### Think Ahead ACCA

# F5-F9 Session CBE

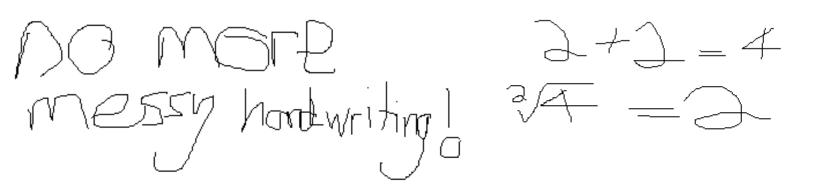
# A series of webinars

- 1. Overview
- 2. Exam tips to maximize benefits
- 3. Effective use of functions
- 4. Study resources
- 5. Teaching approaches (for tutors)

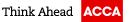
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# Series 2 Exam tips to maximize benefits

# CR questions: No more messy handwriting



- No need to worry about messy handwriting or presenting neat calculations.
- By taking your exam by CBE your answer is always clear and easy to read!



# Spreadsheet Illustration – F9 NPV

| Workings     |                 |                |                    |                  |                |                 |                 |          |
|--------------|-----------------|----------------|--------------------|------------------|----------------|-----------------|-----------------|----------|
| Year         |                 |                | 0                  | 1                | 2              | 3               | 4               | 5        |
| Sales rev    | enue            |                |                    | 1,250,000        | 2,570,000      | 6,890,000       | 4,530,000       |          |
| Inflation ra | te              | 4.70%          |                    |                  |                |                 |                 |          |
| Inflated sa  | les revenue     |                |                    | 1,308,750        | 2,817,257      | 7,907,865       | 5,443,584       |          |
|              |                 |                |                    |                  |                |                 |                 |          |
| Working c    | apital*         |                |                    |                  |                | ٨               |                 |          |
| Increment    | al working cap  | ital           |                    |                  |                |                 |                 |          |
|              |                 |                |                    |                  |                |                 |                 |          |
| * The leve   | l of working ca | pital investme | ent at the start o | f each year is e | xpectedto be 1 | 0% of the sales | revenue in that | at year. |
| Year         |                 |                |                    | 1                | 2              | 3               | 4               | 5        |
| Costs        |                 |                |                    | 500,000          | 1,000,000      | 2,500,000       | 1,750,000       |          |
| Inflation ra | te              | 4.70%          |                    | ,                |                |                 |                 |          |
| Inflated co  | sts             |                |                    |                  |                |                 |                 |          |
|              |                 |                |                    |                  |                |                 |                 |          |

### Spreadsheet: never use a calculator!

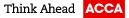
- In paper exams, you are often required to do a lot of calculations using a calculator
- Doing calculations on a calculator is a very menial task requiring a lot of attention to avoid any mistakes in inputs or copying outputs.
- In a spreadsheet, you should always apply formulae for calculations
- Copy/ paste them for repetitive calculations
- This will save you time and allow you to focus on analysing the scenario, instead of being occupied with calculations

# Spreadsheet Illustration – F5 Expected Value

| Profit outcome  | 25                   | Jun-14                |             |                      |           |             | Hand out 2                  |
|-----------------|----------------------|-----------------------|-------------|----------------------|-----------|-------------|-----------------------------|
| Unit contribut  | ion                  |                       |             | Sales price          | per unit  |             |                             |
|                 |                      |                       |             | \$30                 | \$35      |             |                             |
| Up to 100,000 u | inits                |                       |             | \$18                 | \$23      |             |                             |
| Above 100,000   | units                |                       |             | \$19                 | \$24      |             |                             |
| Sales volume    | Unit<br>contribution | Total<br>contribution | Fixed costs | Advertising<br>costs | Profit    | Probability | Expected<br>value of profit |
| Sales price \$3 | 0/ unit              |                       |             |                      |           |             |                             |
| 120,000         | \$ 19                | 2,280,000             | (450,000)   | (900,000)            | 930,000   | 0.4         | 372,000                     |
| 440.000         | \$ 19                | 2,090,000             | (450,000)   | (900,000)            | 740,000   | 0.5         | 370,000                     |
| 110,000         |                      |                       |             |                      |           | 0.4         | 404 000                     |
| 140,000         | \$ 19                | 2,660,000             | (450,000)   | (900,000)            | 1,310,000 | 0.1         | 131,000                     |

# Spreadsheet Illustration – F5 Expected Value

| Sales price \$ | 35/ unit             |                      |        |  |  |  |
|----------------|----------------------|----------------------|--------|--|--|--|
| 108,00         | 0                    |                      |        |  |  |  |
| 100,00         | 0                    |                      |        |  |  |  |
| 94,00          | 0                    |                      |        |  |  |  |
|                |                      |                      |        |  |  |  |
|                |                      |                      |        |  |  |  |
| Details for re | emaining question    | 1                    |        |  |  |  |
| Price per unit | \$35                 |                      |        |  |  |  |
| Probability    | Sales volume         |                      |        |  |  |  |
| 0.3            | 108,000              |                      |        |  |  |  |
| 0.3            | 100,000              |                      |        |  |  |  |
| 0.4            | 94,000               |                      |        |  |  |  |
|                |                      |                      |        |  |  |  |
| Advertising co | sts: \$970,000 at se | elling price of \$35 | / unit |  |  |  |
|                |                      |                      |        |  |  |  |
|                |                      |                      |        |  |  |  |
|                |                      |                      |        |  |  |  |



# Spreadsheet: copy and pasting parts of an answer

- In case of repetitive calculations, you can easily copy and paste part of an answer
- When you copy and paste part of an answer, you only need to update figures; the structure and formatting remains the same
- This can result in significant time savings.
- If you use this technique, you may be able to complete your answer in even less than half of the allocated time in paper exam.

# Spreadsheet Illustration – F7 Consolidation

31 (a) Kandy Co – Schedule of retained earnings of Kandy as at 30 September 20X5

|                                                                              | \$1000 |
|------------------------------------------------------------------------------|--------|
| Retained earnings per trial balance                                          | 15,500 |
| Adjustments re:                                                              |        |
| Note (i)                                                                     |        |
| Add back issue costs of loan note (w (i))                                    | 1,000  |
| _oan finance costs (29,000 x 9% (w (i)))                                     | (2,610 |
| Note (ii)                                                                    |        |
| Gain on disposal of investment property (17,000 – 15,000)                    | 2,000  |
| Gain on revaluation of investment property prior to transfer (6,000 – 5,000) | 1,000  |
| Depreciation of buildings (w (ii))                                           | (2,825 |
| Depreciation of plant and equipment (w (ii))                                 | (3,000 |
| Note (iii)                                                                   |        |
| ncome tax expense (w (iii))                                                  | (800   |
| Adjusted retained earnings                                                   | 10,265 |
|                                                                              |        |

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### Spreadsheet Illustration – F7 Consolidation

(b) Kandy Co – Statement of financial position as at 30 September 20X5

| A                                                                              | \$'000 | \$'000  |
|--------------------------------------------------------------------------------|--------|---------|
| Assets                                                                         |        |         |
| Non-current assets<br>Property, plant and equipment (50,175 + 21,000 (w (ii))) |        | 71,175  |
| Current assets (per trial balance)                                             |        | 68,700  |
|                                                                                |        |         |
| Total assets                                                                   |        | 139,875 |
| Equity and liabilities                                                         |        |         |
| Equity                                                                         |        |         |
| Equity shares of \$1 each                                                      |        | 20,000  |
| Revaluation surplus (32,000 – 6,400 (w (ii) and (iii)))                        | 25,600 | 20,000  |
| Retained earnings (from (a))                                                   | 10,265 | 35,865  |
| _                                                                              |        | 55,865  |
| Non-current liabilities                                                        |        | 55,665  |
| Deferred tax (w (iii))                                                         | 8,400  |         |
| 6% loan note (w (i))                                                           | 29,810 | 38,210  |
| Current liabilities                                                            |        |         |
| Per trial balance                                                              | 43,400 |         |
| Current tax payable                                                            | 2,400  | 45,800  |
|                                                                                |        |         |
| Total equity and liabilities                                                   |        | 139,875 |

# Spreadsheet: show workings within a cell

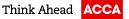
- In paper exams, you are often required to do show the calculations before you produce the outcome of those calculations
- For example, if you are calculating WACC in paper F9, you will first show the working and then the final number
- In a spreadsheet, you do not need to separately show the working if you have directly done the calculation in the cell
- Calculations within cells will be visible to the examiner

# **Spreadsheet**: Editing is convenient if numbers are interlinked

- Please do not copy/ paste values or type values from workings, as it is will make editing difficult.
- Make sure that your main answer is linked to workings.
- If there is any interdependency within workings, make sure to link them as well.

### WHY DO WE NEED TO LINK

- In case of any subsequent editing, all linked figures will be automatically updated, saving a lot of time
- If you have done proper linking, there is no need to give references.



# Spreadsheet/word processing – Illustration F8

#### F8 Audit & Assurance - Specimen Exam

#### 🕸 Explain Answer Æ Sym<u>b</u>ol 🖯 Calculator 🔣 Scratch Pa<u>d</u>

| This | scenario | relates | to fo | ur req | uirements. |
|------|----------|---------|-------|--------|------------|
|------|----------|---------|-------|--------|------------|

Vieri Motor Cars Co (Vieri Co) manufactures a range of motor cars and its year end is 30 June 20X5. You are the audit supervisor of Rossi & Co and are currently preparing the audit programmes for the year-end audit of Vieri Co. You have had a meeting with your audit manager and he has notified you of the following issues identified during the audit risk assessment process:

#### Land and buildings

Vieri Co has a policy of revaluing land and buildings, this is undertaken on a rolling basis over a five-year period. During the year Vieri Co requested an external independent valuer to revalue a number of properties, including a warehouse purchased in January 20X5. Depreciation is charged on a pro rata basis.

#### Work in progress

Vieri Co undertakes continuous production of cars, 24 hours a day, seven days a week. An inventory count is to be undertaken at the year end and Rossi & Co will attend. You are responsible for the audit of work in progress (WIP) and will be part of the team attending the count as well as the final audit. WIP constitutes the partly assembled cars at the year end and this balance is likely to be material. Vieri Co values WIP according to percentage of completion, and standard costs are then applied to these percentages.

(a) Explain the factors Rossi & Co should consider when placing reliance on the work of the independent valuer. (5 marks) Ж - D Ð B 1 ¥ - <del>S</del> X, X  $\underline{I}_{x}$ Paragraph 🔹 🎟 🗉 🗮 🗮 🗮 🖼 🖼

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■22 of 25 Lag for Review

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# CR questions: Planning and editing your answer

- In paper exams, most of the answer planning and structuring happens in the head or scratch paper
- Session CBEs allow you to jot down key points and then expand them to produce a well-structured answer
- No more crossing out or arrows! It's easy to edit your answers whilst still keeping your answers presentable.

# CR questions: typing speed



# Let us take a simple test.

# Reliability of audit evidence

The following generalisations can be made when assessing the reliability of audit evidence:

- 1. The reliability of audit evidence is increased when it is obtained from independent sources outside the entity.
- 2. Audit evidence obtained directly by the auditor is more reliable than audit evidence obtained indirectly or by inference.

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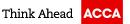




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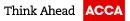
# **Keyboarding in the Classroom**

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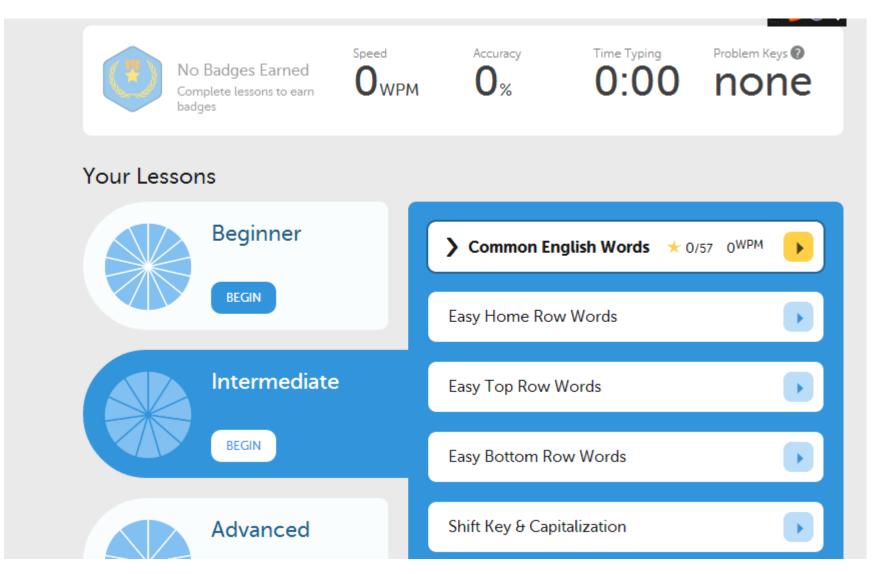


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| Please enter new account det |            |                      |  |   |
| Username                     | С          | lass                 |  |   |
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| First Name                   | Li         | ast Name             |  |   |
|                              |            |                      |  |   |
| CREATE ACCOUNT               | _          | rivacy Policy & Term |  |   |



# Typing tool



# Faster you type, the better!

| SCENARIO               | LENGTH OF<br>SOLUTION | SPEED<br>(WORDS PER<br>MINUTE) | ANSWERING<br>TIME | TIME SAVING<br>VS PAPER<br>STANDARD |
|------------------------|-----------------------|--------------------------------|-------------------|-------------------------------------|
| Paper<br>standard      | 2,870 words           | 19.93 wpm                      | 144 min           | N/A                                 |
| Typing speed:<br>22wpm | 2,870 words           | 22.00 wpm                      | 130 min           | 14 min                              |
| Typing speed:<br>25wpm | 2,870 words           | 25.00 wpm                      | 115 min           | 29 min                              |
| Typing speed:<br>27wpm | 2,870 words           | 27.00 wpm                      | 106 min           | 38 min                              |
| Typing speed:<br>30wpm | 2,870 words           | 30.00 wpm                      | 96 min            | 48 min                              |



Student Activity Summary 2016-10-01 to 2016-10-28 [68 records]

EXPORT

PRINT

| Username       | First Name         | Last<br>Name | Class                       | Screens<br>Typed | Time<br>Spent | Avg<br>Speed | Avg<br>Acc |
|----------------|--------------------|--------------|-----------------------------|------------------|---------------|--------------|------------|
| <u>1777706</u> | Zeeshan            | Hasan        | ACCA platform<br>training 1 | 491              | 06:39:26      | 31 WPM       | 96%        |
| <u>2902638</u> | Aiman              | Osmany       | ACCA platform<br>training 1 | 206              | 04:57:53      | 12 WPM       | 93%        |
| 3322308        | shahsaood          | khan         | ACCA platform<br>training 1 | 250              | 04:19:19      | 18 WPM       | 91%        |
| <u>3511710</u> | Aliha              | Azhar        | ACCA platform<br>training 1 | 453              | 04:16:23      | 43 WPM       | 98%        |
| <u>3201666</u> | Arun               | Kumar        | ACCA platform<br>training 1 | 291              | 04:06:20      | 23 WPM       | 94%        |
| <u>3564992</u> | ramsha             | furqan       | ACCA platform<br>training 1 | 219              | 03:53:53      | 17 WPM       | 95%        |
| 2008218        | Muhammad<br>Amsaal | Bawani       | ACCA platform<br>training 1 | 365              | 03:53:34      | 33 WPM       | 97%        |
| <u>2554277</u> | KIRAN              | MUMTAZ       | ACCA platform<br>training 1 | 252              | 03:05:57      | 24 WPM       | 94%        |

### OT questions: benefits vs paper

| Paper                                                            | Session CBEs                                              |
|------------------------------------------------------------------|-----------------------------------------------------------|
| Be employability gap                                             | Equip students with skills required by modern workplace   |
| Changing your answer can be messy<br>and time consuming          | Changing your answer is convenient                        |
| Difficult to keep track of questions where you are not confident | You can flag questions which you may want to review later |

### F5-F9 session CBEs

Let's do some question practice!

# Think Ahead ACCA



