



Preparing for exams?
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HOW TO NEVER FAIL AN EXAM

...Or why practising past papers will help you improve your marks and perfect your time-planning

When it comes to exams, trainee chartered accountants tend to make the same mistake. They assume that accountancy exams are similar to university exams - and that they can be passed with a dollop of effort and a modicum of original thought. What many fail to realise is that the level of commitment and the necessity of acquiring such a wide range of practical knowledge will have a huge impact on their lifestyle. With that in mind, the purpose of this article is not to tell you how to pass an exam, but how to avoid failing it. Admittedly this can seem like a fine distinction. But while there are many ways in which to pass exams, there is only one method that has consistently proven to be successful in avoiding failure.

The key to appreciating the distinction is an understanding of revision efficiency. Efficiency can be defined as minimising the quantity of inputs for a given output. The output, in this case, is achieving first-time passes. Although the quantity of inputs does vary between students depending on overtime commitments (and the propensity to visit the gym/pub/insert your own vice), the good news is that the quantity of inputs, above a certain threshold, is not the key determinant of success. Consistently successful students have learned (usually for themselves, often by a process of trial and error) that the real key to exam success is in the quality of revision inputs. They know that different types of revision input produce different returns.

Put simply, they have worked out that they get the best return on their investment of time if they develop a revision technique that is more intense. Instead of spending hours reading and summarising notes, and turning them into mnemonics, they use every available minute testing themselves with as many past papers and practice questions as they can lay their hands on. Crucially, under conditions that resemble as closely as possible those in the exam room.

This is a technique on which Kumon, a literacy and numeracy study programme developed in Japan, has built a global business. More than 4.5 million students around the world take a timed daily test in maths or English. Through constant repetition and self-challenge they learn both the syllabus and familiarity with exam technique until it becomes second-nature.

We may philosophise about the distinction between acquiring knowledge to pass an exam and the joy of learning for its own sake, but until examiners truly find a way to distinguish between the two, you won't fail

Be as self-critical as possible when marking your papers. Then actively seek out help with areas where you have identified you need to improve

an exam by repetitive practice of the exams you face. There are also some important collateral benefits derived from investing time in sitting as many past papers as you can under exam conditions. One of the hardest aspects of revising is worrying about whether you are putting your scarcest resource (time) to best use.

Once you decide to focus exclusively on practising past papers, you will never again question how you are using your time. Because, logically, there can be no more efficient use of your time than committing yourself to sit for three hours without interruption to complete a past paper as if you were in the exam hall, spending an hour marking it and then prioritising areas for self-improvement. Finally, your confidence in this efficiency will increase as you observe others using their time less efficiently.

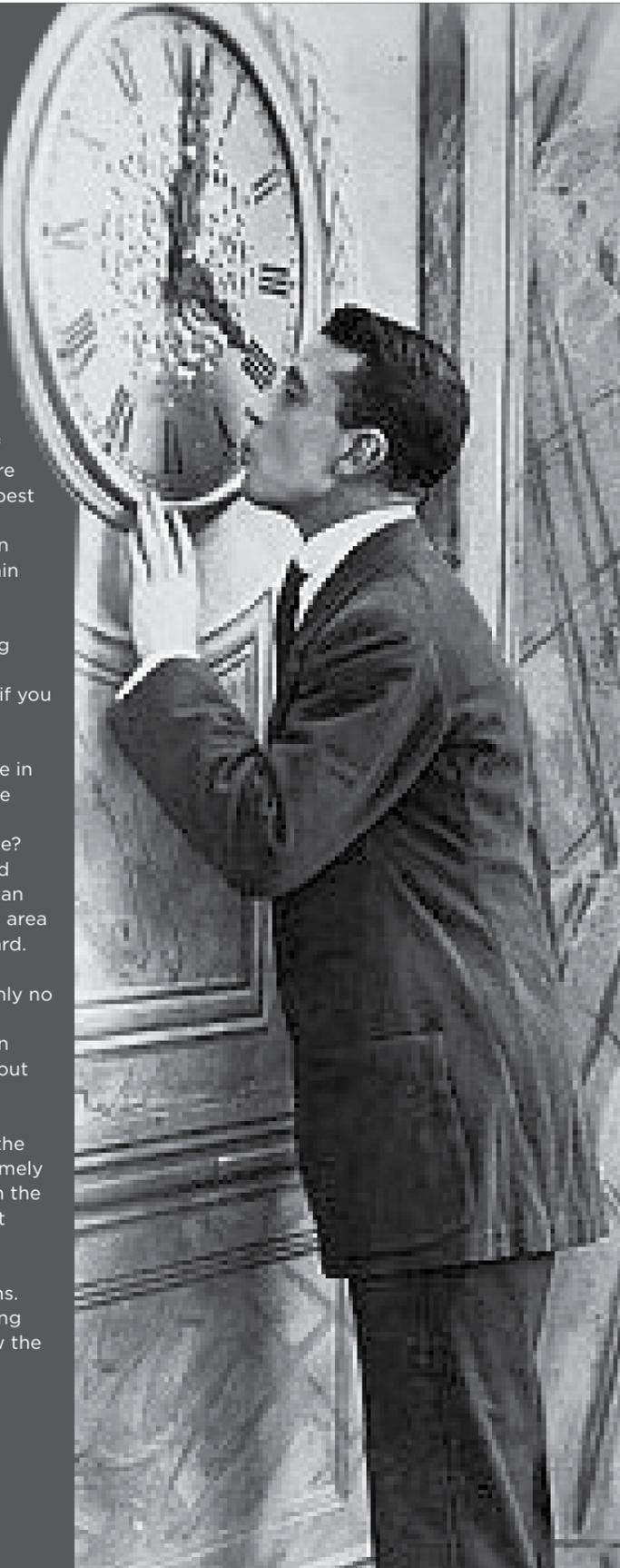
So how should one put this into practice? First, get hold of as many past papers and sample papers as you possibly can. You can download these from the exam resources area of your dashboard at icaew.com/dashboard.

Start sitting past papers under exam conditions as soon as you can, but certainly no later than a few months before the actual exams. Be as self-critical as possible when marking your papers. Then actively seek out help with those areas where you have identified a need to improve.

If you have followed this advice, when the day of the exam comes you can be supremely confident that you have used your time in the most efficient manner possible. You won't waste any time thinking whether you did enough work. And you certainly won't be nervous about how to tackle the questions. You can walk out of that exam hall knowing that you haven't failed. And you will know the reason why. ■



Mark Shelton is an Associate of Kaplan Hawksmere specialising in Business Partnering. For further information contact mark.shelton@purposefulpractice.co.uk



Happy new (tax) year

A thorough understanding of the changes in the Finance Act 2013 is essential to passing your tax exams

So you've passed a tax exam in 2013 and you are preparing to move onto a higher-level exam this year. To help you pass, **Matt Dyson of First Intuition** summarises some of the main changes in the Finance Act 2013 - and in particular, those changes that are likely to have caught the examiner's eye.

OVERSEAS ASPECTS

HMRC has been teasing us for years with proposed changes to these rules. So now they have finally been implemented, watch out. These rules are highly likely to be tested in the Tax Compliance, Business Planning: Taxation and Advanced Stage/Level examinations. In particular, make sure you are aware of the new legislation that replaces the old residency tests. See the ICAEW learning materials for more detail.

ENTERPRISE MANAGEMENT INCENTIVE (EMI) SCHEME

Good news for those with EMI shares - they are more likely to be eligible for entrepreneurs' relief. The ownership period (at least one year) runs from the date of grant, not exercise. In addition, there is no 5% ownership requirement.

IHT SPOUSE EXEMPTION

You may be aware that, where a UK-domiciled spouse makes a transfer to a non-UK domiciled spouse, there has been a historic limit on the intra-spouse exemption of £55,000. This has increased to £325,000 to match the nil rate band. There is a new election available for the non-domiciled spouse to elect to be UK domiciled for IHT (not IT or CGT) so that the limit no longer applies. But this means the person concerned is liable to IHT on worldwide assets and so will need careful consideration.

CASH BASIS FOR SMALL BUSINESSES

An unincorporated business with turnover below the VAT registration limit can calculate taxable profits on a cash, rather than accruals, basis. Even capital expenditure is deductible. Cash deficits (ie, losses) are carried forward against future cash surpluses (ie, profits).

FIXED RATE DEDUCTION FOR EXPENSES

All unincorporated businesses can take advantage of these. In a similar way to the well-known business mileage limits, there are now statutory limits for using part of a home for business purposes, or for working from home.

DISINCORPORATION RELIEF

Students have been talking about this in their answers for years - but the problem is it didn't exist until now. Where an incorporated

business is transferred to its shareholder(s), assets are now transferred at the lower of cost (or TWDV in the case of goodwill) and MV. This helps alleviate the problem of "double taxation," that occurs on the distribution of assets.

R&D

A new relief called above-the-line R&D relief is now available to large companies to choose instead of the 30% enhanced relief. Under this regime the company deducts R&D costs as normal but then adds a 10% credit to their profits (above the line) and deducts the same 10% credit from their tax liability (below the line). For a 23% company the net impact is an overall 7.7% saving (23% of 10% minus 10%). This compares favourably to the 6.9% saving for the enhanced relief (23% of 30%). Confused? See your learning materials for an example.

ALSO...

Don't forget to review your rates and allowances. Look out for a new top rate of IT; reduced main rate of CT; and new CO2 car limits. ■ For information on ACA courses offered by First Intuition visit fi.co.uk/icaew

