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**How will the 2011 CPA  
Exam changes affect you?**



**KAPLAN** CPA REVIEW

# Demystifying The 2011 CPA Exam Changes

The CPA Exam is undergoing significant changes in structure and material coverage in January 2011. Learn how the changes will affect your plans to sit for the exam in the near future.  
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**B**eginning January 1, 2011, the CPA Exam will undergo its most significant transformation since switching from a paper-and-pencil format to a computer-based test (CBT) format in 2004. The landscape of the public accounting profession is changing, and the AICPA will be modifying the exam to better reflect that change.

If you plan to sit for part or all of the CPA Exam within the next year, these changes might raise some serious questions about how your testing plans and preparation will be affected. This article will profile three fictitious CPA Exam candidates, all at different stages in the exam process. You will likely be able to identify with one of the profiled candidates.

## Jason

### Plans to complete the CPA Exam in 2010

Jason purchased a review course and began studying for the CPA Exam immediately after he graduated from college in May 2009. He sat for the Business Environment & Concepts (BEC) and Financial Accounting & Reporting (FAR) sections in October 2009. He passed BEC with an 81 the first time he sat, but scored a 68 in FAR. Soon thereafter, he focused his studies exclusively on FAR and passed with a 77 in January 2010. Jason knew that the busy season at work would take up most of his available time in the com-

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ing months, but he didn't want to miss out on the opportunity to test in an available window. So he decided to focus exclusively on studying for the Auditing & Attestation (AUD) section, and test late in the April-May window.

Jason is off to an excellent start and is in a great position to pass the CPA Exam before the end of the year. He has three remaining testing windows (April-May, July-August, and October-November) available for passing his final two sections. He feels confident in his ability to do well on his remaining exams, Auditing & Attestation (AUD) and Regulation (REG).

Even if Jason is not able to pass his remaining sections in 2010, the sections he has passed will still count in 2011. His 18-month timeline to pass all remaining sections began when he passed the BEC section in October 2009, so he still has an opportunity to pass any remaining sections in the January-February window of 2011. Jason's ambition to pass in 2010 is driven by a desire to take his remaining sections in the current, familiar format.

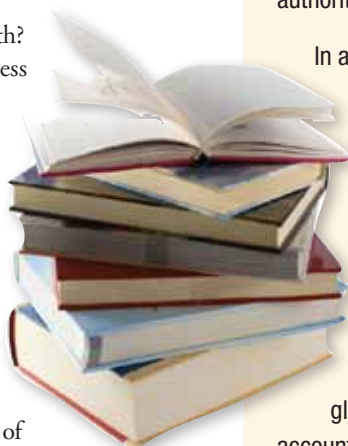
### Anna

#### Plans to begin but not finish the CPA Exam in 2010

Anna has been out of school since December 2009 and has decided to take the CPA Exam to increase her earnings potential and career prospects. She wants to purchase a review course and begin immediately, but she has heard that the exam is changing in 2011. Anna isn't sure what that means for her. Should she begin now, or should she wait until after the January 1, 2011 change so that she can test entirely in the new format?

Candidates in Anna's position should not let the 2011 changes stop them from starting the CPA Exam in 2010. Anna's situation is similar to Jason's: sections that she passes now will still count even after the January 1, 2011 exam changes go into effect. If Anna waits until next year to begin, she will delay her licensure that much longer. Perhaps more significantly, the 2011 exam will test on a handful of new topics that she has probably never studied before. By passing sections in 2010, she will avoid testing in at least some of those unfamiliar areas.

So what sections should Anna begin with? Anna should begin her CPA review process immediately, so that she is in a position to at least pass the FAR and BEC sections in 2010. In 2011, the CPA Exam will begin testing on International Financial Reporting Standards (IFRS) and FASB codification. While these topics could be tested on all sections, they will be tested most heavily in the FAR section. Anna didn't take a university course that covered IFRS or included FASB codification. Passing FAR in 2010 will allow her to make the best use of her current knowledge base. Once she has passed



## IFRS and the CPA Exam

One of the most significant changes to the CPA Exam in 2011 will be the inclusion of exam questions on International Financial Reporting Standards (IFRS). These questions will appear primarily in the Financial Accounting and Reporting (FAR) section of the CPA exam. You should have a solid understanding of the IFRS conceptual framework, basic financial reporting, first-time adoption, and the more common international financial reporting standards. The decision to add IFRS to the new CPA exam was essential since the U.S. Securities and Exchange Commission (SEC) is expected to adopt IFRS as the national financial reporting standard. It is the responsibility of every CPA to be proficient in this new, authoritative literature.

In addition, the International Auditing Standards (IAS) will be tested in the Auditing and Attestation (AUD) section of the exam. Because of the increase in global commerce, accountants need to have a



thorough understanding of global business concepts. Therefore, exam questions on global business concepts currently appear in all four sections, and will be tested even more heavily after January 1, 2011.

Consider sitting for the CPA examination as soon as you graduate. Check with the state regulatory board for the jurisdiction in which you will be licensed; each jurisdiction has its own requirements. You may discover that you can apply to sit for the exam before you graduate. Applying early may allow you to test as soon as you graduate and complete all four sections sooner; this initiative always impresses prospective employers. In addition, you may find that you will finish all four parts before January 1, 2011 when the effects of these recently announced changes to the CPA exam take effect.



- International Financial Reporting Standards
- Operations Management
- International Auditing Standards
- FASB Codification

While these topics may not be completely familiar to Jason, Anna, or Jenny, CPA review providers have been preparing for the 2011 content updates since they were first announced. By taking a CPA review course, candidates will get up to speed on these new topics and be fully prepared for success on exam day.

### Conclusion

There is no right or wrong time to take the CPA Exam. Your situation will dictate the right time for you. There's never been a better time to earn your CPA license. The recent global recession has underscored the need for respected accounting professionals in public accounting, industry, not-for-profit organizations, and government. The best time to begin pursuing your CPA license is as soon as you qualify. There is no reason to put off potential salary increases and advancement opportunities.

The confusion and fear many candidates are experiencing as a result of the planned changes to the CPA Exam are not unlike the feelings candidates had when the exam went through its last major format change in 2004. The most important factor in your success on the CPA Exam is preparation, regardless of when you plan to test. Put in the appropriate time studying, dedicate yourself to success, and you will be at a significant advantage on exam day.

*Kaplan wants to help New Accountant readers pass the CPA Exam. To get you started, we're offering the opportunity to enroll in our Online Review Course for the BEC section of the CPA Exam for FREE\* (\$399 value). Through 12/31/2010, visit [www.FreeBEC.com/NA](http://www.FreeBEC.com/NA) to take advantage of this offer.*

the CPA Exam, she will need to learn IFRS and FASB codification to maximize her career potential. She should enroll in continuing professional education courses that cover these topics.

On January 1, 2011, operations management will be tested in the BEC section of the CPA Exam. Operations management is a popular course in most universities, but many accounting majors are not required to complete it as part of their degree requirements. Because most candidates have not received formal education in this topic, its inclusion in the test may prove to be a challenge. Candidates who take and pass the BEC section in 2010 will not be tested on operations management.

### Jenny

#### Plans to begin the CPA Exam in 2011

Jenny plans to begin studying for the exam in her last semester of college. She will fulfill her 150-credit hour requirement and graduate in May 2011. Jenny is concerned because she has heard that the

CPA Exam will be more difficult in 2011. Although additional topics will be covered in the 2011 CPA Exam, Jenny can be confident in her ability to pass. She should take courses in both IFRS and operations management during her final year of college, even if they are not required for degree completion.

Jenny will not have experience with the 2010 exam, and therefore be unable to compare the old and the new tests. This is to her benefit. One of the reasons we encourage candidates who have already begun testing in 2010 to finish before the end of the year is that the 2011 exam might look and feel different. Although few candidates feel completely comfortable taking the CPA Exam, there is some comfort that comes from knowing what to expect. Thankfully, Jenny can find a lot of information online to help her become familiar with the planned 2011 Exam format.

Four major topics will debut on next year's CPA Exam: