

# Assess, Plan & Execute (APE) Strategy

The APE strategy is based on the belief that learning is an *adaptive skill*. If you expect more of yourself, you can get more. Learning is very much horses for courses – different learning objectives and challenges require different learning strategies. The key to effective learning is to find the right strategy that fits the learning task, materials and challenges. This guide addresses the examiners approach to the questions set. We believe that when you start studying or revising you should assess the examiner's approach to each of the questions and to the examination paper as a whole, and gain insights, so that you can select the right strategy that will result in answering P2 style questions proficiently.

## Q1a)

### Description & Context

**Q1a.** is normally a *computation* and *preparation* question (usually preparation of consolidated financial statements in accordance with IFRS 10 principles.) The computations are based on IFRS principles – any number of IFRS can be examined giving the examiner scope for wide and detailed coverage of financial reporting principles and practices in a non-discursive straight forward mode. So if you know your basic principles you can score high marks. The marks are weighted for the computations requiring the relevant IFRS to be cited with **brief!** supporting explanations. Don't be tempted to expand your explanations as no marks will be awarded for irrelevant introductions and elaborations however accurate they may be! Keep in mind that the purpose of strategy is to know what to do and what **not** to do.

### Format & Skill requirements (what is the examiner testing and what are the implications for learning and practice?)

Answers consist of completing a series of structured tasks using simple formats and methods. These tasks can be grouped into:

- i) Group accounting including basic consolidation (including foreign subsidiary), business combinations, continuing and discontinued interests and foreign operations **Section D**
- ii) Group cash flows **Section D**
- iii) Non group transactions and other events. **Section C**
- iv) Interpretation and comments on financial performance and position with some recommendations. **Section G**

We have developed comprehensive *formats* for calculations accompanying the *Principles of IFRS* to help in your effort to achieve mastery of this area and we have designed graded exercises for *massed* and *distributed* practice. Drill and practice is the main strategy for honing skills and the skill level is at the *intellectual level 2 (analysis & application)*.

*Professional marks* are usually not available for **part a) of the question**.

A **word of caution!** According to the examiner's reports many students over-allocate exam time to **Q1a**. This may be by design or by default (as they get bogged down in the details of the question, unable to extricate themselves from it after the allotted time has been used up). Avoid this temptation by practising elaborately under exam conditions to gain speed and accuracy. In our **Practice Plan** we give you indications of how much practice you need in order to reach an acceptable level of proficiency.

If by *design* you over-allocate time then the cause is usually adaptation – adjusting the syllabus to suit the students perceived strengths. In effect the student wants to stay in his comfort (computational) zone unwilling to respond and commit to the rigorous discursive demands of the

“greater depth” of the P2 syllabus. Consolidating this dysfunctional behaviour the student contrives to overcompensate for the lack of discursive expertise by over allocating time to the computational part of the question resulting in him not achieving full coverage of the paper and consequently failing to reach the pass line.

### Getting Started

There are effective antidotes that can be taken to remedy this malady even before you get started on P2.

- i) **Do the maths:** the maximum for computation ranges from 30%-35%. This cannot get you a pass even if the scores are 50%. Therefore the adaptive behaviour is dysfunctional.
- ii) **Do a quick survey** of the answers (not the questions) for three exams to assess the relative coverage of computation and text representing discursive territory. You will hopefully find that it is not a good idea to ignore or underestimate the written response type learning challenges. There is simply no escape as the written response commands 60%-70% of the marks. This is appropriate – professional exams must address critical thinking and evaluation of the subject matter (*Corporate Reporting*). Remember the exam is preparing you for real-life business situations and in real-life problem solving situations these skills are essential. This is where computers cannot replace humans – at least not yet! So take heart that you would still be needed even with the computer revolution that is now taking place. So brace yourself and commit to a detailed programme of cognitive and writing skills development alongside or ahead of the Corporate Reporting course.

So how should you go about equipping yourself with the required competences and mindset? Refer to the strategy below.

- i) Appraise yourself against the required competences after the F7 exams to identify gaps early. Remember that P2 is a quantum leap from F7. The guide from F7 to P2 helps you identify the significant differences.
- ii) Use the *P2 Question strategy* to address the gaps. For example, use the reading lists and guidance on how to read for P2 to get yourself started while waiting for F7 results.
- iii) Do all the exercises on getting started on P2.
- iv) Aim to pass the exam with a score well above 50% - the pass mark. Set a realistic target above this threshold and try to exceed it frequently when you practise. You don't have to exceed it every time – the important thing is to understand thoroughly why you fail to reach it and to resolve to reach your target in the next attempt after a setback. For example, when you are learning a new topic you may fail to reach the target at the first attempt.

### Workbook approach (*Building expertise, exam technique and overcoming learning problems*)

The workbook has been designed to help students build expertise efficiently based on accurate comprehension, fluent analysis & evaluation and imaginative application.

- i) **Massed practice** with abundant engaging questions to saturate each syllabus **outcome**; we design questions and also incorporate past questions from all exam bodies to give students optimum practice opportunity.
- ii) **Distributed practice** ensures questions are available for practice at various stages of the course because we use the cumulative revision approach whereby successive sections of the workbook include relevant preceding sections essential to their understanding and application.

**Common mistakes** are identified and worked examples target ways of overcoming them. This is then followed up with additional practice questions to consolidate understanding and build confidence.

We ensure questions are cross-referenced to **learning outcomes** as set out in the *Study Guide*. In addition the *Study text* and *Revision Guide* are also cross-referenced to provide a direct and efficient integration between learning and exam preparation (practice & rehearsal).

*“...candidates often find it difficult to deal with the volume of information in the question. This skill can be improved by exam practice and technique.”* Examiner’s Report December 2012.

We believe the above approach addresses the examiner’s recommendation adequately. There is no short-cut to success at exams or at work.

## Q1b)

*“Q1 b and c are critical to candidates. They often represent the difference between pass and failure especially if they are not answered.”*

**Examiner’s report, December 2011**

*“It is good advice to answer the written parts of question 1 before attempting the computational part.” unless parts b and c are dependent on the computational part*

**Examiner’s Report June 2008**

### *Description, Context & Format*

**Q1b.** is normally **not** a computation or preparation question. It is written response question set as a mini case-study on an issue the examiner considers to be sufficiently topical and of common interest – hence it is in the compulsory section. Examples of topics examined recently

Date	IFRS	ISSUE	Marks
<b>2013</b>			
June	IFRS 3	Writing to explain with calculations the impact of using the fair value of NCI in goodwill determination.	9
<b>2012</b>			
December	IFRS 5	Group accounting for disposal group (held for sale)	
	IFRS 5	Discussion of the criteria for <i>held for sale</i>	7
June	IFRS 9	Derecognition of financial assets and their effects	9
		Ethical issues relating to the sale of land immediately prior to the year end	6
<b>2011</b>			
December	IFRS 8	Advise on basis of allocation of common costs to operating segments	7
June	IAS 38	Application of recognition criteria for intangible assets (includes 2 professional marks)	8

These can be *follow-up* questions from question 1a) or they can be *standalone* questions. As can be seen from the mark allocation and the depth and breadth of knowledge anticipated this is a significant sub-part of the exam – remember that it is compulsory. Not attempting it adequately could mean loss of critical marks.

These questions are usually poorly answered with some candidates **not** attempting the question at all. The reasons are lack of skill in critical thinking, analysis and evaluation. These are known as higher order thinking (HOT) skills. Because students don't practise these skills they have no confidence in how to approach the question or indeed the material in their study text. Therefore they make poor attempts or no attempt at all.

In addition, if students lack sufficient depth of knowledge and understanding of IFRS they would not be able to analyse, evaluate and comment at the intellectual level 3 required for this type of question. Here are extracts of some of the Examiner's recent comments:

### **December 2012**

*“Many candidates simply repeated the information in the question, which did not gain marks...If candidates read widely and learn to formulate opinions,...this type of question would not pose problems.”*

### **June 2012**

*“Surprisingly few candidates seemed to know the de-recognition rules of IFRS 9...”*

### **December 2011**

*“This part of the question was not well answered by candidates and some candidates failed to answer it at all. This is a mistake as marks can readily be gained by applying simple accounting principles in questions such as this. It is the ability to apply principles which is being tested just as much as the principles themselves. Many candidates wrote detailed answers about the requirements of IFRS 8 for identifying segments rather than the question set or candidates wrote generally about allocation rather than addressing the specific issues in the question.”*

### **June 2011**

*“The main issue with this question was that candidates focused on the accounting treatment at the expense of the ethical considerations... In order to be recognised separately, the identifiable assets, liabilities and contingent liabilities have to satisfy the “probability” and “reliable measurement” criteria of IFRS 3. For intangible assets acquired in business combinations the “probability” recognition criterion is always considered to be satisfied. Many candidates failed to reach this conclusion.”*

Two professional marks were available in June 2011 for “clarity and quality” of the discussion.

### *Getting Started*

How does the **Question Strategy** help to overcome these deficiencies? (Refer to the strategy table)

- i) Timely identification of need for a programme of HOT skills development. The development of HOT skills is integrated with the Study Text and complemented by Workbook exercises. For example, the **How to Develop Skills** section of each chapter (or topic) gives additional guidance on developing relevant skills. These are then cross-referenced to the relevant workbook sections.

- ii) Timely recognition of the need to **abandon rote learning for good** – change the mindset from passive to active learning. Give examples comparing the behaviour of active and passive student.
- iii) Programme for development of HOT skills integrated with the text, revision and workbook.
- iv) *Self-evaluation* to ensure these skills are being constantly monitored and enhanced through **stretch and challenge** applications and critical reading.

### *Workbook approach (building expertise, exam technique and overcoming learning problems)*

“*Knowing is not enough, we must apply*”, Goethe, German writer.

Our materials are focused on **application**: we provide guided step-by-step practice in analysis and application of financial reporting principles and practices and help students *master* the skills of **evaluation** in a *corporate reporting* context. We provide plenty of worked examples and exercises for practice, covering every aspect of evaluation - we explain the principles of the examples and design tests that encourage you to explain with clarity and quality so that you become completely familiar with the criteria for scoring professional marks.

We encourage you to approach studying and preparing for this question in a focused and balanced way so that you can prepare smartly and execute the exam strategy with confidence. So brace yourself. Take control! Persevere. Enjoy. Don't fear it. You are more than equal to the task.

## Q1c

*“Q1 b and c are critical to candidates. They often represent the difference between pass and failure especially if they are not answered.”*

**Examiner's report, December 2011**

### *Description, Context & Format*

**Q1c** is always a written response question set as a mini case-study on an ethical issue and social responsibility issue. Examples of issues examined recently:

Date	ETHICAL OR SOCIAL RESPONSIBILITY ISSUE	Marks
<b>2013</b>		
June	Discuss the ... views of the director regarding the fact that there is no point in an accountant studying ethics and that there was no ethical issue in the false disclosure of accounting profits.	6
<b>2012</b>		
December	Discuss the ethical & accounting implications of intended sale of property immediately after the year end at a significantly reduced price.	8
June	Discuss the legitimacy of ... selling land just prior to the year end in order to show a better liquidity position for the group and whether this transaction is consistent with an accountant's responsibilities to users of financial statements. (bii)	6
<b>2011</b>		
December	Discuss how the ethics of corporate social responsibility disclosure are difficult to reconcile with shareholder expectations.	8
June	No question 1c) but ethical issue examined under question 1b)	0

**2010**

December	Discuss the reasons why the directors may wish to report the loan proceeds as an operating cash flow rather than a financing cash flow and whether there are any ethical implications of adopting this treatment. (2 professional marks awarded for clarity and quality of the discussion)	8
June	Discuss the nature of and incentives for "management of earnings" and whether such a process can be deemed to be ethically acceptable.	8

**2009**

December	Discuss the view that ethical behaviour is simply a matter of compliance with professional rules and whether the finance director should simply consider "rules" when determining whether to give Brook a good credit rating. <b>Includes 2 Professional marks for clarity and expression.</b>	9
June	Discuss the view of the directors that there is no problem with showing a loan to a director as cash and cash equivalents, taking into account their ethical and other responsibilities as directors of the company.	7

**Average marks per diet**

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**8**

These questions are usually poorly answered with some candidates **not** attempting the question at all. The reasons are lack of skill in critical thinking, analysis and evaluation as explained under **Q1b** above. The following extracts from the examiners reports provide ample insights into the challenges and shortcomings of the responses of candidates.

**December 2012**

*“There were a surprising number of candidates who did not discuss the accounting implications and also many candidates did not see ethical issues. If candidates do not deal with every element of the question ... they are significantly restricting the number of marks that they are likely to achieve.”*

**June 2012**

*“...many candidates spent a disproportionate amount of time discussing the accounting treatment with little time spent on the ethical aspect of the transaction. This section of the paper is aimed at assessing the candidates’ ethical viewpoints and therefore it is imperative that candidates give it due regard.”*

**December 2011**

*“...discuss how the ethics of corporate social responsibility disclosure are difficult to reconcile with shareholder expectations. There are no “correct” answers and therefore candidates can express their views within certain parameters and gain marks. Candidates cannot gain marks if they do not answer the question.”*

**June 2011**

*“Candidates had to discuss the validity of the accounting treatment proposed by the entity and whether such proposed treatment raised any ethical issues. The main issue with the answers to this question was that candidates focussed on the accounting treatment at the expense of the ethical considerations.”*

**December 2010**

“...many candidates did not read the question fully enough as it stated that the directors were to receive extra income if the operating cash flows exceeded a predetermined target for the year. Part of the answer to the question was therefore contained in the scenario.”

### June 2010

“Management of earnings was what linked parts b and c. Candidates would benefit from wider reading in this area and also in the area of ethics. Often candidates’ answers are narrow and seem to lack application. A few hours researching management of earnings and ethics could be very beneficial. Candidates who answered part c on ethics performed satisfactorily.”

### December 2009

“...it must be emphasised that it is important to refer to the information in the question when writing the answer.”

### June 2009

“Many candidates left out **part c** completely. This was a little disturbing as **part c** dealt with the ethics of showing loans to directors as cash.”

## Format & Skill requirements (what is the examiner testing and what are the implications for learning and practice?)

### Professional and ethical behaviour and compliance with accounting standards

The **examiner’s goal** is to develop awareness of and **abilities in dealing with the professional and ethical aspects of corporate reporting** in a way that reflects the accountant’s professional responsibilities to the wider public, not just to the immediate entity to which he is accountable.

### Specific objectives of the examiner

- i) The student should understand the nature of corporate reporting fraud and his responsibilities as the corporate accountant to identify fraud and to use professional standards and procedures to avoid and deal with the effects of fraud.
- ii) Address ethical issues in advising on corporate reporting and compliance with IFRS e.g. how to recognise revenue without creating opportunities for intentional manipulation of earnings
- iii) Assess the consequences of not upholding ethical principles in the preparation of corporate reports.

### Corporate Social Responsibility

The **examiner’s goal** is to develop awareness of and **abilities in dealing with corporate social reporting issues** in a way that reflects the interests of all stakeholders.

The **examiner’s objectives**: specifically, what abilities does the examiner aim to develop?

- i) Conceptual understanding; the key concepts in social responsibility reporting e.g. transparency, governance, accountability, etc. be able to explain what they mean in the context of corporate social responsibility reporting. To identify practical issues and solution options.
- ii) Abilities to fulfil changing role of accountant driven by the requirements of **corporate social reporting** e.g. strategic management accounting; green accounting, triple bottom line, etc

- iii) Understand how the accountant’s role is changing; e.g. **shaping social responsibility** reporting through accounting, corporate strategy and non-financial reporting standards.
- iv) Ability to interpret social responsibility concerns, events and conditions (e.g. pending litigation);
- v) Ability to analyse, interpret and articulate insights for corporate reporting (synthesis and evaluation skills)
- vi) Understands how and why corporate reporting constrains or prevents social responsibility reporting and how the constraints can be overcome within a framework for environmental and sustainability reporting.

*Workbook approach (building expertise, exam technique and overcoming learning problems)*

“The rule is nothing, the application is everything”, Henry Hazlitt

Our materials are focused on developing critical thinking and **application**: we provide guided step-by-step practice in analysis and application of the **ethical requirements of corporate reporting** and help students *master* the skills of **evaluation** in a *corporate reporting* context where ethics and corporate social responsibility are involved.

We provide plenty of worked examples and exercises for practice, covering every aspect of the **ethics of corporate reporting** and the **ethics of corporate social responsibility reporting**. We explain the principles of the examples and design tests that encourage you to explain with clarity and quality so that you become completely familiar with the criteria for scoring professional marks.

We encourage you to approach studying and preparing for this question in a focused and balanced way so that you can prepare smartly and execute the exam strategy with confidence. So brace yourself. Take control! Persevere. Enjoy. Don’t fear it. You are more than equal to the task.

<h2 style="margin: 0;">Q1c Strategy</h2> <h3 style="margin: 0;">Ethics &amp; Corporate Social Responsibility</h3>		
Objectives	Resources	Tasks
<b>Ethics</b>		
1. Become completely familiar with the question structure, content and requirements of <b>Question 1c</b> .	How to study the ethics of corporate financial reporting <a href="#">Use the SQ3R method</a> to improve your reading Use the <b>Worksheets for Q1c Practice</b> . <a href="#">P2 - HOW TO READ CORPORATE REPORTING TEXT.doc</a> <a href="#">P2 - HOW TO ANSWER P2 QUESTIONS AND SCORE FULL MARKS.doc</a> ACCA question analysis ACCA past questions How to discuss ethical issues	a) Study worked examples of <b>Question 1c</b> on professional ethics. b) Self-explain c) Complete worksheets
2. Develop a better understanding of the <i>sequence of steps</i> you must learn to successfully address <i>unstructured problems</i> in <b>corporate reporting</b>	<a href="#">P2 - Critical Thinking Cases THINKING AND WRITING SKILLS</a> <a href="#">P2 - Effective Writing for P2.doc</a> <a href="#">P2 - CONCEPT, CONTEXT AND ETHICS.doc</a> <a href="#">P2 - Critical Thinking Practice Exercises.doc</a> <a href="#">P2 - EVALUATION OF ALTERNATIVE ACCOUNTING</a>	a) Read all the guidance notes and apply their requirements, principles and insights to the development and conditioning

<p><b>ethics.</b> Integrate this into mastering IFRS and its applications from the outset.</p>	<p><a href="#">PRACTICES.doc</a></p>	<p>required to pass. b) Practise extensively c) Practise independently with past questions.</p>
<p>3. Be exam sharp!</p>	<p>Revision Guide Final Revision Checklist</p>	<p>a) Revise &amp; Practise b) Undertake simulated exam practice using full test papers.</p>
<p><b>Social responsibility reporting</b></p>		
<p>1. Understand the examiners goals and objectives in this section of the syllabus. 2. Become completely familiar with the question structure, content and requirements of <b>Question 1c</b>.</p>	<p>How to study corporate social responsibility reporting issues <a href="#">Use the SQ3R method</a> to improve your reading Use the <b>Worksheets for Q1c Practice</b>. <a href="#">P2 - HOW TO READ CORPORATE REPORTING TEXT.doc</a> <a href="#">P2 - HOW TO ANSWER P2 QUESTIONS AND SCORE FULL MARKS.doc</a> ACCA question analysis ACCA past questions How to discuss social responsibility reporting issues</p>	<p>a) Study worked examples of <b>Question 1c on Social responsibility reporting</b>. b) Self-explain c) Complete worksheets</p>
<p>3. Develop a better understanding of the <i>sequence of steps</i> you must learn to successfully address unstructured problems in <b>social responsibility reporting</b>. Begin early to develop the skills, insights and knowledge required. 4. Understand the difference between the ethics of corporate social responsibility and the ethics of corporate financial reporting.</p>	<p>How to discuss social responsibility reporting issues  Comparison of the ethics of corporate reporting and the ethics of corporate social responsibility reporting.</p>	<p>a) Read all the guidance notes and apply their requirements, principles and insights to the <b>development and conditioning</b> required to pass. b) Practise <i>extensively</i> c) Practise <i>independently</i> with past questions.</p>
<p>4. Be <i>versatile</i> and <i>fluent</i> with <b>social responsibility reporting</b> issues and the ways in which these issues are resolved.</p>	<p><a href="#">P2 - A guided approach to learning from published financial reports.doc</a></p>	<p>Study corporate social responsibility reports of - Taylor Wimpey, - Tesco Plc, - Salvation Army, - BBC, - Local Authority, - NHS.</p>
<p>5. Be exam sharp!</p>	<p>Revision Guide Final Revision Checklist</p>	<p>a) Revise &amp; Practise b) Undertake simulated exam practice using full test papers.</p>

## Q2 (“Multi-topic” question) Strategy

### Description & Context

This multi-topic question can examine many IFRS in one question split into mini-case studies of 5 to 8 marks. It offers opportunity for high scores to those candidates that are versatile with IFRS and are fluent in discussing evaluatively how the principles apply to real-life business contexts. At the same time the question can, as in **question 2 December 2011**, “...*explore - in more depth – the role of the accountant as financial analyst and adviser through the assessment of financial performance and position of entities ...*” **Syllabus Rationale, p5 Corporate Reporting (INT) (P2) June & December 2013**

Questions are predominantly drawn from Sections B, C, E and G although D can make an occasional appearance.

A **key feature** of Question 2 (and sometimes of question 3, e.g. **June 2012 3a**) is the interaction between the standards and also the number of standards that can be invoked in dealing with different aspects of an accounting event or condition. This can take the forms of

- i) The application of one IFRS calls for the consideration of another (or others) to deal with its effects e.g. June 2010 Kate and Date or recognition of revenue under IAS 18 calls for the application of IFRS 9 where there is uncertainty (or risk of impairment of the related financial asset and IAS 2 where there is stock involved.)
- ii) The application of one IFRS requires another to precede it as a matter of *accounting principle* (not of commercial expedience) e.g. IAS 36 *Impairment of assets* precedes the calculation of depreciation on operating assets (e.g. plant and machinery).
- iii) Classification as *held for sale* under IFRS 5 is immediately preceded by impairment review and possible adjustment in accordance with IAS 36 *Impairment of assets* in circumstances that may involve the disposal of a subsidiary under IFRS 10
- iv) IFRS 3 *Business combinations* requires IAS 19 and IFRS 2 elements to be excluded from the transaction price (for the *net interest* of the acquirer in the net assets of the acquiree) where they clearly relate to the future performance of employees for the benefit of the acquirer.
- v) Guarantees can be accounted for under IAS 37, IAS 32 or IFRS 4 depending on whether they are deemed (at inception) to be obligations to transfer cash or not.
- vi) IAS 10 and IAS 37 interact as cause and effect
- vii) IFRS 3 and IAS 8 (*measurement period*: errors, omissions and revaluations)
- viii) IFRS 3, IAS 40 and IFRS 13 deal with similar items e.g. valuation of property using the highest and best use objective. One can provide a check on the other; they can appear as alternatives as in **question 3ai and 3aii June 2012**. The resolution of the issues involved measurement calls for deep insights into the principles and objectives of IFRS.
- ix) IFRS 10, IFRS 11 and IAS 28 (and IFRS 9) can be considered (in priority to the degree of control terms and conditions set within each standard) to determine whether an investor should consolidate an investee or account for it in accordance with the other IFRS depending on the circumstances. This calls for separate assessments of the existence of control, joint control, significant influence or no influence. **Question 2b December 2012** is a clear example of this, calling for *convergent* as well as *divergent* thinking about the fundamentals of the relevant IFRS and their application to specific business circumstances.

The **strategy** for learning and practice is to

- i) Identify interacting and interdependent IFRS comprehensively

- ii) Analyse the conditions, events and accounting effects (double entry, impact on SOFP, SOCI, SOCE))
- iii) Attempt all the questions in the workbook.

*The examiner tends to use representative industries where a lot of qualified ACCAs work as the context for his questions. Therefore it is advisable to become familiar with the financial accounting and reporting practices of a cross section of the British industry including retail, manufacturing, tourism, IT, engineering, education, healthcare, media, charity, property, and financial services. . In addition, you should be familiar with critical accounting practices in “Specialised entities and specialised transactions”.*

### Generic issues

Remember that generic issues such as *control, ownership, ethics, deferred tax, effects of changes in exchange rates and fair values* can be relevant components of the resolution of many accounting or reporting questions and should be part of the evaluation points. *“Students should be capable of relating professional issues to relevant concepts and practical situations.”* **APPROACH TO EXAMINING THE SYLLABUS** See **P2 - CONCEPTS, CONTEXTS AND ETHICS**

### Format & Skill requirements (what is the examiner testing and what are the implications for learning and practice?)

*The questions are in the form of mini-case studies of **up to 8 marks** per question. Computation and preparation can be examined although not frequently. The questions are mainly written response and weighted heavily towards transaction analysis, synthesis & evaluation (Intellectual Level 3) in assessing “... *the core technical capabilities to prepare and analyse financial reports* ...” Professional marks are available for clarity and quality of the discussion undertaken to resolve the financial accounting and corporate reporting issue. Therefore these skills must be amply developed through interactive learning and practice. Worked examples and worksheets have been developed to facilitate this.*

## Q2 Strategy

Objectives	Resources	Tasks
6. Become completely familiar with the question structure, content and requirements of <b>Question 2</b> .	<a href="#">Use the SQ3R method</a> Use the <b>Worksheets for Q3 Practice</b> . <a href="#">P2 - HOW TO READ CORPORATE REPORTING TEXT.doc</a> <a href="#">P2 - HOW TO ANSWER P2 QUESTIONS AND SCORE FULL MARKS.doc</a>	a) Study worked examples of <b>Question 2</b> . b) Self-explain c) Complete worksheets
7. Develop a better understanding of the <i>sequence of steps</i> you must learn to successfully address unstructured problems. Make this top priority from the outset because there is a big step-up from F7 to P2.	<a href="#">P2 - from F7 to P2.doc</a> <a href="#">P2 - Critical Thinking Cases THINKING AND WRITING SKILLS\P2 - Effective Writing for P2.doc</a> <a href="#">P2 - CONCEPT, CONTEXT AND ETHICS.doc</a> <a href="#">P2 - Critical Thinking Practice Exercises.doc</a> <a href="#">P2 - THE ACCOUNTING PRINCIPLES OF STANDARDS.doc</a> <a href="#">P2 - EVALUATION OF ALTERNATIVE ACCOUNTING PRACTICES.doc</a>	a) Read all the guidance notes and apply their requirements, principles and insights to the development and conditioning required to pass. b) Practise extensively

		c) Practise independently with past questions.
8. Be <i>versatile</i> and <i>fluent</i> with company reporting issues and the ways in which these issues are resolved.	<a href="#">P2 - A guided approach to learning from published financial reports.doc</a> <a href="#">P2 - HOW TO READ CORPORATE REPORTING TEXT.doc</a>	Study annual reports of Barclays, Tesco Plc, Salvation Army, BBC, Local Authority, School, NHS.
9. Be exam sharp!	Revision Guide Final Revision Checklist	a) Revise & Practise b) Undertake simulated exam practice using full test papers.

## Q3 (“Single” or “Specialist” topic question) Strategy

### *Description & Context*

*This is the Specialist Topic Question – a theme such as NCA is explored in a business context. How various aspects are accounted for is assessed in detail to comply with the syllabus aims: “To apply knowledge, skills and professional judgement in the application and evaluation of financial reporting principles and practices in a range of business contexts and situations”. For example, Q3 can examine application of financial reporting principles and practices to: leases of NCA (IAS 17 & ED 2010/09), NCA as investment property (IAS 40), NCA as land and building used as operating assets (IAS 16). As such Question 3 can be drawn from a wide area of the syllabus, predominantly sections C, D & E. However, section B2 “critical evaluation of principles and practices” can be subsumed within these sections.*

*The examiner tends to use representative industries where a lot of qualified ACCAs work as the context for his questions. Therefore it is advisable to become familiar with the financial accounting and reporting practices of a cross section of the British industry including retail, manufacturing, tourism, IT, engineering, education, healthcare, media, charity, property, and financial services. In addition, you should be familiar with critical accounting practices in “Specialised entities and specialised transactions”.*

### *Generic issues*

*Remember that generic issues such as control, ownership, ethics, deferred tax, effects of changes in exchange rates and fair values can be relevant components of the resolution of many accounting or reporting questions and should be part of the evaluation points. “Students should be capable of relating professional issues to relevant concepts and practical situations.”* **APPROACH TO EXAMINING THE SYLLABUS** See **P2 - CONCEPTS, CONTEXTS AND ETHICS**

### *Format & Skill requirements (what is the examiner testing and what are the implications for learning and practice?)*

*The questions are in the form of mini-case studies of **up to 8 marks** per question. Computation is rarely required. The questions are mainly written response and weighted heavily towards synthesis & evaluation (Intellectual Level 3) in assessing “... the core technical capabilities to*

*prepare and analyse financial reports ...” Professional marks are available for clarity and quality of the discussion undertaken to resolve the financial accounting and corporate reporting issue through the critical application of principles. Therefore these skills must be amply developed through interactive learning and practice. Worked examples and worksheets have been developed to facilitate this.*

## Q3 Strategy

Objectives	Resources	Tasks
10. Become completely familiar with the question structure, content and requirements of <b>Question 3</b> .	<a href="#">Use the SQ3R method</a> Use the <b>Worksheets for Q3 Practice</b> . <a href="#">P2 - HOW TO READ CORPORATE REPORTING TEXT.doc</a> <a href="#">P2 - HOW TO ANSWER P2 QUESTIONS AND SCORE FULL MARKS.doc</a>	d) Study worked examples of <b>Question 3</b> . a) Self-explain b) Complete worksheets
11. Develop a better understanding of the <i>sequence of steps</i> you must learn to <u>successfully</u> address <u>unstructured problems</u> . Make this top priority from the outset because there is a big step-up from F7 to P2.	<a href="#">P2 - from F7 to P2.doc</a> <a href="#">P2 - Critical Thinking Cases THINKING AND WRITING SKILLS\P2 - Effective Writing for P2.doc</a> <a href="#">P2 - CONCEPT, CONTEXT AND ETHICS.doc</a> <a href="#">P2 - Critical Thinking Practice Exercises.doc</a> <a href="#">P2 - THE ACCOUNTING PRINCIPLES OF STANDARDS.doc</a> <a href="#">P2 - EVALUATION OF ALTERNATIVE ACCOUNTING PRACTICES.doc</a>  <a href="#">P2 - Industry Features and Transactions.doc</a> <a href="#">P2 - An approach to studying IFRS in greater depth.doc</a>	a) Read all the guidance notes and apply their requirements, principles and insights to the development and conditioning required to pass. b) Practise extensively c) Practise independently with past questions.
12. Become familiar with specific industry features and transactions to develop ability “ <i>to apply knowledge, skills and exercise professional judgement in the application and evaluation of financial reporting principles and practices in a range of business contexts and situations</i> ”.	<a href="#">P2 - A guided approach to learning from published financial reports.doc</a> <a href="#">P2 - HOW TO READ CORPORATE REPORTING TEXT.doc</a>	Study annual reports of Barclays, Tesco Plc, Salvation Army, BBC, Local Authority, School, NHS.
13. Be <i>versatile and fluent</i> with company reporting issues and the ways in which these issues are resolved including social reporting, ethics and technical issues to do with recognition, measurement, presentation and disclosure.	<a href="#">P2 - A guided approach to learning from published financial reports.doc</a> <a href="#">P2 - HOW TO READ CORPORATE REPORTING TEXT.doc</a>	Study annual reports of Barclays, Tesco Plc, Salvation Army, BBC, Local Authority, School, NHS.
14. Be exam sharp!	Revision Guide Final Revision Checklist	c) Revise & Practise a) Undertake simulated exam practice using full test papers.

# Q4 (Current Developments question) Strategy

## Analysis

*Current developments covers: i) Environmental & social reporting; ii) International convergence; iii) Current reporting issues. (Refer to the text for further information on what is covered under section H Current Developments). In addition Q4 particularly encompasses sections B & F and all other parts of the syllabus that come under review because the profession seeks clarification or development.*

- i) Current developments in financial reporting e.g. introduction of new standards, **EDs**, revisions to standards, CF (Conceptual Framework), other corporate reporting issues are assessed at *Intellectual Level 3*.
- ii) This is usually one of the most challenging questions because of the breadth and depth of knowledge required and the range of higher order thinking and writing skills that must be adequately deployed for a pass standard to be attained.
- iii) At times the minimum knowledge required (the knowledge threshold) can be low because the topic e.g. *fair value measurement* is relatively new. However, when a standard is being revised the knowledge threshold would be higher because the standard in question would be very significant e.g. **IAS 17** leases, **IAS 39** Financial Instruments. But even where these standards are involved only the minimum knowledge is required to pass. With diligent work you can master it within a few weeks. **Remember that according to the examiner you are not required to have a great deal of knowledge about a wide range of topics but you are expected to have deep knowledge about certain issues.** The key is to find out what those issues are. The text clearly identifies the issues – these are illustrated through worked examples in a step-by-step approach designed to act as scaffold for skill development and insightful exploration of the principles and practices of financial reporting.
- iv) The higher order discursive skills (**analysis, application, synthesis and evaluation**) are predominantly examined through extended essay-response questions. Therefore practise these assiduously using the worksheets.
- v) Refer to the analysis at the bottom of [Revision and Practice Plan](#) (R&PP) for guidance on the examinable documents and how you should prioritise them for the exam.
- vi) Past q4s are only useful to help us understand the style of the questions so that we can better focus our practice and conditioning.
- vii) Each q4 is unique as by definition topics are always changing otherwise they would not be “*current developments*”.
- viii) When q4 is not well answered (e.g. see examiners report for December 2012) depending on the importance of the topic it would be examined again either in Q1 or Q2 of subsequent exams. On this basis IFRS 13 is expected to be examined again in June or December 2013 as part of q1, 2 (refer to the [Predictions List](#)).

- ix) As a general rule new topics migrate from Q4 to Q1 and then spread around the paper as specialist topics after they (should) have become well known.

### Three drivers determine the questions set:

#### IASB work plan

- i) The closing date for invitations to contribute to discussion papers, **EDs** and CF;
- ii) The date on which the standard becomes applicable (the effective date) E.g. IFRS 13 a key standard was effective on 1 January 2013 and was examined in December 2012 having been issued in May 2011. The examiner allows time for the standard to be assimilated and implemented.
- iii) The potential impact of the standard if applied. E.g. IFRS 13 is so essential to recognition and measurement of major items on the balance sheet (Noncurrent assets, liabilities and equity) that it is more than likely that it would be examined in December 2012 (immediately before the effective date of 1 January 2013)

#### Current financial reporting affairs

- i) Government pressures e.g. G20 pressure on IASB to converge international financial reporting as a necessary condition for global monitoring of diverse economies for economic stabilisation;
- ii) Environmental and social reporting issues
- iii) Market pressures & turbulence
- iv) Stakeholder perceptions & expectations

#### The imperatives of theory

- i) Where developments of theory warrant **paradigm shift** the examiner will examine the related theory.

Q4 Strategy		
Objectives	Resources	Tasks
15. Become completely familiar with the question structure, content and requirements of <b>Question 4</b> .	<a href="#">Use the SQ3R method</a> <a href="#">Use the Q4 Worksheet</a> P2 - HOW TO READ CORPORATE REPORTING TEXT.doc <a href="#">P2 - HOW TO ANSWER P2 QUESTIONS AND SCORE FULL MARKS.doc</a>	a) Study worked examples of <b>Question 4</b> . b) Self-explain c) Complete worksheets d) Practise independently with past questions.

<p>16. Develop a better understanding of the <i>sequence of steps</i> you must <i>learn</i> to successfully address unstructured problems. Make this top priority from the outset because there is a big step-up from F7 to P2.</p>	<p><a href="#">P2 - from F7 to P2.doc</a>  <a href="#">P2 - Critical Thinking Cases THINKING AND WRITING SKILLS\P2 - Effective Writing for P2.doc</a>  <a href="#">P2 - CONCEPT, CONTEXT AND ETHICS.doc</a>  <a href="#">P2 - Critical Thinking Practice Exercises.doc</a>  <a href="#">P2 - THE ACCOUNTING PRINCIPLES OF STANDARDS.doc</a>  <a href="#">P2 - EVALUATION OF ALTERNATIVE ACCOUNTING PRACTICES.doc</a></p>	<p>a) Read all the guidance notes and apply their requirements, principles and insights to the development and conditioning required to pass.  b) Practise extensively  c) Practise independently with past questions.</p>
<p>17. Be versatile and fluent with company reporting issues and the ways in which these issues are resolved.</p>	<p><a href="#">P2 - A guided approach to learning from published financial reports.doc</a>  <a href="#">P2 - HOW TO READ CORPORATE REPORTING TEXT.doc</a>  (Add Govt. FReM from HM Treasury)  (Add Govt. annual report from HM Treasury)  (Add any other useful application from HM Treasury)</p>	<p>a) Using the <i>guide</i> study annual reports of Barclays, Tesco Plc, Salvation Army, BBC, Local Authority, Schools and NHS hospital. <i>(i) Add links to annual reports. ii) improve guide: individual IFRS approach and statement approach to studying annual reports giving concrete examples to abstract concepts)</i></p>
<h2 style="color: #8B4513;">IASB Work plan</h2>		
<p>18. Establishes the <i>priorities</i> of the IASB for developing financial reporting and gives specific dates for completion of key tasks. The related documents and issues (EDs, DPs, etc) are examinable.</p>	<p><a href="#">Revision and practice Plan</a>  <a href="#">Predictions List</a>  IASB Work plan  IFRS Digest (blog post)  <a href="#">P2 F7 F3 past questions analysis</a>  Study texts, Workbooks, Progress checker, Final Revision Checklist &amp; PassKey</p>	<p>a) Identify all the new standards becoming effective within 2013  b) Identify the EDs, DP, and other documents currently under discussion for which the IASB is awaiting comments  c) Read the <i>IFRS Digest</i> and evaluate the insights. Use these insights to consolidate knowledge and understanding.  d) Analyse the issues (refer to the R&amp;PP) and <a href="#">Predictions list</a>. Make sure you practise the questions identified.</p>

		e) Check the assessment objectives for this area to ensure all AOs (assessment objectives) have been addressed.
<b>Current Corporate Reporting affairs</b>		
19. IFRS digest (blog) will give analysis and comments on the work of IASB and integrate current discussions and concerns about IFRS. This would be invaluable in identifying core principles and illustrating synthesis and evaluation techniques.	IFRS digest (website) ACCA technical articles FT.com articles CIMA articles Chartered Accountancy articles	a) Read and follow through the IFRS digest b) Attempt the relevant questions in the Workbook.
<b>The imperatives of Theory</b>		
20. Theory can be examined in this paper; it has not been <u>directly</u> examined so far. Nevertheless candidates should be prepared as it is part of the syllabus and theory can provide clarification of the principles used to resolve financial reporting and practice issues. Examples: - <b>“Identify issues and deficiencies which have led to proposed changes to an accounting standard.”</b> <i>Syllabus reference F2.a</i> ). This can apply to EDs issued to change existing IFRS (e.g. IAS 17 Leases, IAS 18 Revenue, IAS39 Financial Instruments: Recognition and Measurement, etc) - <b>“Critically evaluate accounting issues and practices used in corporate reporting.”</b> <i>Syllabus reference B2.b</i> ). This can apply to discussions about goodwill, impairment, leases, financial instruments, liabilities and other accounting concepts. - <b>“Discuss the use of an accounting framework in underpinning the production of accounting standards.”</b> <i>Syllabus reference B1.b</i> - <b>“Assess the success of such a framework in introducing rigorous and consistent accounting standards.”</b> <i>Syllabus reference B1.c</i>	The principles of IFRS Study texts Reading lists.	a) It is essential always to identify the underlying theory and principles of practice. This habit will ensure that your mind is attuned to the aims of the syllabus:  “To apply knowledge, skills and professional judgement to the application of financial reporting principles and practices to a range of business contexts and situations.”  b) Attempt relevant questions in the Workbook.

<p>- <b>Apply knowledge from the syllabus to straightforward transactions and events arising in specialised, not-for-profit and public sector entities.</b><sup>3</sup>” <i>Syllabus reference E1.a)</i></p> <p>21. Always try to identify and think through the theory underlying the issues.</p>		
<p>22. Be exam sharp!</p>	<p>Revision Guide Final Revision Checklist</p>	<p>a) Revise &amp; Practise using questions in the Workbook b) Undertake simulated exam practice using full test papers.</p>