



PRINCIPLES OF FINANCIAL REPORTING

FOUNDATION PROGRAMME
STUDY GUIDE:
2023-2024 EDITION

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About the Accounting and Corporate Regulatory Authority

The Accounting and Corporate Regulatory Authority (ACRA) is the regulator of business registration, financial reporting, public accountants, and corporate service providers. We are responsible for developing the accountancy sector and setting the accounting standards for companies, charities, co-operative societies, and societies in Singapore. ACRA fosters a vibrant and trusted business environment that enables innovation and growth and contributes towards making Singapore the best place for business.

For more information, please visit: www.acra.gov.sg.

About the Institute of Singapore Chartered Accountants

The Institute of Singapore Chartered Accountants (ISCA) is the national accountancy body of Singapore. ISCA's vision is to be a globally recognised professional accountancy body, bringing value to our members, the profession and wider community. There are over 33,000 ISCA members making their stride in businesses across industries in Singapore and around the world.

Established in 1963, ISCA is an advocate of the interests of the profession. Possessing a Global Mindset, with Asian Insights, ISCA leverages its regional expertise, knowledge, and networks with diverse stakeholders to contribute towards Singapore's transformation into a global accountancy hub.

ISCA is the Administrator of the Singapore CA Qualification and the Designated Entity to confer the Chartered Accountant of Singapore - CA (Singapore) - designation.

ISCA is a member of Chartered Accountants Worldwide, a global family that brings together the members of leading institutes to create a community of over 1.8 million Chartered Accountants and students in more than 190 countries.

For more information, please visit www.isca.org.sg.

Introduction

ACRA provides this Study Guide to help Candidates to be better prepared for the Singapore CA Qualification examinations. The Study Guide provides guidance to Candidates on how to use the recommended textbooks.

Module Assessment

The Foundation Programme is assessed by way of centralised examinations. These standard national examinations are applicable to all Candidates. Each module will be assessed by way of a 3-hour and 15 minutes restricted open-book written examination. There will be four questions, and each question may have multiple parts requiring structured responses. For instance, written short answer questions, essay style questions, computations, or standard format questions (e.g., extracts from income tax returns and GST returns, journal entries, etc.).

Module Objective

The Principles of Financial Reporting module provides Candidates with knowledge of the Conceptual Framework and the Singapore Financial Reporting Standards (International) (SFRS(I)) to produce a complete set of financial statements for single entities, including basic notes to the accounts. Candidates will also be able to explain and advise on the application of the SFRS(I)s, demonstrating appropriate professional judgment. The Principles of Financial Reporting module provides foundation accounting knowledge for the Advanced Financial Reporting module and the Assurance module.

Assumed Knowledge and Pre-requisites

It is assumed that Candidates have acquired a strong knowledge base in relation to accounting from their prior tertiary studies. Outlined below is a summary of the assumed knowledge for the Principles of Financial Reporting module:

- (a) Double-entry bookkeeping (debits and credits);
- (b) The elements of the financial statements (Introduction to Chapter 4 of the Conceptual Framework - assets, liabilities, revenue, expenses, and owners' equity);
- (c) Fundamental accounting equations (e.g. $\text{Assets} - \text{Liabilities} = \text{Owners' Equity}$);
- (d) Accounting cycle and transaction cycles (debtors, inventory, cash, creditors, etc.);
- (e) Cash versus accruals;
- (f) Source documents;
- (g) General ledger and subsidiary ledgers, including Accounting Information Systems (computerised and manual);
- (h) Preparing journal entries;
- (i) Posting journal entries;
- (j) Balance day adjustments and closing entries;
- (k) Reconciliations;

- (l) Trial balance;
- (m) Specific accounting entries:
 - Inventory systems (perpetual and periodic)
 - Accounting for Goods and Services Tax (basic concepts and entries only)
 - Depreciation and amortisation
 - Impairment of debtors
 - Discounts and credit terms
- (n) How the accounting cycle culminates in the preparation of financial statements; and
- (o) Preparation of a full set of financial statements for a single accounting entity, excluding the notes to the accounts.

Recommended Textbooks

ACRA does not prescribe learning materials for each of the core modules. Candidates should make use of the Recommended Textbooks to deepen their knowledge and understanding of the topics and learning outcomes. This study guide maps out the module Learning Outcomes to the various chapters and sections found within the recommended Textbooks that you would find useful and relevant in your studies and work. The Recommended Textbook are as follows:

No	Textbook	Authors	Publisher	Edition
1.	Financial Accounting (International)	J. David Spiceland, Wayne Thomas, Don Herrmann	McGraw-Hill	6 th Edition
2.	Intermediate Accounting (Global Edition)	David Spiceland, Wayne B. Thomas, Mark W. Nelson, Pearl Tan, Bernardine Low and Kin Yew Low	McGraw-Hill	2 nd Edition

As the textbooks are not customised for the Singapore CA Qualification, there are learning outcomes not covered by the textbooks. The Study Guide had aligned such learning outcomes to publicly available references. Candidates may refer to other sources to supplement your learning.

In addition to the above references, Candidates should make use of other resources like the Examiners' Guide published by ACRA and Essential Reading listed in this Study Guide.

Studying for the Singapore CA Qualification (Foundation)

Candidates may choose the following mode of study for the Singapore CA Qualification (Foundation):

- (a) Attend tuition courses with a Registered Learning Organisation – Foundation Programme (RLO-FP); or
- (b) Self-study.

Attending the preparatory or revision classes conducted by the RLO-FPs may help you to better prepare for the Singapore CA Qualification (Foundation) examinations. The list of RLO-FPs is available on the ACRA website. For more details regarding course fees, schedules, and duration, please visit the respective RLO-FP websites.

Using the Study Guide and the Recommended Textbooks

Utilising the Study Guide and the Recommended Textbooks together for studying the Singapore CA Qualification will:

- help you navigate and achieve the module learning outcomes to obtain insightful commentary and explanatory details of the module topic
- increase your comprehension and organise your understanding through the module topic and practice with application based examples, and
- prepare you for a successful exam, while providing the knowledge you can put into action at work right away.

Planning Your Study Programme

Each semester is approximately 13 weeks long. You should establish your own detailed study plan that fits in with your work and other commitments. There are two distinct periods during the semester that you should take note of: i) gaining knowledge and developing your application skills and ii) revising for the examination, which includes honing your application skills.

A sample study plan might be to divide the semester into two with:

- The first ten weeks spent gaining knowledge and developing your application skills; and
- The final three weeks spent revising for the examination and doing practice exam questions.

Using this sample study plan, you would then divide the number of topics by ten and plan to work through each topic accordingly. As you complete each topic, you should also attempt the corresponding practice questions from the Textbooks. This approach will help you establish whether you have understood the concepts thoroughly and reinforces the knowledge and skills gained.

Once you have read all the relevant sections from the Recommended Textbooks, as well as the other suggested reading materials and worked through the topic-specific questions from the Textbooks, you should then switch to intense revision mode and start preparing yourself for the examination.

The past year examination questions also help you get prepared for your examination. You should attempt each question as if it were the real examination, limiting the time allowed to complete, and being honest with yourself when you compare your answer to the answer suggested. As part of your revision, you should refer to the Recommended Textbooks and other essential reading materials to ensure that you have fully understood the concepts and noted any exceptions.

In terms of time invested, it is recommended that you spend 100 hours on gaining knowledge and developing your application skills (approximately 10 hours a week for the first 10 weeks of the semester). The last three weeks should be devoted to intensive revision and exam practice. At a minimum, you should plan to invest at least 12 hours each week in the three weeks leading up to the examination.

PRINCIPLES OF FINANCIAL REPORTING

Financial Reporting Framework	4 Hrs	7%
Recognition of the elements of Financial Statements	32 Hrs	53%
Preparation of Financial Statements for a Single Entity	10 Hrs	17%
Other Standards on Presentation and Disclosure of Financial Statements	14 Hrs	23%

* Estimated study hours only serve as a guide for the Candidates.

THE MODULE AT A GLANCE

- A** Explain the objectives of Financial Reporting, the standard setting process, as well as the need for and apply the components of the Conceptual Framework.
- B** Describe and apply the appropriate measurement and recognition criteria for the elements of the financial statements (Assets and Liabilities), as required by the Singapore Financial Reporting Standards and related pronouncements and interpretations.
- C** Describe and apply the appropriate measurement and recognition criteria for the elements of the financial statements (Revenue, Expenses, Equity and Other Comprehensive Income), as required by the Singapore Financial Reporting Standards and related pronouncements and interpretations.
- D** Prepare a complete set of financial statements, including basic notes to the accounts, for a retail entity, a service entity, and a manufacturing entity.
- E** Demonstrate the appropriate presentation and disclosure of accounting policies, changes in estimates and errors, and events after the reporting date.

ESSENTIAL READING

Preface to the Conceptual Framework

The Conceptual Framework for Financial Reporting

SFRS(I) 1-1 *Presentation of Financial Statements*

Appropriate sections from specific SFRS(I)

The financial press in relation to emerging trends and current issues

SPECIFIC EXCLUSIONS

The following Singapore Financial Reporting Standards (International) are excluded from this module, as these topics are covered as part of the Advanced Financial Reporting module.

SFRS(I) 1- 24	Related party disclosures
SFRS(I) 2	Share-based payment
Various	All SFRSs relating to group accounting

The following Singapore Financial Reporting Standards are excluded from the Foundation Programme.

SFRS(I) 1-20	Accounting for government grants and disclosure of government assistance
SFRS(I) 1-26	Accounting and reporting by retirement benefit plans
SFRS(I) 1-29	Financial reporting in hyperinflationary economies
SFRS(I) 1-33	Earnings per share
SFRS(I) 1-34	Interim financial reporting
SFRS(I) 1-41	Agriculture
SFRS(I) 4	Insurance contracts
SFRS(I) 6	Exploration for and evaluation of mineral resources
SFRS(I) 8	Operating segments

Module Syllabus

Cognitive Levels

The cognitive levels (CL) give an indication of the intellectual depth which Candidates are expected to achieve. Each learning outcome is identified with a cognitive level ranging from 1 to 3. The cognitive levels are described below.

Cognitive Level 1

An ability to communicate knowledge and insight in relation to emerging trends, current issues, and regulatory changes, with some practical application.

Cognitive Level 2

An ability to assess and apply knowledge to common scenarios that a Candidate would be likely to encounter in the workplace to derive an appropriate outcome.

Cognitive Level 3

An ability to demonstrate an elevated level of application of knowledge and assess information in more complex scenarios in order to arrive at an appropriate outcome.

Core and non-core learning outcomes

In addition to the CL, each learning outcome is defined as core or non-core to distinguish between fundamental or supplemental knowledge and skills prescribed in this module.

Core learning outcomes

These are essential learning outcomes which Candidates are expected to achieve in order to gain competency in the described module objective.

Non-core learning outcomes

These are learning outcomes which supplement the core learning outcomes and will equip Candidates with a holistic understanding of the module.

Using the Study Guide

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
A	FINANCIAL REPORTING FRAMEWORK					
A1	Objectives of Financial Reporting					
1	Outline the need for the preparation of financial statements by explaining the role of financial reporting in the decision making process of various stakeholders.	2	NC	Chapter 1 Whole Chapter	—	—
2	Identify and explain the different stakeholders' roles in the financial reporting process, including those associated with: <ul style="list-style-type: none"> • General-purpose financial statements; • Special-purpose financial statements; • Not-for-Profit financial statements; and • Statutory body financial statements. 	2	NC	Chapter 1 Whole Chapter	—	Chapter 1 of The Conceptual Framework for Financial Reporting Weblink: https://www.asc.gov.sg/pronouncements/ https://www.assb.gov.sg/
3	Explain the mandate of the Accounting Standards Council (ASC) of Singapore.	1	NC	—	Chapter 1 Part A	Weblink: https://www.asc.gov.sg/aboutus

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
A2	The Conceptual Framework - Qualitative characteristics (Chapter 3 of the Conceptual Framework)					
4	Explain and apply the fundamental qualitative characteristics of useful financial information.	2	C	—	Chapter 1 Part B	Chapter 3 of The Conceptual Framework for Financial Reporting
5	Explain and apply the enhancing qualitative characteristics of useful financial information.	2	C			Weblink: https://www.asc.gov.sg/firstvolume
6	Identify the cost constraints associated with applying the qualitative characteristics to financial information.	1	NC			—
7	Describe the nature of elements reported in the financial statements.	1	NC			—
B	RECOGNITION OF THE ELEMENTS OF FINANCIAL STATEMENTS (Chapter 4 of the Conceptual Framework)					
B1	Recognition, Measurement, and Reporting of Asset					

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
8	Describe the measurement bases adopted by accounting standard setters and explain the different methods of measurement used for major classes of assets.	2	C	Chapter 3 Whole Chapter	Chapter 2 Part A	SFRS(I) 13 Fair Value Measurement Para. 9 to 33 Weblink: https://www.asc.gov.sg/firstvolume
B1.1	Specific Applications - Inventory					
9	Explain the concept of lower of cost or net realisable value in relation to inventory valuation.	1	C	Chapter 6 Part C	—	—
10	Account for the write down of inventory in the financial statements.	2	C		—	—
11	Prepare journal entries to record the business transactions of a firm using either the periodic or perpetual inventory system.	2	C	Chapter 6 Part B Appendix A Appendix B	—	—
12	Calculate the ending inventory and cost of goods sold using various cost formulae including FIFO, weighted average, specific identification.	2	C	Chapter 6 Part A	—	—

	PRINCIPLES OF FINANCIAL REPORTING MODULE			Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
13	Prepare the appropriate disclosure requirements for inventory in the financial statements.	2	C	—	—	SFRS(I) 1-2 Inventories Para. 36
B1.2	Specific Applications – Property, plant and equipment					
14	Account for the acquisition, depreciation and the disposal of PPE.	2	C	—	Chapter 6 Part A and B Chapter 7 Part A	—
15	Account for PPE under both the Cost model and Revaluation model.	2	C	—	Chapter 7 Part B	—
16	Prepare the appropriate disclosures for PPE in the financial statements.	2	C	—	—	SFRS(I) 1-16 Property, Plant and Equipment Para. 73 to 79
B1.3	Specific Applications - Investment Property					

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
17	Explain the issues and account for the financial statement effects of the different measurement methods for investment property.	2	C	—	Chapter 6 Part A	—
18	Account for transfers to and from Investment Property.	2	C	—	Chapter 6 Part B	—
19	Prepare the appropriate disclosures for Investment Property in the financial statements.	2	C	—	—	SFRS(I) 1-40 Investment Property Para. 74 to 79
B1.4	Specific Applications – Basic Financial Assets					
20	Apply the recognition and measurement rules for different financial assets under SFRS(I) 9.	2	C	—	Chapter 8 Part A	SFRS(I) 9 Financial Instruments Para. 3 to 5
21	Analyse the issues and financial statement effects of the different measurement methods for financial assets.	2	C	—		
B2	Recognition, Measurement, and Reporting of Liabilities					
B2.1	Specific Applications – Leases and contracts with the characteristics of leases					

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
22	Identify the use of leases in business and the fundamentals of lease accounting.	1	NC	—	Chapter 11 Part A to D	—
23	Describe and apply the accounting of leases for both the lessee and lessor.	3	C	—		—
24	Apply the accounting requirements for sale & leaseback arrangement.	3	C	—		—
25	Prepare the appropriate disclosures for Leases in the financial statements.	2	C	—		—
B2.2	Specific Applications – Income Tax					
26	Explain the underlying concept, objective and purpose of deferred tax accounting.	2	NC	—	Chapter 12 Whole Chapter	—
27	Apply the concepts of permanent and temporary differences.	2	C	—		—
28	Account for current tax liability/asset and deferred tax liability/asset.	2	C	—		—
29	Apply the balance sheet liability approach to current and deferred tax accounting.	3	C	—		—
30	Apply the accounting for unused tax losses.	3	C	—		—

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
31	Prepare the appropriate disclosures for current and deferred tax in the financial statements.	2	C	—	Chapter 12 Whole Chapter	—
B2.3	Specific Applications - Provisions, contingent liabilities and contingent assets					
32	Identify the recognition and measurement issues for provisions.	1	C	—	Chapter 9 Part B	—
33	Account for provisions, contingent liabilities and contingent assets in accordance to SFRS(I) 1-37.	2	C	—		—
34	Prepare the appropriate disclosures for provisions and contingent liabilities in the financial statements.	2	C	—	—	SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets Para. 84 to 89
B2.4	Specific Applications – Basic Financial Liabilities					
35	Apply the recognition and measurement rules for different financial liabilities under SFRS(I) 9.	2	C	—	—	SFRS(I) 9 Financial Instruments Para. 3 to 5
36	Analyse the issues and financial statement effects of the different measurement methods for financial liabilities.	2	C	—	—	

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
B3	Impairment of Assets (SFRS(I) 1-36)					
37	Explain the circumstances in which an impairment test of individual assets is necessary.	2	C	—	Chapter 7 Part B	SFRS(I) 1-36 Impairment of Assets Para. 8 to 23
38	Identify whether an indicator for impairment exists for each individual relevant asset.	1	C			
39	Assess the impairment losses in relation to the concept of the recoverable amount of the asset.	2	C			
C	RECOGNITION OF THE ELEMENTS OF THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
C1	Revenue Recognition (SFRS(I) 15)					
40	Account for revenue from contracts with customers under SFRS(I) 15 in relation to the 5 step process.	3	C	—	Chapter 5 Whole Chapter	—
41	Account for variable considerations.	2	C			
42	Account for revenue recognition for long term construction contracts.	2	C			
C2	Specific Applications - Borrowing Costs					

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
43	Explain the concept of qualifying asset in relation to SFRS(I) 1-23.	2	C	—	—	SFRS(I) 1-23 Borrowing Costs Para. 8 to 25
44	Account for borrowing costs under SFRS(I) 1-23 for qualifying assets.	2	C	—	—	
C3	Equity and Other Comprehensive Income					
45	Apply the accounting, disclosure, and presentation requirements for equity and other comprehensive income components.	3	C	—	Chapter 14 Whole Chapter	—
D	PREPARATION OF FINANCIAL STATEMENTS FOR A SINGLE ENTITY (including SFRS(I) 1-1 and SFRS(I) 1-7, in addition to other SFRS(I) previously mentioned)					
D1	Preparation of Financial Statements					
46	Prepare a complete set of financial statements for a retail entity, a service entity, and a manufacturing entity, comprising: <ul style="list-style-type: none"> • A statement of financial position as at the end of the period; • A statement of profit or loss and other comprehensive income for the period; • A statement of changes in equity for the period; 	3	Y	—	Chapter 2 Whole Chapter Chapter 3 Whole Chapter	—

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
	<ul style="list-style-type: none"> Notes, comprising a summary of significant accounting policies and other explanatory information; and Comparative information in respect of the preceding period. 					
47	Identify and explain the 3 classifications (operating, investing and financing activities) of cash flows in a cash flow statement.	2	NC	—	Chapter 4 Whole Chapter	—
48	Prepare statement of cash flow using the direct and indirect methods.	3	C	—		—
E	OTHER STANDARDS ON PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS					
E1	Accounting Policies, Changes in Accounting Estimates, and Errors (SFRS(I) 1-8)					
49	Describe the criteria for selecting and changing accounting policies.	1	NC	—	Chapter 16 Whole Chapter	—
50	Explain and account for the effects on the financial statements from changes in accounting policies, changes in accounting estimates and prior period errors.	2	C			

PRINCIPLES OF FINANCIAL REPORTING MODULE				Chapter where covered		
				Financial Accounting (Int)	Intermediate Accounting (GE)	Other references
				(6th Edition)	(2nd Edition)	
No	Learning Outcomes	CL	Core			
51	Outline the disclosure requirements or prepare the appropriate disclosures in relation to accounting policies, changes in accounting estimates, and errors.	1	C	—	Chapter 16 Whole Chapter	—
E2	Events After the Reporting Period (SFRS(I) 1-10)					
52	Explain and apply the concepts of adjusting and non-adjusting events in relation to events after the reporting period.	2	C	—	—	SFRS(I) 1-10 Events after the Reporting Period Whole Standard
53	Explain and identify the disclosure requirements for events after the reporting period.	2	C	—	—	
54	Determine and report going concern issues arising after the reporting period.	2	C	—	—	
E3	Foreign Currency Transactions (SFRS(I) 1-21)					
55	Explain and apply the rules for determination of an entity's functional currency.	2	NC	—	—	SFRS(I) 1-21 The effects of Changes in Foreign Exchange Rates Para. 1 to 26
56	Apply the rules for recording and reporting foreign currency transactions for a single entity, other than for hedging transactions.	3	C	—	—	

* **Basic Financial instruments include:**

- Cash;
- Debt instruments (such as an account, note, or loan receivable or payable) that meet certain conditions (in particular, returns to the holder are either fixed or are variable on the basis of a single referenced quoted or observable interest rate);
- Commitments to receive a loan that cannot be settled net in cash and the loan is expected to meet the same conditions as other basic debt instruments; and
- Investments in non-convertible preference shares and non-puttable ordinary shares or preference shares.

Appendix A - Common verbs used by the Examiners

Verb	Description
Account (for) / Bring to account	Account requires you to show how to record an element in the financial statements appropriately. This might be by means of a journal entry, T-account, or an extract from the financial statements. Remember, a journal or a T-account is only complete if it shows the date of the entry, the correct accounts, the correct amounts, and has a description (narration) – easy marks are often thrown away through carelessness. Bring to account requires you to include all components, say itemise all revenue that should be recognised for income tax purposes.
Advise / Give advice	As a Professional Accountant, your work will invariably require you to form an opinion about the most appropriate course of action, or offer alternative courses of action depending upon the situation. This type of question requires you to give specific guidance to an individual or a group (e.g. a taxpayer, audit client, management, etc.), so your answer must provide specific information or make a recommendation tailored to the individual or group and justify your position.
Analyse	Identify the key components, look for similarities and differences, look for patterns or outliers, and weight up the issues. If there is numerical data, you might need to provide a range of answers depending on how you substitute the data into your model. Make sure you state any implications of your answer and any assumptions that you make.
Apply	This instruction requires you to relate your answer back to a specific document/s or set of facts. Alternatively, you may be required to use a specific formula, model, or process. For instance, “ Apply the relevant Singapore Financial Accounting Standard to ...”. Another example would be “ Apply the 3-year and 2-year concessional rules for determining tax residence”. Apply and With reference to are similar.
Appraise	Make a judgment about the value, quality, outcomes, results, or size. Often there will be a qualifier in the instruction, which will tell you exactly what to appraise . For instance, “ Appraise Company X’s <u>credit worthiness</u> ...”. Professional judgment and scepticism (a questioning mind) are called for when making an appraisal . Appraise and Assess are interchangeable.
Arrange	Put into the correct order or sequence. Sometimes arrange will require you to make a judgment about which items or factors should be given priority or the order of importance (Rank or Prioritise). For instance, when considering the severity and/or frequency of risks, it is possible to prioritise (or rank) the risks according to whether they have a low, medium, or high probability of occurring and appropriate resources can be deployed efficiently.
Assess	Make a judgment about the value, quality, outcomes, results, or size. Often there will be a qualifier in the instruction, which will tell you exactly what to assess . For instance, “ Assess the <u>adequacy</u> of the disclosures in the financial statements relating to ...”. Professional judgment and scepticism (a questioning mind) are called for when making an assessment . Appraise and Assess are interchangeable.

Verb	Description
Bullet points	Unless specifically asked for, <u>only</u> use bullet points in your answer as an <u>absolute last resort</u> if you are running out of time. A quarter of a mark is better than zero.
Calculate / Compute	Do the number crunching and derive the correct answer? Make sure that you write down your workings and crosscheck your numbers. Candidates often underperform because of careless mistakes.
Comment	Comment is similar to evaluate in that you are required to make a judgment or provide your opinion based on the facts at hand. Professional judgment and scepticism (a questioning mind) are called for when commenting .
Compare and Contrast	Compare requires you to show how things are similar and/or different while contrast requires you to show how things are different or opposite. Even if you are asked just to compare , you must indicate both the similarities and differences.
Conclude / Draw conclusions	Form a judgment, or determine the outcome, or resolve an issue, by using the facts presented. An example might be "Conclude whether to outsource the human resource function".
Critically (analyse evaluate) /	<p>Critically requires that your answer be more extensive than if you were asked to analyse or evaluate the data. Your answer must add a greater degree or level of accuracy, depth, knowledge, understanding, logic, questioning, reflection, and quality to your analysis or evaluation.</p> <p>Remember, critically requires you to consider both the positive and negative points and apply professional scepticism (a questioning mind) in conjunction with professional judgment. Often when an examiner asks you to critically evaluate or analyse something it is because there can be more than one right answer, so you have to convincingly defend your opinion as part of your answer.</p>
Defend	Whenever you see the word defend you <u>must</u> provide reasons for your answer, in other words, provide support for your argument or conclusion. If you fail to justify your answer, you will lose valuable marks. For example, " Defend your advice ."
Define	Like list , you are unlikely to be asked just to define a term, particularly in a professional accounting-related examination unless it is a term that requires you to communicate your understanding rather than copying down someone else's definition or rote learning. For instance, " Define in your own words ...".
Demonstrate	Demonstrate requires you to prove or disprove something beyond any doubt, or show that it applies in the situation described by giving evidence (for instance, provide an example). The evidence can be from the facts given or from your general knowledge and experience. Demonstrate and Illustrate are similar.

Verb	Description
Describe	Describe requires you to provide the characteristics and features of an item or situation. For instance, “ Describe the audit procedures to verify ...” requires you to state the specific audit procedure/s that you would use without going into step-by-step detail of how to perform that procedure.
Detail	Detail requires you to give very specific instructions or advice . For instance, “ Detail the audit procedures to verify ...” requires you to provide step-by-step instructions. Another example is “ Detail how the findings from the site visit will affect the planning of the statutory audit”. This instruction requires you to state the positive and negative consequences in relation to the site visit and the planning of the audit. Don’t forget to think about the future and the past, not just the present when stating the consequences.
Determine	Ascertain or conclude after analysis and evaluation the most appropriate course of action or most correct answer from a range of viable alternatives.
Discuss	<p>Discuss requires you to provide the 'for' and 'against' arguments, you cannot have a discussion without opposing views otherwise it would be just a conversation. If discuss is placed near the front of the instruction, then it requires you to provide an answer that is similar to explain, but addresses both the for and against arguments. For instance, “Discuss why numerical valuation is essential when buying or selling a small business”.</p> <p>However, if there is a statement and discuss is placed at the end, your answer <u>must be</u> in the form of <u>an essay</u> with the following elements:</p> <ul style="list-style-type: none"> • An introduction, which declares whether you agree, disagree, partly agree, or partly disagree with the statement; • The body of your answer, stating: i) Why it is possible to agree <u>and</u> ii) why it is possible to disagree with the statement. You should provide examples to support both points of view; and • A conclusion that proves your original position. <p>An example of a discuss question that requires an essay style answer would be “Numerical valuation is not essential when buying or selling a small business because the actual selling price is the outcome of negotiation. Discuss”.</p>
Distinguish	To note differences between. For instance, “ Describe what is meant by the term tax planning and distinguish it from tax evasion”. Apart from describing what tax planning involves (say 1-2 marks), you need to explain how the two terms are different and how they are similar. However, providing a list of differences and similarities is insufficient – complete sentences are essential to achieve full marks. In addition, it is important that you also mention any other relevant factors (e.g. the ethical and legal issues).

Verb	Description
Evaluate	Pass judgment on or provide your opinion based on the facts at hand. When making an evaluation , there are often predetermined criteria that you will use to base your opinion on. The key here is to give your opinion or make a judgment of the facts, but providing just a description of the facts is insufficient. Professional judgment and scepticism (a questioning mind) are called for when making an evaluation . Examine and Evaluate are interchangeable.
Examine	Pass judgment on or provide your opinion based on the facts at hand. When examining the facts given, there are often predetermined criteria that you will use to base your opinion on. The key here is to give your opinion or make a judgment of the facts, but providing just a description of the facts is insufficient. Professional judgment and scepticism (a questioning mind) are called for when making an evaluation . Examine and Evaluate are interchangeable.
Explain	As a Professional Accountant, you will be frequently called upon in your work to explain difficult concepts and technical issues to people who are not accounting trained. This is where your ability to share your knowledge using simple everyday terms will be most needed. Explain requires you to write at least several sentences conveying how you have analysed the information in a way that a layperson can easily understand the concept or grasp the technical issue at hand. For instance, “ Explain whether an ‘emphasis of matter’ paragraph or an ‘other matter’ paragraph would be most appropriate in this situation”, or “ Explain how a partnership is assessed for tax”. Evaluate and Examine are interchangeable.
Identify	Identify is similar to list , but requires you to also provide an explanation as to why the item/s that you have identified is/are relevant to the facts given in the question. Often identify will require you to select a specific issue or issues, but not all issues, so you need to look out for any qualifying words. For instance, “ Identify the <u>Board Matters</u> ...” is asking you to focus solely on issues that relate to Board Matters from the Singapore <i>Code of Corporate Governance</i> so if you digress and identify remuneration issues, you will not score well. Another example is “ Identify the companies that qualify as members of a group for the purposes of group tax relief”. In order to score well in this second example, you need to identify the companies and state why they are included in the group. You also need to state if a company is not included and why.
Illustrate / Give examples	Illustrate requires you to provide an example, either from the facts given, a real-life example, or a made-up example to illustrate the point you are trying to make. Illustrate and Demonstrate have similarities.
In accordance with	This instruction requires you to relate your answer back to a specific document. Failure to make specific mention of the document in your answer will result in a loss of marks.

Verb	Description
Interpret	Look at the whole as well as the individual parts and decide what the data (or diagram) is telling you. Remember, although interpret may involve some subjective assessment, some answers will be <u>more right</u> (or appropriate) than others.
Justify	Whenever you see the word justify you <u>must</u> provide reasons for your answer, in other words, provide support for your argument or conclusion. If you fail to justify your answer, you will lose valuable marks. Justify is similar to defend .
List	Prepare an itemised list . Although you are unlikely to be asked just for a list of items, it is important to remember that many of the common verbs used by examiners require you to begin with a mental list of issues to consider.
Outline	Outline requires you to provide a general overview of the situation and indicate the main features. Outline is used when the question is worth only a couple of marks, but a single sentence is usually never enough to achieve full marks.
Plan	Prepare a detailed proposal . For instance, in an assurance engagement, you may be asked to ' Plan a review of historical information'.
Predict	Suggest what may happen based on the available information. Remember, although predicting involves uncertainty, some answers will be <u>more right</u> (or appropriate) than others.
Prepare	Prepare requires you to produce your answer using a specific format. For instance, " Prepare the Statement of Cash Flows for ..." or " Prepare all the relevant journal entries for ...". Remember, a journal entry is only complete if it shows the date of the entry, the correct accounts, the correct amounts, and has a description (narration) – easy marks are often thrown away through carelessness. Record and Prepare have similarities.
Prioritise	Make a judgment about which items or factors should be given priority based on importance. For instance, when considering the severity and/or frequency of a risk, it is possible to categorise risks according to whether they have a low, medium, or high risk of occurring and appropriate resources can be deployed efficiently. Rank and Prioritise are interchangeable, and both terms have similarities with Arrange .
Produce	Produce requires you to present your answer in a specific format from scratch. For instance, you may be required to " Produce a Profit or Loss Statement".
Propose/Provide	Put forward (for example, a point of view, idea, argument, alternatives, etc.) for consideration or action. For instance, "Based on the facts of the case, propose the most tax-effective entity type ...", or " Propose audit adjusting entries to correct ...".
Prove	Prove requires you to establish that something is true by citing evidence or giving clear logical reasons. When you reconcile the Bank Account in the General Ledger you are proving that the account balance is correct.

Verb	Description
Quantify	Provide a <u>numerical value</u> (an exact calculation) or a <u>range of values</u> (upper/lower limits, average, likely values, etc.). For instance, “ Quantify the misstatement in the ‘investment in subsidiary’ in the Statement of Financial Position” or “ Quantify the adverse direct materials variance cost”. As with calculate and compute , you should always show your workings and crosscheck your numbers.
Rank	Make a judgment about which items or factors should be given priority based on importance. For instance, when considering the severity and/or frequency of a risk, it is possible to categorise risks according to whether they have a low, medium, or high risk of occurring and appropriate resources can be deployed efficiently. Rank and Prioritise are interchangeable, and both terms have similarities with Arrange .
Record	Record is similar to prepare in that you may need to perform a calculation and show the specific components in an appropriate format. For instance, “ Record the closing entries to transfer profit (or loss) to retained earnings”. Record and Prepare have similarities.
Recognise	Recognise requires you to distinguish between various components and to be able to state how each component should be treated. For instance, “... and indicate if the gain/loss is recognised as profit or loss or other comprehensive income”. Identify and Recognise have similarities.
Recommend	Make a statement about the most appropriate course of action. If there is more than one possible course of action, state which action you would choose and why (justify your choice). Your professional judgment and your ability to interpret the wider situation are critical to scoring well in these types of questions. Don't forget to think about the future and the past, not just the present when making a recommendation .
Reconcile / Reconciliation	Prove that the balance of an account is correct. For instance, “ Using the data given, prepare a bank reconciliation ” requires you to prove that the bank balance in the General Ledger corresponds with the balance shown on the bank statement, listing down the timing differences (e.g. unpresented cheques) and errors (if any). Note here the term <u>Bank Reconciliation</u> , as this acts as a <u>qualifier</u> to indicate the format that you should use to present your answer.
Respond / Reply	This is your right of reply . When you are asked to respond , it is usually in reply to a comment made by someone else (although you can also be asked how you would respond in a particular situation). For instance, “ Respond to the Chairperson regarding her comment on impairment”. Whenever you are asked to respond , you must always justify your opinion or the actions you would take.
State	State is similar to list , but the items require your professional judgement. For instance, “ State any restrictions that apply”. One of the easiest ways to make sure that you state comprehensively is to think, “ list and justify ”. You will note that state appears in many of the verb descriptions given.

Verb	Description
Summarise	Provide a concise description. Summarise is similar to describe , but in a condensed format.
To what extent	This instruction requires you to advance arguments in favour of a position or point of view and respond to or take into consideration the opposing arguments or points of view. You must always justify your answer.
Translate	For the purposes of Singapore CA Qualification examinations, translate refers to the conversion of monetary values from one currency into another currency (although translate can refer to spoken and written language as well).
Use / Using	This instruction tells you the type of model that you must use when formulating your answer. For instance, " Using the <u>Discounted Cash Flow approach</u> , ..." tells you what valuation approach to use. Another common phrase is " Using the facts of the case, ...", which tells you that you must relate your answer to the specific facts given in the question scenario. Generic answers will not pass.
With reference to	This instruction requires you to relate your answer back to a specific document/s or set of facts. For instance, " With reference to relevant Singapore Financial Reporting Standards, explain the risk of material misstatements relating to ...". In this example, relevant <u>Singapore Financial Reporting Standards</u> acts as a qualifier (with reference to 'what'). Failure to make specific mention of the document/s or facts in your answer will result in a substantial loss of marks.

END OF STUDY GUIDE