



Preparing for the Advanced Level

Progressing to the Advanced Level of the ACA means using your skills at a higher and more senior level.

At the Professional Level, you will have developed your technical knowledge in real-life scenarios. Now at the Advanced Level, there is greater complexity and wider implications than presented within the Professional Level exams. Here you will be tested on all the knowledge, skills and experience you have gained throughout your training.

The examiners have given their insight to help you progress to the final exams of the ACA.

EXAMINER INSIGHTS

The Corporate Reporting and Strategic Business Management exams test your understanding and strategic decision-making at a senior level. They present real-life scenarios, with increased complexity and wider implications than the Professional.

CORPORATE REPORTING

Your approach for a successful Corporate Reporting exam should focus on your progression in the following areas:

Building on your brought forward knowledge and technical progression

The International Financial Reporting Standards (IFRS) you studied for the Financial Accounting and Reporting exam are studied at a greater depth here in the Corporate Reporting exam. Groups remain important and, in addition to the basic techniques of consolidation, the Corporate Reporting exam requires you to consolidate acquisitions and disposals that 'cross the control boundaries'. You must also progress your technical knowledge by studying IFRS that are assessed only at Corporate Reporting.

Integration of financial accounting and reporting and audit and assurance

Financial accounting and reporting and audit and assurance are integrated within the Corporate Reporting exam. The audit issue can arise from the financial reporting issue and vice versa. Identifying the financial reporting issue and explaining the audit implications and procedures required is a key skill.

Financial statement analysis

Financial statement analysis can be examined in different ways. You may be asked to:

- analyse and evaluate performance, financial position and cashflow (see the November 2018 exam, Q2 Chelle);

- appraise the nature and validity of items in financial statements and reports - identify incorrect financial reporting treatments (shown in the July 2018 exam, Q3 MRL);
- interpret in the context of assurance, for example, corporate governance arrangements, sustainability reports (for example Q1 Konext in the July 2017 exam); and
- analyse comparative performances related to accounting policy choices of two different entities (Q1 Larousse at the November 2015 exam).

Also, in an audit and assurance context, financial statement analysis is a gateway into higher level marks. You may be asked for analytical procedures at various stages of an audit (to identify audit, business and financial risk, for example at the November 2016 exam, Q1 Zego).

- Skills and ethics - your role in the scenario may be the 'reviewer' of a junior's work; it is important to appreciate who you are in the scenario and the roles of the other characters too. An increase in professional scepticism and the ability to challenge the information in the scenario are key to success.

STRATEGIC BUSINESS MANAGEMENT

Integration of knowledge and understanding

The knowledge acquired at the Professional Level is brought forward to the Advanced Level Strategic Business Management exam and extended by more advanced topics and tested with a greater degree of subject integration. For example, Strategic Business Management enables the integration of financial strategy and business strategy, which is not possible at the Professional Level where these subjects are studied separately (view this in the November 2018 exam with Ketch).

In addition, financial reporting and assurance are also tested within this exam. These will stem from, and be integrated with, business and financing problems

KEY REMINDERS

The Advanced Level exams can be taken in July and November each year. All exams are full open book, allowing the resources you need to be at your fingertips.

To help you prepare for the Advanced Level, you can access past exams, webinars and more at icaew.com/examresources

arising in the scenario. For example, hedging currencies, interest rates or commodity prices is a finance issue, but the financial reporting consequences of the selection of the financial strategy can also be addressed (see Analytics Business Services in the July 2018 exam). A further example is the business and financial reporting aspects of acquisitions and disposals (the November 2018 exam with Zeta and the July 2018 exam with Analytics Business Services show this).

Advanced Level skills

One major change in the transition from Professional to Advanced Level is greater application of higher skills. These skills will be required to solve problems using unstructured information in more complex scenarios in order to provide reasoned and realistic advice. Such advice requires higher skills of judgement to discern the selection of the most favourable decision in the circumstances.

Advice provided will need to be justified and supported by reasoned argument and evidence, frequently involving analysis of data provided from different sources, across multiple exhibits. Multiple stakeholder perspectives may also be required (which is shown in the following past exams, Ketch, November 2018; Gemstone Jewellery, November 2017, and Moonbeam Marine Yachts, July 2017).

At the Strategic Business Management exam, you will always be placed in a role within the scenario. This will require you to apply professional scepticism and therefore, where appropriate, to challenge the information and arguments presented to you in the scenario.

Ethics

Ethics requirements in this exam are likely to present ethical dilemmas that have greater layers of complexity than at Professional Level. This may include key issues embedded within the scenario that you need to identify. There may also be multiple parties in the scenario each of which has different interests and ethical issues that may conflict (see Ketch, November 2018).

In resolving such conflicts, only some of the parties may be bound by professional codes of conduct. Moreover, professional scepticism is often required where there are claims and counter-claims being made by different parties and establishing the facts may be a prerequisite to offering ethical suggestions and actions. In many cases there will be no clear or correct solution and the justification will be as important as the specific conclusion.

Tutor Tips

The most striking difference between the Professional and Advanced Level exams is the depth and breadth of the scenarios provided. In the Strategic Business Management and Corporate Reporting exams, questions are accompanied by scenarios that stretch over five or more pages, consisting of complex financial and non-financial data. In the Case Study exam the Advance Information (which is released six weeks before the exam) will be between 40-50 pages long; with a further 15 pages in the exam. The increased volume of information places a greater emphasis on:

Preparation - you must be familiar with key techniques (eg, net present value), recent developments (eg, International Financial Reporting Standards) and specific issues affecting your client, especially in the Case Study exam.

Application - your advice must be practical and relevant to the scenario/client.

Analysis - you will not always be told explicitly what the problems are; so you will need to discern these from multiple information sources - a key exam technique.

Advice - you will need to justify the professional advice you give. In essence, at the Advanced Level you are expected to simulate the role of a newly qualified chartered accountant providing advice to a client, therefore, you must assume the mentality and role of a business adviser. Remember, the client is paying for your advice, therefore it must be:

- accurate;
- relevant;
- professionally presented; and
- impactful.

To prepare yourself for the Advanced

Level question, practise is more vital than ever, and you must ensure you practise using the computer-based exam software so you are familiar with the layout and functionality. The examining teams expect you to have attempted past exam questions to time as part of your preparation.

You must attempt past questions/cases in full, within the software, sticking to time: don't just read the answer. Question practise will expose you to the technical demands of the exams, as well as the application, analysis and professional communication skills needed to pass.

David Halford

Courseware subject matter expert and tutor at BPP Professional Education



CASE STUDY

The Case Study presents a complex business issue that challenges your ability to solve problems, identify ethical implications and provide effective solutions. It's designed to test the knowledge, skills and experience you have gained throughout your training. You will attempt the Case Study in the final year of your training agreement, once you have taken, or received credit for, all other exams.

The Case Study differs from the other ACA exams in two important ways:

- it is a highly practical and entirely skills-based assessment. It tests your understanding of complex business issues and ability to analyse data, apply judgement and develop conclusions and recommendations; and
- it is based on a 'real-life' scenario - the Advance Information (AI), is available a month before the exam. You must be fully familiar with the AI (around 15,000 words) when you enter the exam centre. The exam is an extension of the AI. In four hours, you must produce a report answering three requirements (each with several components), plus a short executive summary. This involves financial analysis (but not the detailed computations needed for other ACA exams) and evaluation of current commercial, ethical and business trust issues.

Your preparation should be based on the Case Study learning materials.

However, class time with a tutor, even when supplemented by extensive home study, is not enough. You must be able to:

- integrate technical knowledge and professional skills from all the previous ACA exams; and
- display the advisory, judgemental and communication skills acquired through practical work experience undertaken during your training agreement.

To thrive in the Case Study exam, you must demonstrate:

- mastery of the AI, so that you can integrate it seamlessly into the exam scenario;
- disciplined planning and strict time management to ensure that you answer the whole exam (every part of each requirement, including a succinct executive summary that covers the main issues);
- quality financial analysis that 'makes the numbers talk' to the audience;
- professional scepticism and the ability to challenge assumptions and to identify and discuss ethical issues wherever they occur;
- aptitude with the computer-based exam software and full awareness of its functionality.

The Case Study is the final exam in the final year of your training agreement and

should be approached with necessary importance and professionalism.

PREPARING FOR THE CASE STUDY

From July 2019, the Case Study exam will be computer-based. You must practise with the exam software in advance of your exam, to ensure you are familiar with the functionality and formatting of the exam software. Access the exam guide, which provides an overview of the Case Study exam software, listen to on-demand webinars, practise using the blank practise software or software with sample exams. Explore more at icaew.com/casestudy

LIVE WEBINAR

Join us live on 19 June, 10:00am (UK-time) for the Case Study computer-based exam webinar where we will provide an overview of the Case Study exam software, talk you through the exam experience, give top tips and answer your questions. Email us your questions in advance to acamarketing@icaew.com and register you place at bit.ly/CaseStudyOverview