

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

ACCA

An aerial photograph of a wooden walkway with a decorative railing, winding through a vibrant green field. The walkway is made of light-colored wood and has a dark railing with a repeating geometric pattern. Several people are walking along the path, and their shadows are cast on the wood. The background is a solid, bright green color.

Useful tips

from the AFM Examining Team

Think Ahead

The Examining Team are often asked about common errors that students make during the Advanced Financial Management exam. Here is a quick summary of the common pitfalls and errors made by candidates, and how you can avoid them!

1 READ THE QUESTION

It may seem obvious, but read the question requirement carefully and make sure you understand each part of the requirement. You must address the key points and don't assume that the questions are always the same.

For example, if a requirement is about an organisation's treasury department, it is not necessarily going to be a discussion of centralisation versus decentralisation.

Examining Team recommends (ETR):

Read the question carefully. Ensure you do sufficient question practice. You need to be familiar with the different styles of question you can expect in the AFM exam.

2 ANSWER THE REQUIREMENT IN RELATION TO THE SPECIFIC SCENARIO

Generic, rote learnt answers gain minimal technical credit and won't score any professional marks. The Examining Team is looking for answers which are relevant to both the requirement (see point 1 above) and the specific scenario. The exam is designed to allow students to demonstrate that they can apply their knowledge to the scenario information and the requirement. Rote learnt points which are not applied to the question will gain insufficient credit in the exam to gain a pass.

ETR:

Read the scenario and consider where issues can arise, reference figures from the exhibits or your calculations and explain why, **in this specific case**, something is particularly relevant.

3 INADEQUATE KNOWLEDGE

A significant number of candidates are unable to answer some questions or parts of questions comprehensively because they have not studied that area of the syllabus and study guide in sufficient depth.

ETR:

Revise the whole syllabus and your earlier financial management knowledge. Consider reviewing your earlier notes alongside your current ones and make sure you address any areas of weakness you may have.

4 BALANCE BETWEEN CALCULATIONS AND NARRATIVE

Some candidates struggle because they focus more on either the numerical parts or the narrative parts of a question, instead of a balanced approach. Due to the AFM exam structure, a balance between undertaking calculations and providing discursive narrative will give you a better chance of passing the exam.

ETR:

You need to concentrate as much on preparing for, and practising, the narrative parts of questions as well as the numerical parts. It is not sufficient to attempt the calculations and audit the narrative parts of the answers from questions you practise.

5 TAKE ACCOUNT OF THE AVAILABLE MARKS

Some students do not appear to take account of the marks available when answering narrative questions, and as a result they provide detailed answers for relatively minor parts which can waste valuable exam time.

Additionally, only providing a brief response for a part worth many more marks does not give you the best chance of passing the exam.

ETR:

Make sure your narrative answer is an appropriate length for the number of marks, using a rule of thumb that each of your points addressing the requirement may be worth 1 or 2 marks.

6 PROFESSIONAL SKILLS

The professional skills marks can be gained by answering the requirements as fully as possible and shouldn't be thought of as separate requirements.

One way of giving as full a response as possible is to demonstrate scepticism where appropriate. For example, if the question scenario includes expressions of opinion, then these are likely to have to be challenged. Also when discussing any assumptions, your answer should explain why they may be unrealistic and the implications of this.

ETR:

Approach the professional skills as being integrated into your technical answers, by providing full, well thought-out answers to all of the requirements.

7 STRUCTURE OF CALCULATIONS

Calculations should be set out in a clear, logical, easy-to-follow way. This is often more easily achieved in investment appraisal or hedging questions, where a proforma approach can often be followed.

For other types of questions, such as valuing a potential acquisition, a concise but logical structure is important to make it easier for the marker to follow what you have done. It is also recommended to make appropriate use of the cell references and other strengths of spreadsheets such as formulae.

ETR:

Get used to presenting calculations in the ACCA Practice Platform in a clear, efficient way, making use of the available functionality.

8 PROVIDE ADVICE/MAKE A RECOMMENDATION

If the requirement is to advise, recommend or evaluate, there is more to the requirement than completing a calculation. You need at a minimum to make clear that your advice or recommendation is on financial grounds based on your calculations, but often you will also need to discuss factors complicating the decision and provide a justification for the final recommendation.

ETR:

When discussing results of calculations, it is insufficient just to state the results of the spreadsheet calculations and say one figure is lower/higher/positive/negative – as this does not constitute advice or a recommendation.

9 EXPLAIN (DON'T JUST STATE) AN ISSUE

If you identify a risk or an issue with a particular course of action, don't just state it. The Examining Team is looking for an explanation as to **why** you think it is important or relevant to the specific decision being made. Failing to add substance to points can mean that sometimes candidates write a lot down but do not score well.

ETR:

Explain why you think a particular point is relevant, or justify your conclusion. The Examining Team is keen to hear your reasons why and demonstrate a depth of understanding as well as good knowledge of financial management.

10 TIMEKEEPING

The Examining Team is working hard to try and ensure that the exams are fair and equitable, however, it is noticeable that many students are spending too long on Section A questions at the expense of producing full responses in Section B.

ETR:

Keep an eye on the time, try not to overrun. Calculate how long you should spend on each question and stick to it!

The introduction of professional skills will allow you more time to gain those technical marks, but do try and plan your time carefully.

11 REVISE, PRACTICE, REVIEW!

ACCA publishes technical articles and lots of study support to help you pass. However, it is essential that you **revise the knowledge, practice exam standard questions** and **read the comments in the Examiner's Report** alongside the published exams. Review your attempts at questions and consider where you are going wrong.

Good luck in your exams