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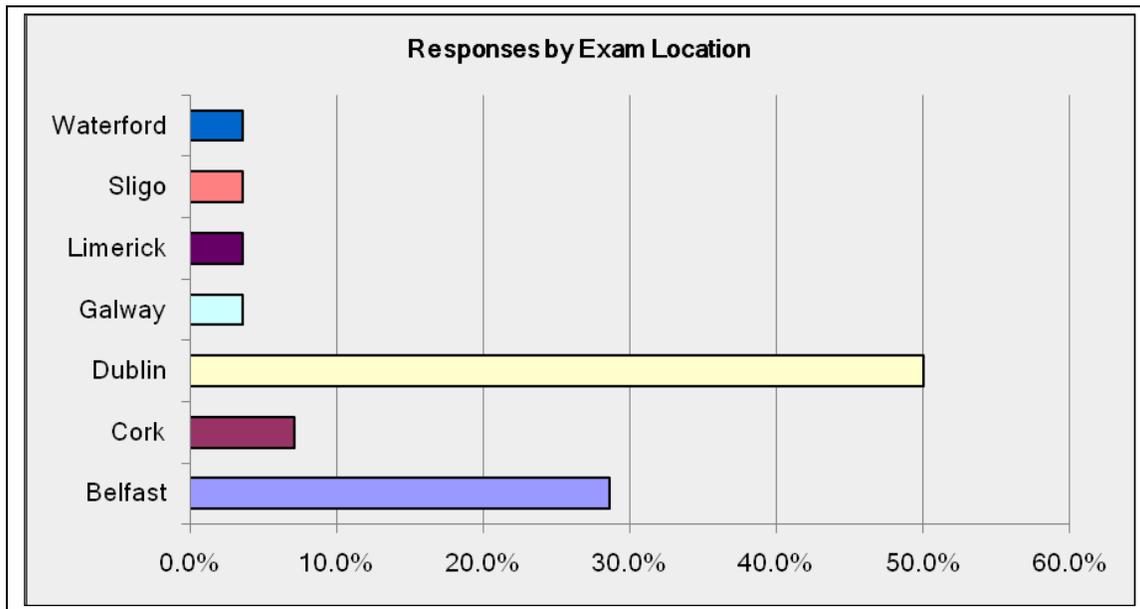
CAP 2 POST EXAM REPORT

Date: 12 October 2010

Introduction:

CASSI compiled this report based on feedback compiled from student responses to an online survey, which was made available to students following the Autumn 2010 CAP 2 exam sitting. The report has been broken down, to give an overview of each of the four CA Proficiency 2 (“CAP 2”) papers that were offered to candidates at the summer 2010 sitting, held between 5 - 8 October 2010.

Figure 1
Responses by exam location



Following the Summer 2010 exam sitting, CASSI would like to stress the anxiety and uncertainty facing students at the Autumn sitting. Many students have been expressly informed by their training firms that the continuance of their training contracts is dependent on success at this sitting of CAP 2.

Paper 1 – Audit & Assurance

This paper was attempted by 60% of respondents to the survey. Students were asked to rank the questions on the paper in order to perceive difficulty. Most students sitting the Audit & Assurance paper perceived the case study (Question 1) to be the most difficult, followed by question 2. Question 5 was perceived to be the most straight forward in this ranking.

Question 1

Part D - Error in the Note 3 additional information on significant debtor/creditor balances: There were FOUR announcements during the exam (Dublin Centre) in relation to this, which was considered to be very disruptive to students. The first announcement that was made occurred at the beginning of the exam, the second announcement outlined concerns students had in relation to another area of this note which was incorrect, the third announcement was to announce that there actually was another error in note 3 and the fourth announcing that students should not go back to change their answers based on the late identification of the second error. Whilst the good intentions of the Invigilator are not in doubt, the impact of such disruptions and confusion caused cannot be underestimated.

Students were very encouraged over the marks allocation between the case study and the remaining two questions to be answered as it was expressed by students that the mark allocation played some part in alleviating stresses associated with answering the case study which carries such a high percentage of marks.

Question 2

Some students stated that they were confused over the requirement of the question due to the wording stated on the paper. Students were unsure as to whether a management representation letter or management letter was required.

Question 3

Some students expressed the view that they felt the information provided in this question did not provide sufficient basis for them to relate their responses to the scenario.

Question 4

The wording was perceived to be somewhat confusing on part b of this question by some. Students were confused as to whether the additional audit work required to be performed by the assistant was to do with the extract given in the question or if they were to provide new work programme for the assistant on what should happen down the line in the audit in terms of creditors and accruals

Paper 2 – Strategic Finance & Management Accounting

This paper was attempted by 35% of respondents to the survey. Students were asked to rank the questions on the paper in order to perceived difficulty. Exactly half of students sitting the SFMA paper perceived the case study (Question 1) to be the most difficult, followed by question 4. Question 5 was perceived to be the straightest forward in this ranking.

Students felt that this was a very challenging paper and quite different to previous examples provided to students. All students felt that this was a very time pressured exam.

Question 1

Students felt that there was a disconnect between lectures and the exam requirements in relation to expectations surrounding the companies in difficulty section of the competency statement. Students felt that insufficient importance was given to this topic, despite the current economic climate and were disappointed that little lecture time was given to this topic, which had a knock on effect of reducing the amount of supporting materials that were provided.

Students felt that the requirement was unclear, in particular part c, students felt it was unclear what the actual proposal was – i.e. whether Packaging Solutions were swapping the loan with another party in Sweden OR switch to another loan in that currency.

Some students noted that the case study had “*fair parts to it where marks where well distributed*”. Some parts were perceived to be “general” in nature, which left students unsure of their responses

Question 2

The common response given by student was that this question was perceived to be time consuming and that it was difficult to complete in the allotted time frame. Some students were confused by the mark allocation as they felt that part B, rather than part C took the most time to complete.

Question 3

It was noted that there was a typing error in appendix 1 of the question, resulting in confusion given the pressures associated with the exam situation. This caused some students to waste time trying (up to 10mins) to decipher the question and/or recalculate responses. There was no announcement made to students advising them of this error.

Question 4

Students felt that the volume of information provided in this question made this a very time pressured question to answer. It was also felt by students that the computational aspects of the question had a higher than expected weighting.

Students felt that the transfer pricing question was unlike anything they had dealt with before in lectures, provided in the text book and examples provided by the institute. Students felt it was a difficult question to understand.

Paper 3 – Financial Reporting

This paper was attempted by of respondents to the survey. Students were asked to rank the questions on the paper in order to perceived difficulty. Most of students sitting the Financial Reporting paper perceived the case study (Question 1) to be the most difficult, followed by question 2. Question 5 was perceived to be the most straight forward in this ranking.

Question 1

Students felt that the question was reasonably straightforward to understand compared to the summer case. Students also felt that this question was well laid out which aided efficient assimilation of the information.

There was a mixed response to the number and complexity of consolidation adjustments requested in the question. Some students felt that the wording of the fair value adjustment was somewhat misleading ('fair value of CRYSTAL'S net asset on 1st January 2009 was SEK 280,000,000), students felt this statement could have been interpreted as the total fair value of net asset (eg: share capital and pre-acquisition reserve), rather than a fair value adjustment of SEK 280,000,000 in the cost of control account. Hence this will lead to increase in land value of SEK 60,000,000.

Students felt that it will be difficult to obtain the full eight marks for the ethics section given the information provided.

Question 2

Students felt that that this question required more than the allotted time to complete both the consolidated Statement of Comprehensive Income and Statement of Financial Position including the necessary adjustments and associated narrative to explain these.

It was noted by students that the abridged statement of comprehensive income was considered confusing and did not convey what information had been included incorrectly from the notes provided. For example, in point one, students felt it was not clear whether the lease was an operating lease or a finance lease; and, if it were the latter, if adjustments were needed for depreciation charged on the machinery. Point two was considered more

straightforward, but again there was some confusion about whether a provision had already been included for the warranties. It was felt that providing more line items in the statement of comprehensive income would have cleared up most of the confusion and there was enough page space to do so.

Question 3

Some students felt that, whilst the standards that were being examined were a fair representation of the competency statement, the requirement was considered vague. One example of this cited by students was in relation to whether the company policies included in issue one was allowable under IAS 16.

Question 4

Most students who provided feedback on this question stated that in order to complete a thorough analysis, excessive time was required to complete the calculations. This left little time to complete analysis of the ratios calculated.

Paper 4 – Taxation (ROI)

This paper was attempted by 22% of respondents to the survey. Students were asked to rank the questions on the paper in order to perceive difficulty. Most students sitting the Tax paper perceived the case study (Question 1) to be the most difficult, followed by question 3. Question 5 was perceived to be the most straight forward in this ranking.

Students have indicated that given the fact this is the only closed book exam, the time table should be changed to move this exam to the start of the exam week. CASSI have raised this issue in previous exam representations and welcome the attempts by CAI to adopt this change for the Autumn 2010 exam sitting. CASSI hope that this change will be implemented for the Summer 2011 exams.

Question 1

The majority of feedback received related to the high marks awarded to a narrative question on incorporation of a sole trader. Students felt that the high percentage of marks would make it difficult to be successful in the part of this case study.

Question 2

Students felt that in part (d), it was unclear as to the number of sites sold. The sites were mentioned a number of times but only on the final mention was it confirmed that 3 sites had been sold. This information could easily be missed as the remainder of the information in that line was not relevant to the calculation.

Question 5

Some students noted that it was unclear when the pension payment was made, which would have affected the treatment of this in the tax calculation.

Paper 4 – Taxation (NI)

No feedback was received on the Tax NI paper

Other Comments:

Students appreciated the extra initiatives that were put in place following the summer sitting of the CAP 2 exams. The provision of sample scripts of passing and failing standard, was greatly welcomed by students, however the timing of these was not ideal. Students are very appreciative of the efforts of student services in this initiative.

Exam Venue Feedback

Belfast

Students felt that the desks at this exam centre were not of a sufficient size to accommodate an open book exam. Invidulators attempted to overcome this issue by giving students an extra chair to hold books during the exam, which added to “cramped” conditions highlighted by students (although students would like to express their gratitude to the Invidulators for their ingenuity).

Conclusion:

In general, candidates felt that the exams were of a very difficult and challenging nature.

With the current economic environment faced by trainees, it is important that the severity of the consequences of students failing exams is taken into account during the adjudication process.

CASSI would like to thank the examinations team who distributed our letters to students on the final day of exams across the country. This assistance was greatly appreciated by CASSI and the regional committees and together with the continued support of student services which enables CASSI to contact students throughout the year and enable CASSI to effectively carry out its role.

We trust the above feedback is useful and will be taken on constructively by those marking the CAP 2 examinations for 2010. Should you require any further elaboration on any of these issues raised, please contact the CASSI Education Officer on the e-mail address at the front of this report.