



Accounting Principles

Level 3 Diploma in Credit Management/Credit & Collections

How to tackle your accounting principles examination

1. Be prepared

Read the Accounting Principles unit syllabus contained in the Level 2 and Level 3 Diploma in Credit Management/Credit and Collections Syllabus booklet; it is free to download from the CICM website if you do not already have an up-to-date copy. It contains all the learning objectives that might be tested in the examination, along with indicative content of what the unit is about. You can use it to help plan your learning and to check you are adequately prepared.

Remember that Accounting Principles Practice Exams, together with their mark schemes and comments made by those who marked those exams, are freely available on CICM Knowledge Hub (see the button link at the bottom of the home dashboard). These are a useful tool for practice and revision. Making reference to them is therefore highly recommended.

You should also practice typing answers because the exam will now be conducted online. CICM will provide tables in exam for you to complete/amend, where required, for example when preparing trial balances, budgets and ledger accounts. See the separate advice in the Accounting Principles Practice Exams area about exam formatting tools, and important set-up requirements for the proctored exam, e.g. system and equipment.

2. Examination structure and rubric

Key points to remember about your Accounting Principles exam:

- a) From July 2020, your exam will be conducted online with an 'Exam Proctor' invigilating your exam. As a result there are important equipment and system requirements. Please follow CICM guidance carefully, and complete your systems check well ahead of your Exam Day. You will find this guidance on the CICM website or in the Accounting Principles Practice Exams area on CICM Knowledge Hub.
- b) Due to the change in delivery, CICM has added 30 minutes and a 5 minute break to the exam time (extra time to be reviewed following initial exams). You will therefore have 3 hours and 35 minutes to complete the exam, and the exam will start at the earlier time of 9:30 GMT. Also you will need to log into your exam (following the link in your appointment email) at least 30 minutes before the exam start time to complete ID checks and on boarding.
- c) There will be five (5) main sections of questions, each worth an overall 20 marks, covering the topics of the syllabus, shown in separate blocks in the online exam. Each section has

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three types of question as explained below. This follows a similar format to recent Accounting Principles exams, and CICM has published a number of Practice Accounting Principles exams on CICM Knowledge Hub where you can become familiar with navigating your way around the new online versions of the exams.

- d) There are no optional questions or elements in the exam, so you will need to attempt them all. This is consistent with CICM's other core units.
- e) Each section contains 3 types of question (A, B and C) which are worth different mark values up to the 20 available for the entire section. In each section:
 - **The first question (Question Type A)** will be a straight-forward task worth 4 marks
 - **The middle questions (Question Type B)** will be some form of substantive task worth usually in total between 10 and 14 marks
 - **The last question/s of the section (Question Type C)** will be for the remaining marks up to 20, and may have some connection with, or develop, the middle questions.
- f) The pass mark for a Level 2 exam is 40% and marks of 50% and above will receive a Level 3 pass. Unfortunately, marks below 40% are not pass marks.
- g) The language and terminology of the examination is based upon International Accounting Standards as used in CICM's own learning materials for this unit. Glossaries of that terminology can be found in the unit's Study Text.

3. General approach

More exams are failed through poor technique during the examination than from poor knowledge and understanding. The key things to do are:

- a) Read the detail within each question task very carefully, so you are sure what the examiner is asking you to do.
- b) Allocate your examination time carefully. Remember that you should spend roughly the same time on each question overall, but that each question part will need a different amount of time to be spent within that.
- c) Remember to attempt all parts of all questions. It is always worth giving a response, even if you are unsure of it.
- d) The principles of bookkeeping and accounting are to do with the communication of detail using techniques which have existed over several hundred years. The clarity of that communication and the accuracy of what is being conveyed is a central component of this subject.

4. Giving an effective response

As with any examination, preparation is the key and practising an effective response to an Accounting Principles task is a worthwhile exam skill, so it is worth a reminder of what this unit and its exam is about. Reasonably prepared candidates prove time after time the benefits of appropriate practice for this examination.

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- a) The unit and examination is written with the credit industry in mind, so often carries a viewpoint of a customer relationship or credit control situation.
- b) The exam will require skills in description/explanation, application of the practical principles of bookkeeping and accounting, and commentary/narrative to convey the meaning of the principles, and the results of applying those principles.
- c) It is not, in itself, an assessment of mathematical ability, although accurate calculations and methods are important and unavoidable in this type of subject.
- d) There is plenty to write about too! It is not just about identifying what a number is, but showing you understand what it means, and why or what its relevance is.
- e) The unit's learning objectives also ask that you construct recognised financial and management statements, undertake accurate tasks, including the principles of bookkeeping, and give explanations. Use the published exam materials to practice this.
- f) It is worthwhile practising in advance not just the subject matter, but also how to use your non-programmable calculator if you choose to bring one to your exam (which is recommended).

The following will help you give an effective response:

- a) Ensure you fully address the tasks set for you. The tasks are not tripwires, but simply they ensure that everyone sits same tasks, so marks for responding to them can be awarded fairly to candidates.
- b) Have an eye to accuracy where undertaking a double-entry bookkeeping task, remembering it is not about coming to a 'right' figure at the expense of detail, but showing that you can produce work of quality in accordance with the long-held principles of the discipline.
- c) Stick to the task and avoid drifting from the set task onto a tangent. Frequently check with the task to ensure you are central to it, as that is where marks are available. Responses not on the set task, or providing surplus-to-task material, waste exam time and are unlikely to score marks, even if accurate.
- d) Use clear, well-constructed, labelled and accurate layouts to help you get good marks. Where commentary or explanation is required, it should be clearly expressed and relevant to the task. Whilst not needing a 'beginning, middle, and end' essay, remember these are opportunities for you to show your knowledge and understanding of the syllabus topics under question, so practise making your response easy to read. A response which is easy to follow, is easy to mark.
- e) Take great care to ensure responses are not too brief for purpose, though. If the task was to '*explain what steps might be needed?*' there is a huge difference in response quality (and therefore numbers of marks awarded) between stating that, e.g. more care should be

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taken, and explaining *why* more care should be taken. Use linking words, such as 'because', or 'meaning that', or 'such as' to prompt a developed on-task response.

- f) Whilst bullet points can be carefully used in responses, ensure you develop each point you make, rather than simply leave a bullet list absent of meaning and understanding, and potentially absent of marks. Go back over bullet points and make sure their meaning is clear. Note that whilst suggested response areas in unit past question papers may be in the form of bullet point responses, you will see that each bullet simply separates one discrete idea from another and that each bullet is extended and developed. This is a safe style if you choose to use bullet points.
- g) Show workings and calculations to support your figures even if you used a calculator to produce or check your response. Even if your 'number' is incorrect, it is possible to obtain marks from the methods you used or for other parts of your response where that was also part of the task.
- h) It is essential to practice typing your answers in readiness for the exam. The Accounting Principles Practice Exams and Mock exam on CICM Knowledge Hub will help with this. The area also includes advice on tables and the formatting tools that will be available to you in the exam. Do not use the advance table editing tools unless you are confident in using them. **You risk losing your work if you use editing tools to change completed tables (with information in).** It is safer (and preferable) to use the tables provided in your exam.

We hope you will join the many previous candidates who have followed this guidance to record the mark they hoped for. Good luck!

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