

# Student Guidance Notes

## Guide 9

### **Student guidance notes for students planning to sit the P8 Financial Analysis examination of the 2005 syllabus**

This guide outlines the issues relating to transition from the Financial Reporting (IFRP/IFRI) papers of the Beyond 2000 syllabus to the P8 Financial Analysis paper of the 2005 syllabus.

The first section of this guide compares the two syllabuses, highlighting the differences between them.

The second part of this guide focuses on the issues for students who have studied the 'old' syllabus, but must sit the 'new' exam.

The third part of this guide contains a series of frequently asked questions relating to this paper, some of which were asked at the recent lecturer's conference.

If you have any further queries relating to this guide, please contact CIMA Student Services department on + 44 (0)208 849 2404, or email your query to [cima.contact@cimaglobal.com](mailto:cima.contact@cimaglobal.com)

# Syllabus Comparison

New syllabus	Old syllabus	Comparison and Comments
<b>P8 - Financial Analysis</b>	<b>7a/b - Financial Reporting (IFRP/IFRI)</b>	
A. Group Financial Statements (35%)	7(i) Group financial statements (45%)	As before.
B. The Measurement of Income and Capital (20%)	7(ii) The measurement of income and capital (20%)	As before.
C. Analysis and Interpretation of Financial Accounts (35%)	7(iv) The analysis of financial statements (20%)	As before, but also includes basic interpretation from IFNA/IFNI.
D. Developments in External Reporting (10%)	7(iii) Developments in financial reporting (15%)	Now excludes 'emerging developments' such as discussion and exposure drafts.

# Transition Issues

## Assessment

The format of this exam paper will be:

**Section A** - 20% compulsory objective test questions

**Section B** - 30% Compulsory medium answer questions (3 x 10 marks)

**Section C** - 50% Scenario questions (choice of 2 from 3)

This differs from the previous syllabus, and students should therefore practise a number of the new exam-style questions in preparation for this exam.

A number of Section A questions may be based on a common scenario. Section A may contain questions of the conventional 'multiple choice' format, but may also include other forms of objective test question. Generally, the multiple choice format is likely to account for not more than 60% of Section A questions. Other possibilities include:

- ◆ filling in a blank in a sentence.
- ◆ listing items in a rank order
- ◆ stating a definition (in not more than \_\_\_ words)
- ◆ identifying a key issue (e.g. advantage / disadvantage) (in not more than \_\_\_ words)
- ◆ calculating one specific figure e.g. profit for the period / absorption cost per product
- ◆ completing a blank or partially completed prescribed format using terms and/or numbers e.g. published account format / overhead cost sheet.
- ◆ identifying points on a graph or diagram e.g. break-even point, fixed costs, marginal revenue.
- ◆ identifying a specific term describing action / valuation seen in a scenario e.g. marginal or absorption costing, conditions for a recession.
- ◆ matching items together or with a description e.g. "are the following cash or non-cash items" – identifying depreciation as non-cash or stock as a current asset.
- ◆ Interpreting / analysing numerical or graphical data.

## International Standards

The 2005 syllabus examinations will be set in accordance with relevant International Accounting Standards issued up to and including 1 December preceding the examination concerned. If you have previously studied UK accounting standards, you should study the appropriate International equivalents.

The following International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) are covered by this syllabus:

- IAS 1 Presentation of financial statements (as amended Dec 2003)
- IAS 7 Cash flow statements
- IAS 14 Segment reporting
- IAS 19 Employee benefits
- IAS 21 The effects of changes in foreign exchange rates (as amended Dec 2003)
- IAS 27 Consolidated and separate financial statements (as amended Dec 2003)
- IAS 28 Investments in associates (as amended Dec 2003)
- IAS 29 Financial reporting in hyperinflationary economies
- IAS 31 Interests in joint ventures (as amended Dec 2003)
- IAS 32 Financial instruments: disclosure and presentation (as reissued Dec 2003)
- IAS 33 Earnings per share (as amended Dec 2003)
- IAS 39 Financial instruments: recognition and measurement (as reissued Dec 2003)
- IFRS 1 First time adoption of International Financial Reporting Standards
- IFRS 2 Share based payment
- IFRS 3 Business combinations

You should also, if you sat Financial Accounting (IFNA), study the additional IAS/IFRS now examinable in Paper P7:

- IAS 2 Inventories (as amended Dec 2003)
- IAS 8 Accounting policies, changes in accounting estimates and errors (as amended Dec 2003)
- IAS 10 Events after the balance sheet date (as amended Dec 2003)
- IAS 11 Construction contracts
- IAS 12 Income taxes
- IAS 16 Property, plant and equipment (as amended Dec 2003)
- IAS 17 Leases (as amended Dec 2003)
- IAS 18 Revenue
- IAS 23 Borrowing costs
- IAS 24 Related party disclosures (as amended Dec 2003)
- IAS 36 Impairment of assets
- IAS 37 Provisions, contingent liabilities and contingent assets
- IAS 38 Intangible assets
- IFRS 5 Non

# FAQs

<b>Question 1:</b> Will there be a pilot paper for the new exam, so I can see the differences between the new paper and the old one?	<b>Answer:</b> Yes. Pilot papers are available on the website at <a href="http://www.cimaglobal.com/professionalqualifications">www.cimaglobal.com/professionalqualifications</a> .
<b>Question 2:</b> Where can I find the detailed syllabus for this paper?	<b>Answer:</b> <a href="http://www.cimaglobal.com/professionalqualifications">www.cimaglobal.com/professionalqualifications</a> .
<b>Question 3:</b> I have passed (or been granted an exemption from) the old IFRP paper. What work should I do on this syllabus?	<b>Answer:</b> You should read the Paper P8 syllabus carefully, and selectively study those areas of the syllabus with which you are unfamiliar. You should pay particular attention to the list of examinable International Accounting Standards (IAS) given earlier. Knowledge of these areas and standards will be assumed in the Strategic Level and the TOPCIMA.
<b>Question 4:</b> I have passed (or been granted an exemption from) the old IFRI paper. What work should I do on this syllabus?	<b>Answer:</b> You should read the Paper P8 syllabus carefully, and selectively study any areas of the syllabus with which you are unfamiliar. There are relatively few changes to consider.
<b>Question 5:</b> I have failed the old IFRP/IFRI paper, and must resit the new Paper P8. What work should I do on this syllabus?	<b>Answer:</b> If you previously studied for IFRP, you should work your way through the two sets of examinable IAS/IFRS given above. If you studied IFRI, you should revise accordingly. There are relatively few changes to consider.