



EXAM SUPPORT GUIDE



EXAM VOCABULARY SUPPORT



ACA EXAM VERBS ... EXPLAINED

This document has been produced by a senior ACA examiner to support you in preparing for your ACA exams. This document explains the different verbs used in ACA exam requirements at the Professional and Advanced Level, to clarify what the different verbs are telling you to do. It will also help highlight the level of knowledge, understanding and skills you need to demonstrate.

COMMANDS NOT QUESTIONS

Although we all talk of 'exam questions', the ACA exam requirements are *commands* or *instructions* which include a verb (or verbs) that tell you what is being asked of you.

Tutors and examiners often tell students to: answer the requirement; the whole requirement; and nothing but the requirement. So, once you understand what the verb (or verbs) in an exam question mean, you'll be able to better understand what the question is asking you to do, and better scope out your answer to meet the exam requirement.

PROGRESSION OF DIFFICULTY

There is progression of difficulty as you move from one level of ACA exams to the next. The *skills* and *technical knowledge* you learn are cumulative – they are not forgotten, and you will need to retain them and build upon them as you progress through the levels.

KNOWLEDGE

The technical knowledge complexity increases as the ACA exams move to higher levels. The technical knowledge grids are shown at the end of the ACA syllabus document. This has four levels of A, B, C, D. Level A is the highest level requiring: '*A thorough knowledge with a solid understanding of the subject matter and experience in the application thereof sufficient to exercise reasonable professional judgement in the application of the subject matter in those circumstances generally encountered by chartered accountants*'.

Progression of knowledge shown in the technical grid shows:

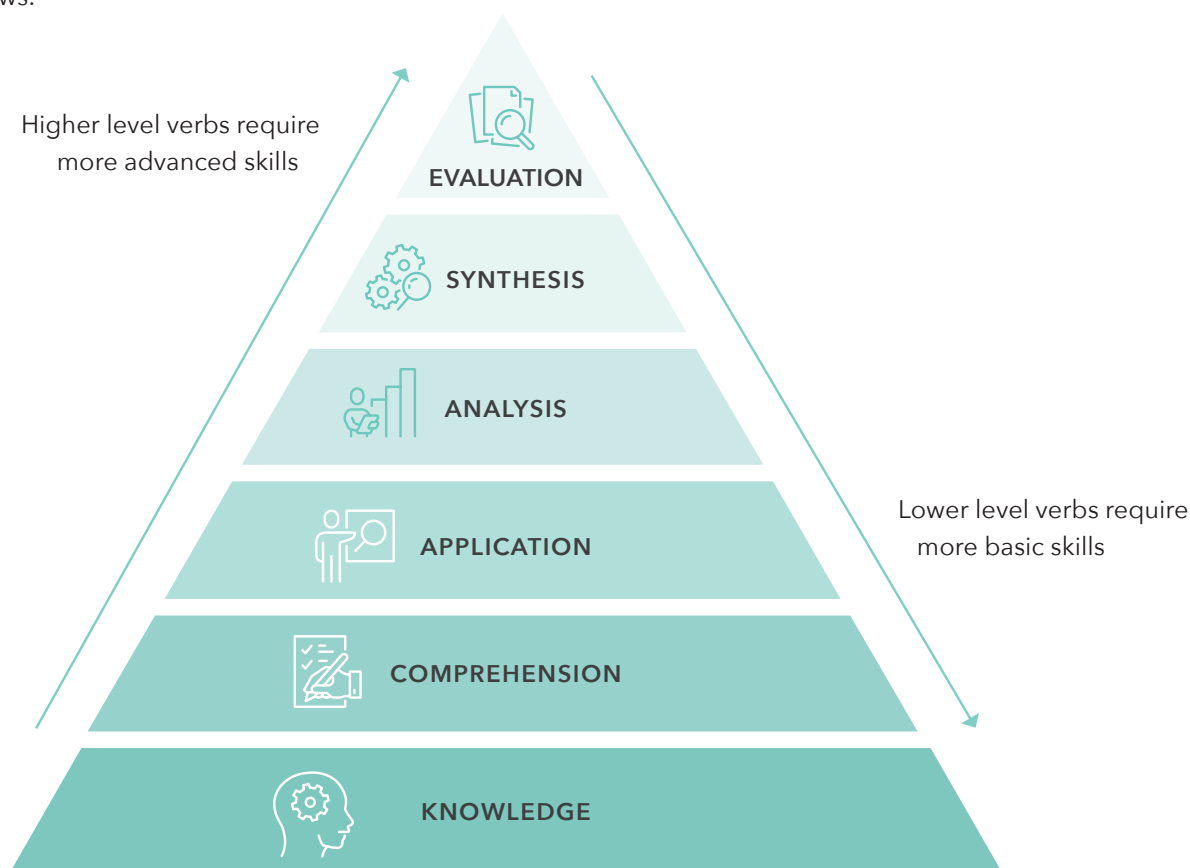
- (i) more advanced topics at Advanced Level only (eg, IAS 19, IFRS 2); and
- (ii) more topics dealt with at Level A at Advanced Level (eg, IFRS 9, IAS 12).

SKILLS

There is greater testing of higher skills at the higher levels of ACA exams. This is reflected in the verbs used in the exam requirements.

These verbs are reflected in the Blooms taxonomy hierarchy as follows:

Do not worry about which verb fits into which of these six categories. Concentrate on what the verb means and what it is telling you to do.



KNOWLEDGE AND SKILLS COMBINED

It's not just the more advanced skills that are tested at the ACA Professional and/or Advanced Levels. It is true that some higher-level verbs are used frequently particularly at Professional Level and Advanced Level exams, but lower-level verbs continue to be used too. There are two reasons:

1. More complex subject matter and more complex scenarios are used in these exams so even a lower level verb, when used in a complex scenario, can test skills. So, a low-level verb like 'describe' can be used, for example, for a complex hedging arrangement.
2. Lower-level verbs can also be used in combination with higher-level verbs. So, 'identify and evaluate' uses a lower-level verb (identify) but it is also combined with a higher-level verb (evaluate) to make it a more complex skills requirement suitable for the higher-level exams.

It is wrong to think that all exams at the same ACA level have the same skills requirements and therefore use equivalent verbs. Each exam has a different combination of knowledge and skills that will test you in different ways.

So, for example, the Business Strategy and Technology exam is high in skills requirements and lower in knowledge, compared with Tax Compliance, which is higher in knowledge requirements and lower in skills.

Verbs used in ACA exams

The table on the next few pages shows the verbs that are commonly used in requirements in ACA exams, classified into the six categories (as used by Bloom). It is **not a comprehensive list** that includes every possible verb, but it highlights those **in common use** in the ACA exams and tries to explain what each verb means in exams and what it is asking you to do. Examples are taken from past ACA exams.



KNOWLEDGE VERBS

Recalling or recognising previously learned ideas, information and principles in the approximate form in which they were learned. The ACA study texts are the main source of this information.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
IDENTIFY	Recognise, establish or select after due consideration.	'Identify' often means selecting relevant items from a regulation (eg, IFRS) or model or from issues in the scenario.  Warning The verb 'identify' can be used in conjunction with another higher-level verb such as 'explain'. However, unless you identify the issue you will not be able to explain it.	• <i>Identify</i> any relevant tax claims or elections available. • <i>Identify and explain</i> the ethical issues arising in relation to...
LIST	Make a list of relevant: items, factors, reasons, aspects, etc, within a given category or for a single purpose.	'List' requires mentioning all relevant items in the relevant category. A detailed explanation of the nature of the items is not required. It needs only a few words sufficient to identify the meaning.	• <i>List</i> the factors to be considered in determining whether development costs should be capitalised. • <i>List</i> the audit procedures that your firm should undertake to evidence ownership of the new machinery.
OUTLINE	Describe briefly without significant elaboration or detailed explanation.	Brief descriptions of each point would normally be appropriate.	• <i>Outline</i> the safeguards which should be put in place to mitigate the ethical threats. • <i>Outline</i> the factors that should be considered by the company in contemplating a rights issue.
SET OUT	Write down in a structured manner.	'Set out' is to prepare something in a structured manner. This could be calculations, basic data or it could be descriptive. The required structure may be: given in the scenario; in accordance with regulations (eg, IFRS); or a matter of judgement as to what is the most appropriate in the circumstances.	• <i>Set out</i> the journal entries that will be required on consolidation to recognise the goodwill. • <i>Set out</i> the audit procedures... • <i>Set out</i> the necessary financial due diligence work for....
STATE	Express clearly, but concisely, the relevant details or facts (without elaboration).	Some questions will just say 'state' which requires a succinct coverage of the facts without detailed explanations. Other questions may add higher-level requirements such as 'state, with reasons ...' or 'state, with justification...' which requires more detailed explanation and/or justification.	• <i>State</i> the key additional information that you would require to make a more complete assessment. • <i>State, with reasons</i>, the implications for your firm's audit report.



COMPREHENSION (OR UNDERSTANDING) VERBS

Demonstrating an understanding or comprehension of information based on prior learning (eg, grasping the meaning of material). This information is based on the principles, models and practices in the ACA study texts.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
COMMENT ON	Give brief opinions, conclusions or observations on...	You should include explanations and illustrations and refer to any evidence. You may be asked for comments on the significance of results or calculations, requiring further details.	• <i>Comment on</i> the level of assurance provided by the report on the financial information. • <i>Comment on</i> the performance measures currently used by the company.
DESCRIBE	Express, fully and clearly, the key details, characteristics, features of...	To set out the key features or details of a procedure, process, proposal, action or other matters. 'Describe' requires more detail than 'list' but not the reasoning required by 'explain'. This verb can be used with another higher-level verb such as 'describe and explain'.	• <i>Describe</i> how you would test the effectiveness of that internal control. • <i>Describe</i> the level of assurance provided by this statement and <i>explain</i> how and why it differs from the level of assurance provided.
DISCUSS	Examine in detail by reasoned argument, giving points for and against an idea.	Provide a range of points on both sides of the argument, but not all points are equal and so a conclusion can enhance the discussion. A question may specifically require balance, for example "discuss the benefits and risks".  Warning Balance both sides of the argument (unless specifically asked in the question to support one side). Do not state an initial view, then only list points that support that view.	• <i>Discuss</i> the different options available and the suggested courses of action. • <i>Discuss</i> the adequacy of the supporting explanations. • <i>Discuss</i> how the company has used its information systems to create competitive advantage.
DISTINGUISH	Highlight the differences between two concepts, ideas or phrases.	Normally involves two similar, but not identical, concepts, ideas or phrases. Your answer should emphasise the differences, rather than the similarities.	• In respect of quality control procedures, <i>distinguish</i> between a hot review and a cold review. • <i>Distinguish</i> between the terms 'uncertainty' and 'risk' in the context of investment decision making.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
ESTIMATE	Determine an approximate amount for...	'Estimating' can take a number of forms each of which suggests that a precise calculation cannot be determined: • Estimating a result, or making a prediction, using calculations and judgement to decide on the basis of suitable assumptions and/or approximations. • Reading approximate numbers from graphs, charts or other visualisations. • Performing calculations which give an approximate answer (eg, using extrapolation of a trend to determine an approximate forecast).	• <i>Estimate</i> the company's cost of equity using the capital asset pricing model. • Using the quantitative data in Exhibit 1 relating to the new stadium, <i>estimate</i> the breakeven attendance figures. • <i>Estimate</i> the value of the business to be acquired.
EXPLAIN	Make an idea or situation clear by describing its: nature, cause, meaning or purpose.	Providing more detail, or revealing relevant facts, to give reasons to justify an action or event and <i>why</i> is has occurred. This may involve explaining actions or identifying causal/linked factors to give reasoning. You may be required to explain calculations in order that the reasoning, solutions and assumptions are better understood.  Warning 'Explain' is not the same as 'describe'. Explain requires more detail of the underlying reasons, not just providing descriptive facts.  Top Tip Use 'because' in your answer as it helps to ensure you are looking for reasons and causal explanations.	• <i>Explain</i> the calculations you have made... • <i>Explain</i> the tax implications, and any tax planning opportunities, arising from the proposed changes. • <i>Explain</i> the differences between convertible loan stock and loan stock with warrants.
ILLUSTRATE	Use valid examples to describe or explain something.	Include some description of the examples to demonstrate relevance.	• Giving examples, <i>illustrate</i> how conflicts may arise between the shareholders and the other stakeholders. • <i>Explain</i> the concept of 'substance over form' and <i>illustrate</i> your explanation.



APPLICATION VERBS

Selecting and applying understanding/knowledge to data and other information in a familiar situation to solve a problem or complete a task. This can be descriptive or using calculations.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
APPLY	Put into practice or action for a given purpose.	Requirement may select assumptions or regulations and ask you to apply them. This application may be in calculations or qualitatively.	• <i>Apply</i> the working assumptions in Exhibit 2.
CALCULATE	Perform numerical or other mathematical computations and produce a numerical solution.	Calculations may just be 'doing the numbers'. Calculate can include statistical computations using a spreadsheet functions (eg, standard deviation and correlation). Calculations may be required to achieve a stated objective within the circumstances given in the scenario (eg, highest profit or break even). Calculations may be required in accordance with stated assumptions (eg, 'Assuming Violet buys the property, calculate...') However, the requirement may also be to 'calculate and explain'. Only give the explanation if this is asked for.  Warning Where calculations are required, it is important to show workings, not just the final answer. This is particularly important if the calculations are performed on a spreadsheet, the contents of which need to be copied and pasted into the word processing area.	• <i>Calculate</i> the net present value of the proposal at 31 March 20X3. • <i>Calculate</i> the net after tax cost to the employer for the period. • <i>Calculate and explain</i> the inheritance tax due as a result of Mr A's death.
DEMONSTRATE	Exhibit an idea or principle by practical example, calculation or argument.	'Demonstrate' can mean qualitative demonstration (by argument or example); or quantitative demonstration (by calculation or numerical analysis)	• <i>Demonstrate</i> how FTSE 100 index options can be used to hedge the pension fund's exposure to falling share prices. • <i>Demonstrate</i> how sterling short-term interest rate futures can be used to hedge against interest rate rises.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
DETERMINE	Find the solution by argument or calculation.	Make clear your reasoning with evidence, calculations or argument to produce a specific outcome or decision.	• <i>Determine</i> if the firm is able to put appropriate ethical safeguards in place.... • <i>Determine</i> the maximum operating profit achievable by the company under each of the following alternative assumptions....
PREPARE	Formulate a document, analysis or other output.	Attention should be paid to both the form and content of the document you are being asked to prepare. Preparing a document may be in accordance with a given set of regulations (eg, IFRS)  Warning The form of the document will depend on whether it is informal (eg, notes) or formal (eg, a report). The style and language will also depend on the recipient.	• <i>Prepare</i> the report requested by the finance director. • <i>Prepare</i> notes, in readiness for drafting your firm's report to the management. • <i>Prepare</i> financial statements.
RECONCILE	Demonstrate how two numbers, pieces of data or arguments differ by setting out the elements which comprise the differences.	Requirements will normally ask for a reconciliation of: • two numbers (eg, a bank reconciliation); or • two views (qualitative).	• Prepare a statement which <i>reconciles</i> actual operating profit and budgeted operating profit for the year ended 31 May 20X5 • <i>Reconcile</i> the views of the finance director and CEO regarding the optimal level of gearing.
SHOW	Demonstrate an outcome through evidence, calculations or argument.	'Show' is to demonstrate clearly how a particular conclusion, number or outcome has been arrived at. This means showing clearly the workings, analysis, processes or arguments that lead to this outcome.	• Explain the financial and non-financial factors that the company should consider. <i>Show</i> relevant supporting calculations. • <i>Show</i>, with workings, how the WACC figure of 9.791% has been calculated.
TABULATE	Arrange descriptive or numerical information in a table format.	Tables are frequently used in scenarios to present information. In this type of requirement, you are required to present the answer in the form of a table.  Warning Take care that the rows and columns are identified as required. Ensure that the content of each cell is well explained. A table is not an excuse for very brief one-word responses.	• Prepare a risk register using a <i>table</i> with three columns: nature of risk; impact of risk; risk management. • Prepare the provisions disclosure note showing the numerical movements <i>table</i>.



ANALYSIS VERBS

Breaking down, restructuring or classifying data, arguments or ideas into simpler component parts or elements; exploring relationships between these elements, drawing inferences and finding evidence to support the validity of the analysis.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
ANALYSE	Break down the data into constituent parts and examine the relationships between those parts.	Examine in detail the structure of data (qualitative and quantitative) and explore relationships between elements of the data. May involve breaking down data into relevant components and restructuring (eg, using spreadsheet functions). A data analysis involves both analysing numbers (eg, ratios) and discussing the data.  Warning Where appropriate, question the data, applying professional scepticism and looking for data bias as part of the analysis.	- Using relevant strategic models, <i>analyse</i> the ways in which the company has chosen to expand its business. <i>Analyse</i> the reasons for the improvement in performance of the franchise. - Provide an <i>analysis</i> of the three-year forecast for the new base, including sensitivity.
COMPARE	Show the similarities and differences between two: ideas, proposals, sets of data, etc.,.	'Compare' means draw a balanced comparison between two issues in the scenario which could be numerical or descriptive. Discuss both the similarities and differences.	<i>Compare</i> the purpose and scope of a review of the profit and cash flow forecasts with that of a statutory external audit. <i>Compare</i> the actual performance and competitive position of ABC Ltd with that of the market leader.
CONTRAST	Show the differences between two: ideas, proposals or sets of data.	This is similar to 'compare' but the requirement is now leading you to emphasise differences, rather than similarities.	<i>Contrast</i> your firm's report for this review engagement with a report issued in respect of an external audit. <i>Contrast</i> ABC's and XYZ's differing approaches to human resource management.
SELECT	Make a choice from the available options and provide reasons for the choice.	Use judgement to make a choice or to identify a specific feature, aspect, proposal, etc.,. The scenario may: - identify specific issues from which you need to select and justify the optimum choice; or - you may need to determine the available options for yourself from the scenario or from prior knowledge of the subject matter and then select and justify one of these. This verb can be used with another higher-level verb such as '<i>select and explain</i>'.	<i>Select</i> the cost classification that best describes labour paid per hour worked. - As part of your review, <i>select and explain</i> the significant financial reporting issues which need to be addressed prior to the completion of the audit. <i>Select</i> the key audit matters for this year's audit and <i>explain</i> the factors which have led you to make this selection.



SYNTHESIS VERBS

This involves originating, compiling, integrating or combining component ideas or data into a coherent whole or overall plan, product or proposal in an unfamiliar context or scenario. This may involve a specific framework (eg, a business plan) or the format of the synthesis may be more open-ended and based on judgement.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
PLAN	Creating or evaluating a detailed proposal for achieving an objective in the future.	Plans may be qualitative or quantitative or both. The requirement may either be to: • create a plan (eg, a budget, or business plan); or • comment on, or evaluate, an existing plan.	- You are planning the audit of Neral Ltd. Identify the audit risks in respect of this relationship between the two companies and state how you would <i>plan</i> to address these risks. - Assess the assumptions that ABC is making in its <i>plan</i>.
SUMMARISE	Provide a condensed version which synthesises the material being summarised.	Express succinctly the key features of... Include a conclusion.  Warning Avoid detailed repetition of the material you are trying to summarise.	<i>Summarise</i> the additional corporation tax, and other tax liabilities, as a result of the correct treatment. <i>Summarise</i> the different characteristics of leases and outright purchase of an asset.



EVALUATION VERBS

Appraising, assessing or critiquing information based on a known set of criteria. This can involve making and defending judgments based on internal evidence or external criteria. It may involve coming to a conclusion on the worth of a plan, proposal or idea. An evaluation may be qualitative or quantitative or both.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
ADVISE	Recommend or provide guidance (with reasons).	Decide between alternatives. A clear and reasoned decision as to which course of action should be taken 'Advice' requires more than just a statement of a final recommended decision. It also requires supporting reasoning and evidence as to why that advice has been given.  Warning Think about the professional and ethical relationship with the person to whom advice is being given. What advice, if any, is appropriate and how should it be communicated to the recipient?	<i>Advise</i> the client on an appropriate marketing strategy for its new product. <i>Advise</i> on the capital tax consequences of the transfer of the trade and assets of the sole trader business.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
APPRAISE	Assess the value, quality or performance.	'Appraise' normally requires a balanced evaluation of a proposal, a measure, a plan, etc.,.  Top tip You may also be asked to 'critically appraise' something. This is looking more for weaknesses, problems or risks, and would, in this case, be less balanced and more critical.	• <i>Appraise</i> the acceptability of the two alternative proposals to each of the key stakeholder groups. • <i>Critically appraise</i> the effectiveness of the KPIs in identifying under-performing shops.
ASSESS	Judge the importance, significance value of worth of ...	This requires some assessment or evaluation of a proposal, an issue or a plan, using judgement. It needs supporting reasoning and evidence.  Top tip Some requirements will help you by indicating how you should make the assessment (eg, list the actions to be assessed).	• Assess the likelihood of achieving the 20X7 budget, highlighting any areas of concern. • <i>List the actions</i> that you would take to assess whether the credit controller's suspicions are valid.
CONCLUDE	Provide a reasoned decision that draws together prior arguments, evidence and explanations.	A 'conclusion' is not the same as a summary. A conclusion draws together themes, synthesises facts and evaluates arguments. A reasoned decision is one form of conclusion. A bland asserted decision, without reasons, is poor exam technique.  Warning Provide a clear decision and don't 'sit on the fence'. Normally, marks are given for the reasoning to support the conclusion, rather than for supporting one particular action.	• A brief explanation of the managed service company legislation and a <i>conclusion</i> on whether or not it is likely to apply in respect of Joe's business plans for 20X0/X1. • Provide a <i>reasoned conclusion</i> on whether the bank is likely to advance the £10 million loan.
CRITICALLY...	Question a concept, principle, argument of set of data with a critical mind.	Requirements will normally combine 'critically' with another verb (eg, 'critically appraise' or 'critically evaluate'). Consider: available evidence; assumptions; omitted data; and causal relationships. Some analysis may be needed as the basis for criticism.  Warning Apply professional scepticism.	• <i>Critically appraise</i> the governance procedures of ABC. • <i>Critically evaluate</i> the alternative dividend policies suggested by Directors A and B.

VERB	EXPLANATION	WHAT THIS ACTUALLY MEANS IN THE EXAMS	EXAMPLES
EVALUATE	Appraise or assess the value or merit of a decision, situation, event, process, etc.,.	An evaluation can be qualitative, quantitative or both. Any 'evaluation' needs to be supported by evidence, analysis and argument. Sometimes the word 'evaluate' is combined with another verb requiring you to do something prior to, but part of, your evaluation (eg, explain and evaluate). Evaluate frequently requires applying professional scepticism. Identifying and assessing data bias can be an element of evaluation.  Top Tip Evaluations may be numerical or descriptive or both.	• <i>Evaluate</i> the ethical and professional issues for you in advising on the tax planning proposals made by the advisers. • <i>Explain and evaluate</i> whether either of the WACC figures would be appropriate for appraising Peel's diversification.
INTERPRET	Describe relationships and features to provide and demonstrate an understanding of the subject matter being considered.	Explain in more intelligible or more understandable terms. Provide an evaluation. Can be qualitative or quantitative. Frequently 'interpret' will be used with another verb which will provide some guidance (eg, <i>analyse and interpret</i> the results).  Warning Communication skills are important. If it is a report, then think who the report is for (eg, a CEO or CFO would have different levels of understanding of financial matters).	• Prepare a report for the board in which you <i>analyse and interpret</i> the financial position and performance of the company. • Using the website dashboard data <i>analyse and interpret</i> the results and <i>explain</i> how they may be used effectively in FC's marketing strategy.
JUSTIFY	Forming a reasoned opinion or argument for a decision or course of action.	Provide reasons, analysis or evidence to support an opinion or decision. Sometimes a decision or proposal will already be given in the scenario and you will be asked to justify it. An alternative style of requirement is that it will be you that comes to a decision or recommendation and then you are being asked to justify your own advice.	• <i>Justify</i> why the items listed by the engagement partner have been identified as areas of audit risk. • <i>Suggest and justify</i> alternative methods of pricing transfers that ABC could have adopted. • Use calculations to <i>justify</i> your advice and recommendations.
RECOMMEND	Select and then justify a preferred solution or course of action.	Advise on a course of action and provide supporting reasons. Frequently you will be required to do other things (outline, analyse, explain, evaluate, benefits, problems, etc,) as part of the same requirement, before being asked to make a reasoned recommendation based on your analysis.  Warning Recommendations should be justified not just asserted. Ensure they are understandable to recipient.	• <i>Outline</i> the possible consequences of this internal control deficiency and provide <i>recommendations</i> to remedy the deficiency. • <i>Explain the factors</i> that should be considered in deciding whether to implement the proposal. Provide a <i>reasoned recommendation</i>.

Chartered accountants are talented, ethical and committed professionals. ICAEW represents more than 202,450 members and students around the world. All of the top 100 global brands employ ICAEW Chartered Accountants.*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor around 12,000 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is the first major professional body to be carbon neutral, demonstrating our commitment to tackle climate change and supporting UN Sustainable Development Goal 13.

ICAEW is a founding member of Chartered Accountants Worldwide (CAW), a global family that connects over 1.8m chartered accountants and students in more than 190 countries. Together, we support, develop and promote the role of chartered accountants as trusted business leaders, difference makers and advisers.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

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* includes parent companies. Source: ICAEW member data
March 2023, Interbrand, Best Global Brands 2022