS REQUIRED – NOT A DETAILED EXPLANATION

QUESTION 3

This 15-mark question was based on Winston King and Wiki Ltd. Winston had already made a chargeable gain during 2011–12 as a result of disposing of a painting, but was also considering a further disposal during the tax year, consisting of a business that he had run as a sole trader. Wiki Ltd had sold a freehold warehouse on 3 February 2012 for £312,000, and was going to reinvest the proceeds from the sale during July 2012 by either purchasing a freehold factory for £166,000, or a freehold office building for £296,000.

Part (a), for two marks, required candidates to state which individuals are subject to capital gains tax (CGT) on the disposal of chargeable assets situated in the UK, and which companies are subject to corporation tax on the disposal of chargeable assets situated in the UK.

There were many correct answers to this section. However, candidates should appreciate that for just two marks a detailed explanation of the residence rules was not required.

Part (b), for a total of seven marks, dealt with Winston's CGT liability. The first requirement for three marks required the CGT liability to be calculated on the assumption that the sole trader business was not disposed of during 2011–12. The second requirement for four marks also required the CGT liability to be calculated, but this time on the assumption that the sole trader business was disposed of on 25 March 2012. One of the assets disposed of qualified for entrepreneurs' relief, while the other asset disposed of resulted in a capital loss.

This section was very well answered, with many candidates achieving maximum marks. However, it was sometimes not appreciated that the disposal of the business would fully utilise the available nil rate band – resulting in the painting being charged at the higher rate of 28%.

Part (c), for a total of six marks, dealt with Wiki Ltd's chargeable gains. The first requirement for six marks required the calculation of the chargeable gain in respect of the disposal of the warehouse. This involved the calculation of an indexation allowance. The second requirement for three marks required advice as to the amount of rollover relief that would be available for each of the two alternative reinvestments.

The first requirement was very well answered, although the incidental costs of acquisition were often omitted from the indexation allowance calculation. The final requirement was the only aspect of this question that was consistently not well answered. A number of candidates stated that the amount of proceeds not reinvested would be the chargeable gain, despite this figure being higher than the gain calculated in the initial requirement.

QUESTION 4

This 15-mark question covered government tax policies and two self-employed taxpayers, Michael and Sean, who had both made trading losses

Part (a), for four marks, required an explanation as to how the UK government's tax policies encourage individuals to save, individuals to support charities, and entrepreneurs to build their own businesses and to invest in plant and machinery.

This section was generally well answered, although candidates should note that where just one or two marks are available for a requirement, just a short sentence is required – not a detailed explanation.

Part (b), for 11 marks, required candidates to identify the loss relief claims that were available to Michael and Sean, and to explain which of the available claims would be the most beneficial in each case. There was no requirement to calculate any income tax liabilities. Michael had made a loss in the first four years of trading, and the most beneficial claim was against total income for the three preceding years. This section was worth five marks. Sean had ceased trading and had made a terminal loss in the final 12 months of trading. The most beneficial claim was as a terminal loss against trading income for the year of the loss and the three preceding years. This section was worth six marks.

Not surprisingly, this was the section of the paper that caused the most problems. For Michael, the claims should have been fairly straightforward given that he only had one source of income for each year. However, some candidates were not even aware that a claim could be made against total income. For Sean, a few candidates suggested that the loss be carried forward despite the trade ceasing. In both cases, it was generally not appreciated that the most advantageous choice of loss relief claims would generally preserve the benefit of personal allowances.

QUESTION 5

This was a 15-mark inheritance tax (IHT) question involved Ning.

Part (a), for four marks, required candidates to advise Ning as to how much nil rate band would be available when calculating the IHT payable in respect of her estate were she to die on 20 March 2012. Ning's husband had predeceased her, with 70% of his nil rate band not being used, and she had made two potentially exempt transfers (PETs). The first PET was exempt from IHT as it was made more than seven years before 20 March 2012.

This section was well answered, with candidates being given credit for their treatment of the PETs, even if this was included in Part (b).

Part (b), for a total of nine marks, dealt with the IHT liability on Ning's estate. The first requirement for seven marks required a calculation of the IHT that would be payable if Ning were to die on 20 March 2012, and a statement as to who would be responsible for paying the tax. Candidates needed to appreciate the different treatment of repayment mortgages (deductible) and endowment mortgages (not deductible), and the type of debts which can be deducted from the value of an estate. The second requirement for two marks required advice as to whether the amount of IHT payable would alter if Ning were to live for either another six or another seven years after 20 March 2012 and, if so, by how much.

This section was also well answered, although a number of candidates deducted the endowment mortgage (it would have been repaid upon death by the life assurance element of the mortgage) and the promise to pay a nephew's legal fee (not deductible, being purely gratuitous). Somewhat surprisingly, there was often little knowledge of who was responsible for paying the tax – many candidates

MOST COMMENTATORS BELIEVED THIS TO HAVE BEEN A FAIR PAPER FOR WHICH A WELL-PREPARED CANDIDATE COULD READILY ATTAIN A PASS MARK WITHIN THE TIME CONSTRAINTS OF THE EXAM

stated that it was the beneficiaries (or even the deceased!), rather than the personal representatives. The effect of living for another six years or another seven years was often not understood – the difference being that after seven years all the PETs would become exempt, thus increasing the available nil rate band. Too many candidates discussed taper relief despite this having no impact on the tax payable in respect of the estate.

Part (c) for two marks required candidates to state what conditions would have to be met if Ning wanted to make gifts out of her income to her children so that the gifts were exempt from IHT.

Very few candidates correctly answered this section, with many discussing every available relief – except the one that was relevant.

PAPER F7 PASS RATE: 48%
FINANCIAL REPORTING

I am pleased to say that the overall performance of candidates at the June 2012 sitting maintained the recent improvement shown in December 2011 and delivered a creditable a pass percentage.

Most commentators believed this to have been a fair paper for which a well-prepared candidate could readily attain a pass mark within the time constraints of the exam.

As with past papers, 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, but overall there were better attempts than in many past sittings. I hope this is a sign that the majority of candidates are studying the wider syllabus. Not only does this aid success in Paper F7, but will also give a good grounding for the further studies in Paper P2.

As usual, there were some exam technique issues that caused problems.

Several figures needed detailed workings – notably the goodwill and retained earnings in Question 1 and the cost of sales in Question 2. For these, some candidates wrote down a long line or list 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, was particularly noticeable in Question 3(b), where the requirement of the question specifically stated that working capital ratios and analysis of them were not required. Many candidates ignored this and wasted considerable time producing large sections of answers that gained no marks.

Yet again, poor handwriting was an important concern for many markers (particularly for the written elements). If markers cannot read what a candidate has written, no marks can be awarded.

The composition and topics of the questions was such that, at the June 2012 sitting, 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 required the preparation of a consolidated statement of financial position. There were fair value adjustments for plant and unrecorded deferred tax. Further adjustments required the elimination of intra group loans and current account balances after dealing with goods in transit (including an element of unrealised profit (URP)) and cash in transit.

An equity accounted associate was included by way of a note.

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

CONSOLIDATED GOODWILL

Some candidates did not correctly discount the deferred consideration or account for its related finance cost in retained earnings. Similarly, it was not shown as a liability in the statement of financial position. Many also ignored the unrecognised deferred tax or treated it as an increase rather than a decrease in the fair value adjustments to compute net assets acquired.

OTHER CONSOLIDATION ERRORS

Many candidates did not read the question properly regarding the associate. The question clearly stated that the retained profits of the associate had increased by $2m since 1 October (the date of acquisition), but many candidates treated the $2m as the annual profit of the associate and incorrectly time apportioned it by 6/12.

Some candidates got hopelessly confused with the intra group trading and calculation of the URP. Another error was to record the acquisition share exchange by increasing share capital and share premium despite the question saying that the parent had already recorded the share issue. Another frequent mistake was to increase the fair value of the other equity investments by $2.8m rather than to $2.8m.

Although the principle of the consolidated retained earnings seemed well understood, the question required several adjustments to this figure and many of these were omitted. As well as the finance cost of the deferred consideration already mentioned, other omissions were the share of the associate's post-acquisition profit, the deduction of the URP on inventory and the gain on the other equity investments.

Despite the above errors, there were many high marks for this question.

QUESTION 2

This required the preparation of financial statements from a trial balance combined with several adjustments including: a suspense account reflecting an unrecorded share issue, a revaluation of property at the start of the year, accounting for a finance lease, accounting for a fraud and the usual provisions relating to taxation.

There was a small section requiring the calculation of basic earnings per share.

As with Question 1, this was very well answered, with most candidates showing a sound knowledge of preparing financial statements in this format. As usual, it was the adjustments that caused most errors:

STATEMENT OF COMPREHENSIVE INCOME

Many candidates, surprisingly, deducted the loss on the fraud directly from

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ANSWERS TO THE SECTION ON THE BASIC EARNINGS PER SHARE CALCULATION WERE VERY DISAPPOINTING. THIS WAS NOT A PARTICULARLY DIFFICULT OR NEWLY EXAMINED CALCULATION, BUT VERY FEW CANDIDATES SCORED WELL

revenue rather than treating it partly as a prior-year adjustment and partly as an irrecoverable receivable (not applicable to UK and IRL variants).

There were several errors in the calculation of the amortisation of the lease but, in general, the non-current assets and related charges were well answered.

The treatment of the finance lease caused difficulty with the calculation of interest in the income statement and with the liabilities in the statement of financial position. This was often due to using the incorrect initial fair value of the lease or the timing of the lease payments, particularly the initial deposit. This is disappointing as finance leases have been examined many times on this paper.

Many candidates got confused with the calculation of taxation; the most common error was failing to realise that the tax for the year was a refund rather than a charge, and also there was the usual problem of being unable to account for deferred tax correctly. This is also rather disappointing as similar requirements are asked in almost every exam sitting.

Another common error was a failure to record the revaluation surplus as other comprehensive income.

STATEMENT OF CHANGES IN EQUITY

This was generally well answered, but the most common errors were ignoring the prior period adjustment element of the fraud and a failure to make a transfer to retained earnings in respect of part of the revaluation surplus (these adjustments were not applicable to UK and IRL variants).

STATEMENT OF FINANCIAL POSITION

This was generally well prepared with most errors being a 'knock on' from errors made when calculating income statement items. Generally, such errors are not penalised as ACCA adopts a 'method marking' principle, which means the same error is not penalised twice. That said, other errors were apparent; receivables were not adjusted for the fraud, the tax refund was often shown as a liability (and at the wrong amount), conversely the bank overdraft was shown as an asset, and the opening provision for deferred tax rather than the closing provision for deferred tax was included as a liability.

Answers to the section on the basic earnings per share calculation were very disappointing. This was not a particularly difficult or newly examined calculation, but very few candidates scored well, with many – perhaps a majority – not even attempting it.

Again, despite the above errors, this was a high scoring question.

QUESTION 3

Part (a) required the preparation of a statement of cash flows for 11 marks. Traditionally, these questions are popular with candidates and it was generally very well answered with a significant number of candidates scoring full marks. Part (b) of the question gave information in respect of a new contract that had been undertaken during the year and the requirement was for candidates to explain how the contract had affected the company's operating performance. It should be noted that the interpretation required was for this specific area – indeed, analysis of working capital was explicitly stated as not being required. Although there were some insightful answers, this was a weak area for many candidates and a significant minority did not attempt it at all.

The main errors were:

STATEMENT OF CASH FLOWS

The calculation of the income tax paid, the purchase of non-current assets and the failure to account for the equity dividend were, by far, the most common errors. Other errors included showing the revaluation of property as a cash flow and not clearly distinguishing cash inflows from cash outflows.

PERFORMANCE ASSESSMENT AND THE EFFECT OF THE NEW CONTRACT

A good number of answers treated this section as if it were a general interpretation question and calculated lots of ratios (despite a specified four-mark limit on ratios), most of which were not required and, therefore, irrelevant. This general type of answer failed to focus on the important effect that the new contract had had on the performance of the company. The company had experienced significant increases in revenue (perhaps due to the contract) yet its return on capital employed (ROCE) had fallen dramatically. Many candidates failed to identify/discuss the component elements of the ROCE, nor did they comment on the consequences of taking on the new contract. The most important of these were: substantial investments in new property, plant and equipment, the acquisition of an expensive licence and the purchase of an investment in another company to secure supplies of specialised materials. In combination, it appeared that the contract was detrimental to Tangier's operating performance; however, more information (which the question asked candidates to refer to) would be needed to confirm or refute this.

Although it is a generalisation, answers tended to be either very good when candidates focused on the requirements or quite poor where a 'rote learned' approach was adopted.

QUESTION 4

This was on the topic of IAS 36, *Impairment of Assets*.

Part (a) asked for an explanation of an impairment review with specific reference to cash generating units (CGUs). The answers to this were rather mixed – again, those that were kept relevant to the requirement scored well, often achieving full marks, but many answers digressed into discussing the indicators of impairment (specified as not being required) or describing small scenarios to illustrate impairment situations rather than explaining what an impairment review was. Many answers completely ignored CGUs.

Part (b) contained two numerical examples testing the application of Part (a).

The first example required a simple calculation of the carrying value of an asset and then the present value of its future cash flows. These were to be compared to determine if the asset was impaired. There were some rather alarming elementary mistakes in the calculation of the carrying value; many candidates ignored the asset's estimated residual value when calculating annual depreciation, and some deducted the estimated residual value from the initial carrying value of the asset before applying the annual depreciation charges. The most common mistake (made by the vast majority of candidates) in the present value calculation was not including the residual value as part of the cash flows. Despite these errors, the last part of the question was marked on whether an impairment had occurred based upon candidates' own figures. Several candidates missed an easy mark by not coming to a conclusion on the impairment.

The second example was based on the apportionment of losses to the component parts of a cash generating unit. Many candidates gained good marks and some full marks for this section. The main errors were not treating the damaged plant as a separate loss and a failure to allocate part of the impairment loss to specific assets in a specific order (goodwill and the patent) and the remaining impairment loss across the correct assets (the factory and the remaining plant).

QUESTION 5

This question tested candidates' knowledge of the two main systems of regulation for accounting standards: rules-based systems and principles-based systems. As has been common in past sittings, Question 5 is often not answered. Of those that did answer this question, weaker answers simplistically stated that rules-based systems were based on rules and principles-based systems were based on principles. There was no attempt to explain the main differences between the two, which were mainly the rigid nature (though less prone to manipulation) of rules-based systems compared to the flexibility (though sometimes abused) of principles-based systems, nor did candidates come to a conclusion as to whether IFRS is rules-based or principles-based.

Part (b) required candidates to identify the advantages a company could gain by adopting IFRS. The short scenario of the question gave several pointers to the areas candidates should have discussed. I have to say that I was pleasantly surprised by the many good answers to this section. Most commented on the advantages in the areas of: simplifying consolidations, raising finance, improved comparability issues and the general enhancement of reputation/credibility.

CONCLUSION

Overall this was a solid performance with candidates scoring better 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 scripts where it was apparent that candidates had done a great deal of studying and they were rewarded appropriately.

PAPER F8 PASS RATE: 56%
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.

Overall, the performance of candidates across the paper as a whole was significantly improved on previous sittings. Candidates performed well on Questions 1, 2 and 3 but struggled with Questions 4 and 5.

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

The vast majority of candidates attempted all five questions, and there was little evidence of time pressure. Where questions were left unanswered by candidates, this appeared to be due to a lack of knowledge or inadequate exam technique, as opposed to time pressure.

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.

A number of common issues arose in answers:

- Failing to read the question requirement clearly and, therefore, providing irrelevant answers, which 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.
- 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, especially in Questions 1(a) and 3(b).
- Illegible handwriting and poor layout of answers, including not using columns in Question 1(d), for example, when this would have helped to maximise marks.

SPECIFIC COMMENTS
QUESTION 1

This 30-mark question was based on an electrical equipment manufacturer, Pear International Co (Pear), and tested candidates' knowledge of internal controls, tests of controls, substantive procedures for property, plant and equipment, levels of assurance and internal audit.

Part (a), for 15 marks, required candidates to identify and explain five deficiencies, suggest a control for each deficiency and recommend tests of controls to assess if the internal controls of Pear were operating effectively.

Most candidates performed well on this part of the question. They were able to confidently identify five deficiencies from the scenario. However, many candidates did not address the question requirement fully as they did not 'identify and explain'. Candidates identified, but did not go on to explain

OVERALL, THE PERFORMANCE OF CANDIDATES ACROSS THE PAPER AS A WHOLE WAS SIGNIFICANTLY IMPROVED ON PREVIOUS SITTINGS. CANDIDATES PERFORMED WELL ON QUESTIONS 1, 2 AND 3 BUT STRUGGLED WITH QUESTIONS 4 AND 5

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

why this was a deficiency. For example 'couriers do not always record customer signatures as proof of delivery' would receive ½ mark; however, to obtain the other ½ mark they needed to explain how this could cause problems for the company – such as customers could dispute receipt of goods and Pear would need to resend them.

The requirement to provide controls was generally well answered. Some candidates gave objectives rather than controls. For example: 'Pear should ensure that all sales are forwarded to the dispatch department.' Here, there is no explanation of what the control should be to ensure that this happened. In addition, some candidates provided controls which were just too vague to attain the one mark available per control.

The requirement to provide tests of control was not answered well. Many candidates simply repeated their controls and added 'to check that' or 'to make sure'. These are not tests of control. Also, many candidates suggested that the control be tested through observation. For example, 'observe the process for authorisation of sales discounts'. This is a weak test as it is likely that if the auditor is present, the control will operate effectively; instead, a better test would be 'to review sales invoices for evidence of authorisation of discounts by sales manager'.

Many candidates set their answer out in three columns: deficiency, control and test of control. However, those who set it out as identification of deficiency, explanation of deficiency and control and then separately addressed the requirement of test of controls tended to miss out some relevant tests of controls.

In addition the requirement was for five deficiencies; it was not uncommon to see candidates provide many more than five. Often in one paragraph they would combine two or three points such as authorisation of credit limits and of sales discounts. When points were combined, some candidates did not fully provide controls and tests of controls for each of the given points, therefore failing to maximise their marks.

Part (b), for four marks, required substantive procedures the auditor should perform on year-end property, plant and equipment (PPE) additions and disposals. Performance was mixed on this part of the question.

There were two available marks for addition tests and two marks for disposal tests. Candidates who scored well often did so by providing a number of tests for each area. Each test was average and scored ½ mark each, and so they managed to attain full marks in this way. However, some candidates provided detailed procedures and so achieved the one mark available per test. This is better use of time.

The requirement verb was to 'describe', and sufficient detail was required to score one mark per test. Candidates are reminded that substantive procedures are a core syllabus area and they must be able to produce relevant detailed procedures. Many tests given were just too brief. Answers such as 'check accounting records to ensure correct treatment of disposals' are far too vague as this does not explain how we gain comfort that disposals have been recorded correctly. In addition, answers such as 'ensure that additions are correctly included' are objectives rather than substantive procedures.

Other common mistakes made by candidates were:
- providing general PPE tests such as for depreciation, rather than just focusing on additions and disposals
- giving unrealistic tests such as 'to physically verify on the factory floor that an asset has been disposed of' (if it has been disposed of, how can it be physically verified?)
- focusing too much on whether the asset has been disposed of for the best possible price; this is a concern of management and not of the auditor.

Part (c), for three marks, required an identification and explanation of the levels of assurance provided by external audit and other review engagements. This question was answered well.

Many candidates produced clear and concise answers which addressed the levels of assurance for each of the types of engagements. A minority of candidates just referred to positive and negative assurance without linking them back to the two types of engagements.

Part (d), for four marks, required candidates to distinguish between internal and external audit. This question was answered well by most candidates, with many scoring full marks.

Many candidates laid their answers out in two columns and this tended to increase their marks, as it meant they considered both internal and external audit for each point raised. Those who wrote a paragraph each for internal and external audit sometimes missed out points. For example, they might answer that 'external auditors report to shareholders' but then fail to say that 'internal audit report to management or those charged with governance'.

Weaker answers were those which were far too brief. For example, 'private/public' with the heading of reports is not sufficient to score the one mark available. Candidates who provide answers such as these possess the knowledge, they just failed to write with sufficient detail.

Part (e), for four marks, required candidates to explain the impact on the external auditor's work at the interim and final audits if Pear was to establish an internal audit department. Performance on this question was unsatisfactory.

Where the question was attempted, many candidates failed to score more than one mark. What was required was an explanation of tasks that internal audit might perform that the external auditor might then look to rely on in either the interim or final audit. For example, they could utilise systems documentation produced by internal audit during the interim audit. Or they could rely on year-end inventory counts undertaken by internal audit as part of their inventory testing at the final audit.

Where candidates achieved one mark, this was usually for a general comment about relying on the work of internal audit and so reducing substantive procedures.

Mistakes made by candidates were:
- focusing on the role of internal audit in general
- giving lengthy answers on factors to consider when placing reliance on internal audit
- providing details of what an external auditor does at the interim and final audit stages.

QUESTION 2

This 10-mark question covered the topics of planning, sampling and audit reports.

Part (a), for four marks, required candidates to explain the benefits of audit planning. This question was answered well by almost all candidates, with many scoring full marks.

Most candidates were able to include the benefits of identifying risks early, achieving an efficient and effective audit, selecting appropriate teams and resolving problems quickly. Weaker answers focused on the benefits of gaining an understanding of an entity rather than of audit planning. Also, some answers were again too short and resembled brief notes rather than explanations.

Part (b), for three marks, required an identification and explanation of three methods for selecting a sample. This was answered well by most candidates.

Nearly all candidates could identify three sampling methods and so attained at least half of the available marks. However, weaker answers failed to explain the methods adequately. Answers such as 'random selection method – pick sample randomly' would only have scored ½ mark for the identification of the method. It would have scored nothing for the explanation as this is not how this method works.

In addition, a small minority focused on statistical and non-statistical sampling rather than the methods for picking samples. Also, some candidates started their answers with a general definition of what sampling is; this was not required and so scored no marks.

Part (c) for three marks required a description of three types of modified audit opinions. Performance was mixed on this question.

Better answers correctly identified qualified, adverse and disclaimer opinions and were able to concisely describe what these opinions meant. However, there were a considerable number of candidates who gave emphasis of matter as a type of modified opinion; this is incorrect. An emphasis of matter paragraph modifies the audit report but it does not affect the opinion. In addition, some candidates wasted time by referring to unqualified opinions, even though the question was on modified opinions only; this may be due to a failure to read the question properly.

Candidates are reminded that since the clarified ISA 705, *Modifications to the Opinion in the Independent Auditor's Report* has been issued the old terminology of 'disagreement' and 'limitation of scope' is no longer relevant and instead should refer to 'material misstatement' or 'inability to obtain sufficient evidence'.

Candidates' inability to correctly identify modified audit opinions and to clearly explain them is unsatisfactory. Audit reports are a key part of the Paper F8 syllabus and candidates need to understand this area better. This point has been made many times in previous examiner's reports.

QUESTION 3

This 20-mark question was based on audit firm Currant & Co and their client Orange Financial Co, which provided loans and financial advice. The question tested the areas of fraud and error, ethics and benefits of an audit committee.

Part (a), for four marks, required an explanation of auditors' responsibilities in relation to prevention and detection of fraud and error. This question was answered unsatisfactorily.

The focus of the question was what the auditors' responsibilities were; it did not require an explanation of directors' responsibilities. However, many candidates did provide this even though there were no marks available for this. Candidates also wanted to focus on what was not the auditor's responsibility, namely to prevent fraud and error. In addition, some answers strayed on to providing procedures for detecting fraud and error rather than just addressing responsibilities.

A majority of candidates were able to gain marks for reporting any frauds to management or those charged with governance, for the auditors' general responsibility to detect material misstatements caused by fraud or error and that the auditors are not responsible for preventing fraud or error.

Part (b), for 12 marks, required an explanation of six ethical threats from the scenario and a method for reducing each of these threats. This was very well answered with many candidates scoring full marks. Ethics questions are often answered well by candidates and the scenario provided contained many possible threats.

Where candidates did not score well, this was usually because they only identified rather than explained the ethical threat. In addition, some candidates identified the threat but, when explaining it, they came up with incorrect examples of the type of threat – such as that attending the weekend away at a luxury hotel gave rise to a familiarity threat rather than a self-interest threat.

The threat which candidates struggled with the most was the intimidation threat caused by management requesting that the audit team ask minimal questions. The response given by many candidates was to decline the assurance engagement; this does not address the intimidation threat. Instead, candidates needed to stress that this issue needed to be discussed with the finance director and that appropriate audit procedures would be undertaken to ensure the quality of the audit was not compromised.

In addition, when explaining issues some candidates listed many examples of ethical threats, such as 'the assistant finance director being the review partner gives rise to a familiarity, self-review and self-interest threat'. This scattergun approach to questions is not recommended as it wastes time.

Part (c), for four marks, required candidates to explain the benefits of an audit committee. This question was answered well.

Most candidates were able to identify and explain a sufficient number of benefits of an audit committee to pass this question. Where candidates did not score well, this was due to them giving answers on the role or composition of an audit committee rather than the benefits.

QUESTION 4

This 20-mark question was based on Pineapple Beach Hotels Co and tested candidates' knowledge of financial statement assertions, substantive procedures and working papers.

Part (a) was for eight marks in total. Part (i) required four financial statement assertions relevant to year end account balances and Part (ii) required an example substantive procedure for each assertion relevant to the audit of inventory. This question was unrelated to the scenario and was knowledge based, and candidates' performance was, on the whole, unsatisfactory.

AUDIT REPORTS ARE A KEY PART OF THE PAPER F8 SYLLABUS AND CANDIDATES NEED TO UNDERSTAND THIS AREA BETTER. THIS POINT HAS BEEN MADE MANY TIMES IN PREVIOUS EXAMINER'S REPORTS

> WHERE CANDIDATES DID PROVIDE EXAMPLES OF ITEMS TO BE INCLUDED IN WORKING PAPERS, THEY OFTEN FAILED TO EXPLAIN THEIR PURPOSE, AND SO THIS REDUCED THEIR AVAILABLE MARKS

Financial statement assertions are a key element of the Paper F8 syllabus and so it was unsatisfactory to see that a significant minority of candidates do not know the assertions relevant to account balances, with many giving incorrect assertions of accuracy and cut-off that are relevant to classes of transactions rather than account balances. Where candidates did correctly identify the assertions they often failed to explain them adequately, or did so with reference to transactions rather than assets and liabilities.

A number of candidates provided example procedures which were not related to inventory, but instead focused on non-current assets or receivables. This can only be due to a failure to read the question requirement properly. In addition, many example procedures were not relevant to the linked assertion – for example, giving an existence test for confirming valuation. Also, many of the procedures were vague, such as 'check inventory is valued at the lower of cost and net realisable value' without explaining how we would confirm this.

Part (b), for eight marks, required substantive procedures for depreciation and a contingent liability for a food poisoning case. Performance in this question was unsatisfactory. A significant minority did not even attempt this part of the question.

Candidates' answers for depreciation tended to be weaker than for the food poisoning. On the depreciation, many candidates did not focus their answer on the issue identified, which related to the depreciation method adopted for the capital expenditure incurred in the year. In the scenario, the issue was headed up as depreciation and so this should have given candidates a clue that they needed to focus just on depreciation. However, a significant proportion of answers were on general PPE tests often without any reference at all to depreciation. In addition, many candidates wrote that generic tests such as 'get an expert's advice' or 'obtain management representation' were appropriate tests; they are not.

The food poisoning issue tended to be answered slightly better; however, again, tests tended to be too brief: 'read board minutes', 'discuss with management' or 'discuss with the lawyer' did not score any marks as they do not explain what is to be discussed or what we are looking for in the board minutes. In addition, a minority of candidates focused on auditing the kitchen and food hygiene procedures with tests such as 'observing the kitchen process' or 'writing to customers to see if they have had food poisoning'. This is not the focus of the auditor and does not provide evidence with regards to the potential contingent liability.

As already stated in this report, substantive procedures are a core syllabus area and future candidates must focus on being able to generate specific and detailed tests.

Part (c), for four marks, required an explanation of four items that would be included on every working paper prepared by the audit team. This was answered unsatisfactorily.

Many candidates seemed completely confused by what was required, and instead of focusing on contents of a working paper they provided answers in relation to contents of an audit report, or contents of a permanent and current audit file. Answers giving examples such as engagement letter, management letter, risk assessments, representation letter, etc, were common. It is not clear why candidates failed to understand this question as the requirement was clear.

Where candidates did provide examples of items to be included in working papers, they often failed to explain their purpose, and so this reduced their available marks.

QUESTION 5

This 20-mark question was based on audit firm Kiwi & Co (Kiwi) and tested candidates' knowledge of analytical procedures, going concern and audit reports.

Part (a), for three marks, required an explanation of the three stages of an audit when analytical procedures can be used. Performance was satisfactory on this question.

Many candidates were able to correctly identify three stages when analytical procedures could be used as planning or risk assessment stage, substantive testing stage and final review or completion stage. They were then often able to explain how analytical procedures could be used at one of these stages, usually the planning stage. Some candidates struggled with how they could be used at the substantive testing and final review stages.

Some candidates ignored the stages of the audit and instead just explained what analytical procedures were. Other answers discussed the three stages of an audit and what an auditor does at each stage with no reference to analytical procedures; this may have been due to a failure to read the question properly.

Part (b), for six marks, required an explanation of potential going concern indicators from the scenario. This was answered well by many candidates.

The scenario contained many going concern indicators and candidates were able to easily identify an adequate number of indicators. However, the explanation of why these indicators might imply that Strawberry Kitchen Designs Co (Strawberry) was not a going concern was not as well answered. Many explanations of indicators were limited to 'this could indicate the company is not a going concern'; this is not an adequate explanation and so would not score marks. The answer needed to explain how the indicator could stop Strawberry from being a going concern. For example, 'a major customer ceasing to trade' is a going concern indicator because it means that future sales and cash flows could be reduced if this customer is not replaced.

In addition, a minority of candidates spent significant time calculating ratios using the limited financial data available. Ratios were not specifically required, and while there were some available marks for explanations of current or quick ratios falling, this time would have been better served explaining any of the numerous indicators from the non-financial information given in the scenario.

Part (c), for six marks, required going concern audit procedures. Candidates failed to maximise their marks here by providing tests that were too brief, such as 'check cash flow forecasts' and 'obtain management rep' or unrealistic tests such as 'write to the bank and ask if they will require the loan to be repaid' (the bank will not answer such a request). In addition, some answers focused on audit procedures that would have already been undertaken during the substantive testing stage, such as 'perform a receivables circularisation'.

Part (di) for two marks required Kiwi's responsibility for reporting going concern to the directors. This question was answered unsatisfactorily.

Many candidates were unable to correctly identify any of the auditors' responsibilities on reporting going concern to the directors. Where candidates did score a mark it was usually with regards to the requirement to inform the directors if the going concern assumption was appropriate. Many candidates focused instead on the directors' responsibilities undergoing concern; this was not what was required.

Part (dii), for three marks, required the impact on the audit report if the directors refused to amend the financial statements. This was answered unsatisfactorily.

Many candidates were unable to provide the correct audit opinion and so adopted a scattergun approach of listing every audit report modification available.

Many candidates correctly identified that the opinion needed to be modified; however, they then suggested an emphasis of matter paragraph. This demonstrates that candidates do not understand when an emphasis of matter paragraph is relevant, and seem to think that it is an acceptable alternative to modifying the opinion. This demonstrates candidates' fundamental lack of understanding of audit reports.

Where candidates were able to correctly identify that an adverse opinion was required they failed to describe the impact on the audit report; many were unable to describe how the opinion paragraph would change and that a basis for adverse opinion paragraph was necessary.

Future candidates are once again reminded that audit reports are the only output of an external 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 PASS RATE: 37%
FINANCIAL MANAGEMENT

The overall performance in June 2012 was not as good as had been hoped. Most candidates answered the four compulsory questions and there was little evidence of anyone being time pressured. Congratulations to all those candidates who were successful. If you were not able to pass at this sitting, these detailed guidance notes should help you to prepare for your next exam.

Overall, the highest marks were usually gained on Question 1, while the lowest marks were usually gained on Question 4.

SPECIFIC COMMENTS
QUESTION 1(A)

Candidates were asked here to calculate the net present value (NPV) of a project being evaluated by Ridag Co, taking account of inflation and taxation, and to comment on its financial acceptability. Most answers gained good marks on this question.

Some candidates encountered difficulty including inflation in their NPV calculation. Inflation, like interest, compounds forward through time, with a compounding effect. One year's inflation is to be applied to Year 1 figures, two years' inflation is to be applied to Year 2 figures, and so on. Too often, answers applied one year's inflation to every year's figures.

Most answers handled correctly the instruction to pay profit tax one year in arrears. Capital allowances and their tax benefits were usually handled well also, although not all answers handled correctly the capital allowance/balancing allowance for the final year of operation. Some answers used a different timing for the tax liabilities compared to the capital allowance tax benefits, but this was not correct.

Since nominal after-tax cash flows were being discounted in the NPV calculation, the nominal after-tax weighted average cost of capital of 7% had to be used as the discount rate. The rule to remember here is 'discount like with like'.

The mark for the comment on financial acceptability was a relatively easy mark to earn, and most answers made a suitable comment following the NPV calculation.

QUESTION 1(B)

The requirement here was to calculate the equivalent annual cost (EAC) of each of two machines and discuss which machine should be purchased. Very few answers gained few marks.

Weaker answers attempted to calculate the NPV of a conventional investment project, with a series of cash inflow following an initial investment. This, of course, was not possible, since the majority of cash flows were costs: only scrap value was a cash inflow.

Once the amount and the timing of the cash flows had been determined, the correct discount rate had to be selected. The question stated that taxation and capital allowances had to be ignored, and that all information relating to the two projects had already been adjusted for the effects of taxation – ie the cash flows relating to the two machines were nominal cash flows. The correct approach, therefore, was to discount nominal before-tax cash flows with the nominal before-tax weighted average cost of capital of 12%. Answers that inflated the cash flows or answers that used the nominal after-tax weighted average cost of capital were not correct.

To calculate the EAC, the present value (PV) of costs had to be divided by the annuity factor for 12% corresponding to the life of the machine. Weaker answers divided the PV of costs by the number of years or by the initial investment, demonstrating a lack of understanding of the investment appraisal technique being used. Where the correct approach was used, answers approached the required discussion with an EAC for each machine.

Most answers stated that Machine 1 should be bought as it gave lowest EAC. While this was correct and earned a mark, better answers explained that this recommendation could be made because the EAC approach had taken account of the different operating lives of the two machines. Simply comparing the PV of costs, which some answers did, would have incorrectly led to a recommendation of Machine 2.

QUESTION 1(C)

The question asked for a critical discussion of sensitivity analysis and probability analysis as ways of including risk in the investment appraisal process, commenting also on the relative effectiveness of each method. Many answers were either not very critical or showed a lack of understanding of this part of the syllabus.

Although the topic of risk and investment appraisal has been examined before, many answers were not of a good standard. A good point from which to start an answer would be explaining the difference between risk and uncertainty. Risk can be

OVERALL, THE HIGHEST MARKS WERE USUALLY GAINED ON QUESTION 1, WHILE THE LOWEST MARKS WERE USUALLY GAINED ON QUESTION 4

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

quantified (using probabilities) while uncertainty cannot. Sensitivity analysis does not consider risk, since it does not consider probabilities, and is therefore a less effective way of including risk in the investment appraisal process than probability analysis, which seeks to assign probabilities to project variable values or to future investment outcomes. Some answers claimed incorrectly that probability analysis employed the profitability index. Please see the suggested answer (available on the ACCA website) for a discussion of sensitivity analysis and profitability analysis.

QUESTION 2(A)
This question asked whether a company (Wobnig Co) was overtrading and a good place to start an answer would be to state what overtrading was and how it could be recognised. This would then provide a basis for financial analysis of the information provided and a discussion of the findings. Most answers gained good marks.

Answers that did not focus on the question asked, which was whether or not the company was overtrading, lost marks as a result. For example, some answers discussed, often in detail, how the company could improve its working capital position. These answers were wasting time because this was not the question that was asked. So discussing the possibility of offering discounts for early settlement, the loss of goodwill from trade suppliers, and the need to look for obsolete stock was a waste of time and not the way to gain marks in this question.

The question provided a list of average ratios for companies similar to Wobnig Co. Most answers calculated these ratios for each of the two years of financial statement data provided by the question, using the average ratios for similar companies to assist in commenting on the trend showed by Wobnig's ratios. Since overtrading (undercapitalisation) refers to an increased level of business activity that is supported by too small a capital base, answers needed to look at how long-term finance had not kept pace with the increased need for finance, leading to increased reliance on short-term finance such as an overdraft or trade credit. This and other signs of overtrading are discussed in detail in the suggested answer.

QUESTION 2(B)
The requirement here was to discuss the similarities and differences between working capital investment policy and working capital financing policy. Many answers struggled to gain good marks with this question, and yet the topics of working capital investment policy (the level of investment in current assets) and working capital financing policy (the balance between short-term and long-term funds in financing current assets) have been examined a number of times in recent years.

Some answers ignored the words 'working capital' and 'policy', and discussed investment and financing in some detail. These answers did not offer what was being looked for and, for example, discussed investment appraisal techniques (investment) and equity, bonds and leasing (financing). If you look at the question as a whole, you will see that it focuses on that part of the syllabus relating to working capital.

While many answers showed good understanding of working capital financing policy, fewer answers showed understanding of working capital investment policy, and fewer answers still could discuss the similarities and differences between the two policy areas. Both policies are characterised by an assessment of their risk (conservative, moderate or matching, and aggressive), but working capital investment policy is comparative (one company is conservative or aggressive compared to another), while working capital financing policy looks only at the long-term/short-term finance balance in a given company (for example, using mainly short-term financing for permanent current assets is an aggressive policy).

Many answers seemed to be unaware that it is possible for an aggressive working capital investment policy to occur in a given company at the same time as a conservative working capital financing policy, and vice versa. These answers assumed that a company was either aggressive in both kinds of policy, or not, for example.

QUESTION 2(C)
This question asked for a calculation of the upper limit and the return point for the Miller-Orr model, and the majority of answers did this successfully. Most answers indicated the need to invest cash at the upper limit and to generate cash at the lower limit, but the use of short-term securities in this respect was less frequently explained. Few answers went on to discuss or explain the objective of keeping the cash balance between the two limits – ie the importance of the return point.

QUESTION 3(A)
The requirement here was to discuss the reasons why small and medium-sized enterprises (SMEs) might experience less conflict between the objectives of shareholders and directors than large listed companies. The question was looking for an understanding of why conflicts arise between the objectives of shareholders and directors.

One approach is look at why directors may not maximise shareholder wealth in the case of large listed companies (the agency problem) and why this failure might arise (for example, through the separation of ownership and control). Considering an SME, it can be argued that there is less conflict between the objectives of the two parties because the extent of the separation of ownership and control is smaller, or eliminated altogether in the case of owner-managed SMEs.

QUESTION 3(B)
This question asked for a discussion of the factors to be considered by a company when choosing a source of debt finance, and the factors to be considered by a provider of finance when deciding how much to lend. Many answers gained high marks here.

Where answers did not gain high marks, it was usually because they did not focus on 'the factors to be considered', such as interest rate, security, maturity, risk, profitability and so on, but discussed instead different sources of finance (including equity, even though the question asked about debt). Given the question, a balanced answer was being looked for – ie one that discussed factors from a borrower perspective and a lender perspective.

QUESTION 3(C)

This part asked for an explanation of the nature of a mudaraba (equity) contract and a brief discussion of how this could finance a planned business expansion. This was the first time that Islamic finance had appeared in a Paper F9 exam and many answers were of a good standard, identifying correctly some of the key features of a mudaraba contract, such as the absence of interest (riba), the establishment of a partnership between the provider of finance and the provider of business expertise, the sharing of profit at a rate agreed in the contract, and so on.

QUESTION 3(D)

Candidates were asked here to compare a forward hedge and a money market hedge, and recommend which hedge should be selected. Many answers gained high marks here.

Since a foreign currency receipt (asset) was expected, the money market hedge would create a foreign currency debt (liability), which could be settled by the receipt when it was received. The foreign currency debt had to be converted into a current-value home currency deposit, which could accrue interest until the date of the expected receipt. The future value of the home currency receipt could then be compared with the home currency value of the forward market receipt. The highest value (we were hedging an asset) would then be recommended.

QUESTION 3(E)

The requirement here was to calculate the expected spot rate using purchasing power parity (PPP) and then to discuss briefly the relationship between the expected spot rate and the current forward exchange rate. The current forward rate is an exchange rate available now for future delivery/sale of foreign currency, while the expected spot rate is a prediction of what the spot rate will be at the end of a given period of time.

Most answers calculated correctly the expected spot rate using PPP and then became stuck. The brief discussion required by the question was looking for understanding of expectations theory, which is the relationship between the expected spot rate (provided by PPP) and the forward rate (provided by interest rate parity or IRP) that completes four-way equivalence. This part of the syllabus seeks an understanding of the determinants of exchange rates.

QUESTION 4(A)

The requirement here was to calculate the value of a company (Corhig Co) using the price/earnings ratio (PER) method, discussing the usefulness of the variables used. Many candidates struggled with this question.

On the face of it, the PER valuation method is simple. Find an earnings figure, or earnings per share (EPS) figure, multiply by a PER and you have either the value of the company (if you used earnings) or a share price (if you used EPS). The number of issued shares of Corhig Co was not given in the question and some answers invented a figure, but as the requirement was to calculate the value of the company, the number of shares was not needed.

In reality, the PER method presents a number of problems, and this was illustrated by the question, which provided forecast earnings for the end of year 1, the end of year 2 and the end of year 3. What earnings figure should be used to give a PER value? It is better to use future earnings than past earnings and, as the question shows, a value for future earnings should not be selected mechanically, but after careful thought.

QUESTION 4(B)

This part asked for a calculation of the current cost of equity of Corhig Co, and an estimate of the value of the company using the dividend valuation model.

Most answers correctly calculated the current cost of equity using the capital asset pricing model, although some answers confused the equity risk premium of 5% given in the question with the return on the market.

Most answers struggled to use the dividend valuation model to value the company. Simply put, the dividend valuation model holds that the value of a company is equal to the present value of its future dividend. Most answers limited their valuation attempt to using the dividend growth model, ignoring the dividend expected in year 2. The dividend growth model can be used to provide a year 3 present value of the dividend stream expected after year 3. This year 2 present value then needed to be discounted back to year 0, and added to the present values of the dividend from years 2 and 3, to give the value of the company.

A useful point to remember with questions such as this is that it is essential to pin down the amount and the timing of future cash flows when calculating present values.

QUESTION 4(C)

The requirement here was to calculate the current weighted average cost of capital (WACC) of Corhig Co, and then the revised WACC following a debt issue, commenting on the difference between the two values. Many answers gained high marks here, although some answers failed to offer a comment. The correct calculations are provided in the suggested answers.

QUESTION 4(D)

This part asked how shareholders could assess the extent to which they faced business risk, financial risk and systematic risk, and an explanation of the nature of each of these risks.

Shareholders face the risk arising from the variability of their returns, which can be seen as profit after tax or distributable profit. These returns are related to business risk (measured by operational gearing) and financial risk (measured by financial gearing or statement of financial position gearing). Both of these risks are part of the systematic risk faced by shareholders, which can be assessed by the equity beta.

An alternative answer could discuss the asset beta of a company (business risk) and the equity beta of a company (business risk plus financial risk), noting that financial risk can be related to the difference between the asset beta and the equity beta.

Many answers to this question showed the need to think about the nature of the risk faced by shareholders. Better answers gave evidence of an understanding of underlying concepts and used key terms.

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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 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 and legislation issued by 30 September 2011 will be examinable in the December 2012 exam.

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

FINANCE ACT

The latest Finance Act that will be examined in Paper F6 (UK) at the December 2012 session 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 December 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 exam 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 the December 2012 exam.

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 Measurement

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 by 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 shows 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

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

- 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 December 2012 exam.

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 58).

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 December 2012 exam.

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 58).

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

FOR MORE EXAM RESOURCES, VISIT WWW.ACCAGLOBAL.COM/STUDENTS

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 the 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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FEES

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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*.

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EXAM FEES

Exam entry period	**December 2012 exam fee (per exam)**
Fundamentals level Skills module exams	
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Early	£75
Standard	£86
Late	£217
Professional level exams	
Papers P1, P2 and P3 (and any two from Papers P4, P5, P6 and P7)	
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Standard	£101
Late	£231

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

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

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EXAM TIMETABLE

DECEMBER 2012 EXAM SESSION

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

DECEMBER 2012
Week 1 3 to 7 December
Week 2 10 to 12 December

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 3 December
FTX Foundations in Taxation
F5 Performance Management
P7 Advanced Audit and Assurance

Tuesday 4 December
MA2 Managing Costs and Finance
FFM Foundations in Financial Management
F6 Taxation
P4 Advanced Financial Management

Wednesday 5 December
FA2 Maintaining Financial Records
F7 Financial Reporting

Thursday 6 December
MA1 Management Information
F8 Audit and Assurance
P5 Advanced Performance Management

Friday 7 December
FAB Accountant in Business
F1 Accountant in Business
F9 Financial Management
P6 Advanced Taxation

Monday 10 December
FAU Foundations in Audit
F4 Corporate and Business Law
P3 Business Analysis

Tuesday 11 December
FFA Financial Accounting
F3 Financial Accounting
P2 Corporate Reporting

Wednesday 12 December
FA1 Recording Financial Transactions
FMA Management Accounting
F2 Management Accounting
P1 Governance, Risk and Ethics

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

KEEPING YOU INFORMED

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EXAM RULES

IMPORTANT INFORMATION FOR ACCA STUDENTS INTENDING TO TAKE EXAMS AT THE DECEMBER 2012 EXAM SESSION

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

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.
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.

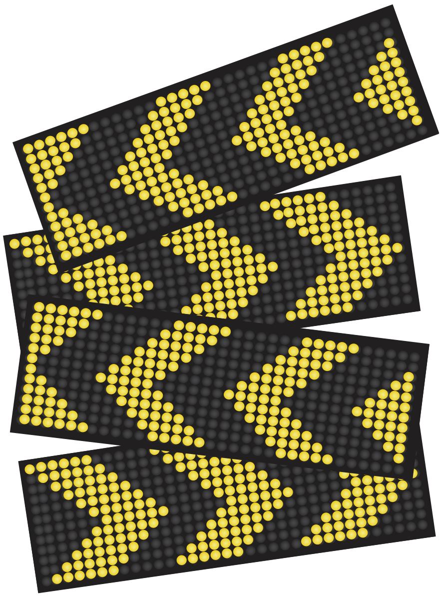
These regulations are reproduced on your *Examination Attendance Docket* – you should take time to familiarise yourself with them. In order to be eligible to sit your exams, you must sign your docket confirming your agreement to comply with these regulations.

IMPORTANT EXAM 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 www.accaglobal.com/en/student/Exams/Rules-and-regulations.html for more information.

THE LATEST VERSION OF ACCA'S *RULEBOOK* IS AVAILABLE FOR READING ONLINE,OR AT ACCA OFFICES. VISIT WWW.ACCAGLOBAL.COM/EN/STUDENT/EXAMS/RULES-AND-REGULATIONS.HTML 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 – December or June
- make amendments to existing exam entries – including changing exam centre, variant papers or entering for other exams.

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

Take note of the standard exam entry closing date for online and paper exam entries and the online late exam entry period for those last-minute exam entry emergencies. The dates to remember are illustrated in **Table 1** (December 2012) and **Table 2** (June 2013).

TABLE 1: 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)**

TABLE 2: CLOSING DATES TO REMEMBER FOR JUNE 2013 EXAM ENTRY

8 March 2013	Early exam entry **(online only)**
8 April 2013	Standard exam entry **(online and paper)**
8 May 2013	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 level 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 (www.accaglobal.com/en/student/Learning-providers0/Search-for-a-tuition-provider.html).

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 some 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.

You should 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.

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 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.

YOU SHOULD TRY TO ARRIVE 30 MINUTES BEFORE THE EXAM STARTS

PRACTICAL EXPERIENCE REQUIREMENT

***My Experience* is ACCA's online tool for planning and recording your achievement of the practical experience requirement (PER). An improvement to the user experience, *My Experience* is a simple process to record your PER and, in turn, makes your journey to membership easier.**

With *My Experience*, you can now record your PER in one simple and user-friendly online process: you log in via *myACCA* to record any relevant experience as you progress, with a graphical bar showing how long you have left until you have gained the required 36 months of experience.

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'.

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

FIND OUT MORE ABOUT THE PRACTICAL EXPERIENCE REQUIREMENT (PER) AT WWW.ACCAGLOBAL.COM/EN/STUDENT/EXPERIENCE.HTML

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 www.accaglobal.com/en/student/qualification-resources/bsc.html. 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
December 2002	June 2012	November 2012
June 2003	December 2012	May 2013

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 www.accaglobal.com/en/student/qualification-resources/bsc.html

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 PARTNER – 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.

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

HOW DO I FIND OUT 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 www.accaglobal.com/en/learning-provider/learningproviders-alpc/content_provider_directory.html 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 old book it will not cover these new areas and you will be severely disadvantaged in the exams. Read page 54–56 for information on ACCA's 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.

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 requirement, 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.

EXAM RESOURCES

TO ACCESS SYLLABUS, STUDY GUIDES, PAST PAPERS, EXAMINER FEEDBACK AND A RANGE OF OTHER EXAM RESOURCES, INCLUDING GUIDANCE FROM THE EXAMINERS, VISIT THE LINKS RELEVANT TO YOUR NEXT PAPERS

PAPER F4
www.accaglobal.com/students/acca/exams/paperf4

PAPER F5
www.accaglobal.com/students/acca/exams/paperf5

PAPER F6
www.accaglobal.com/students/acca/exams/paperf6

PAPER F7
www.accaglobal.com/students/acca/exams/paperf7

PAPER F8
www.accaglobal.com/students/acca/exams/paperf8

PAPER F9
www.accaglobal.com/students/acca/exams/paperf9

PROFESSIONAL ETHICS

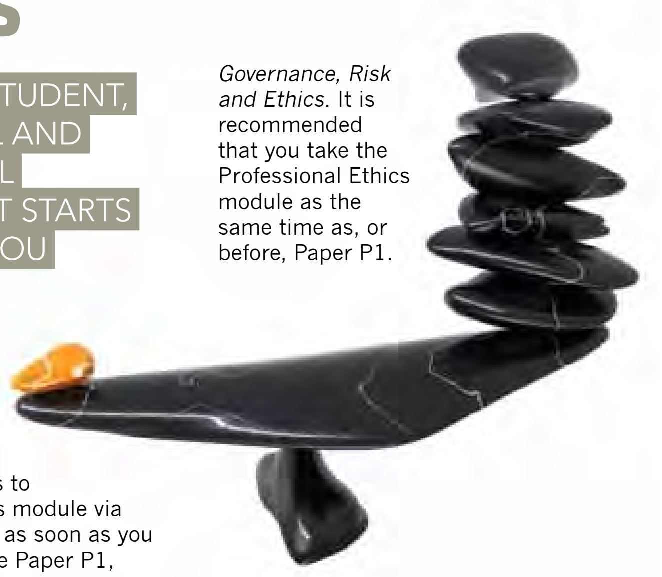
As an ACCA student, your ethical and professional development starts as soon as you have registered with ACCA. ACCA has adopted a holistic approach to your ethical development via the exams syllabus, the practical experience requirement and the Professional Ethics module – requirements you need to complete in order to obtain your ACCA Qualification.

The module consists of nine units, each designed to help you understand what it means to think and act as a professional accountant. The module 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.

AS AN ACCA STUDENT, YOUR ETHICAL AND PROFESSIONAL DEVELOPMENT STARTS AS SOON AS YOU REGISTER

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



SELF-CHECK MODULES

Are you about to start studying or are 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 (studentvirtuallearn.accaglobal.com) to access the English and maths self-check modules.