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FAE

2014 Programme Report

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Executive Summary

FAE Core

Course Delivery

On the whole there have been mixed reactions to the FAE programme. Students have reacted very positively to the introduction of the Steps case initiative and CASSI believe that this may have wider application. Students particularly benefited from the integrated case study days and recommend that care be taken when scheduling these days to maximise the possibility of student attendance.

Considerable Time Pressure

Virtually all students stated that they were under considerable time pressure in all cases, particularly at FAE Core. As a result, students felt they did not get a chance to display their knowledge adequately, particularly on later indicators. CASSI acknowledges that time will always be an issue, however, the appearance of a number of apparent compound indicators as well as time consuming broad ranging strategy indicators, resulted in considerable time pressure, perhaps more than prior years.

CASSI refers to indicators with more than one distinct part as “compound indicators” e.g. in the FAE Core Comprehensive where students were required to “conduct a strategic analysis which considers the financial implications”. Under exam pressure, some students were unsure as to how far to take the financial implications and whether this extended to the financial reporting implications as they spotted an onerous lease issue.

Potential Ambiguities

The majority of students noted they felt there was ambiguity in a small number of indicators. The greatest instance of this was in relation to the revenue recognition indicator in FAE Core sim 1. The e-mail was dated 5 January 2014 and stated “They’re using up their budget before year end, so they requested to be invoiced and to take title to the fuel from 27 December and we agreed.” One contingent of students interpreted this as being the backdating of an invoice to 27 December and viewed such behaviour as unethical. As a result, these students believed there was a non-directive ethics indicator which they thought they needed to address. Students have become very conscious of ethics based on Board reports and the education programme. This resulted in the sim taking longer than the 90 minutes allowed and impacted significantly on the time available for sim 2. The other students appear to have interpreted this as the order having been received and recognised on 27 December and therefore only dealt with the financial reporting implications as they didn’t believe there was an ethical dimension.

A significant number of students also noted that they were unsure as to what was required in a number of indicators e.g. where “an outline strategy” was required in FAE Core sim 2. They were unsure if this meant a list of strategic imperatives, a form of strategic plan or if it was related specifically to the recruitment decision. Students felt they lost time in reviewing the case study to ensure they hadn’t missed another part of this indicator or further guidance as to what was required.

Another instance of this was in the R&D indicator in sim 2 where a smaller, but still significant, number of students lost time attempting to clarify the facts. Detail of these issues is provided on page 18.

Content Examined

Students felt that there was undue focus on strategy with a directed strategy indicator in each of the 3 core case studies. Students felt that the education programme did not adequately prepare them for this.

Students felt there was a considerable level of performance measurement on the paper. Much of this was very time consuming and students felt other areas suffered as a result as they generally started off with these indicators.

The Breadth Test & IMP

Overall, students felt if they did not perform well in an indicator on day 1 there was not as much chance as they expected to make it up in day 2. This was particularly the case for Audit and IMP.

Students have lingering anxiety in terms of the breadth and depth tests they are required to pass at FAE. As a result many students appear to conduct a form of “safety check” to ensure they have covered all of the super 6. This particularly affected IMP. A significant number of students felt they had not sufficiently covered IMP on day 1 due to time pressure. However, virtually all students noted that they were unsure of the IMP indicator on day 2. This led to lost time whereby students scoured the paper to ensure they had not missed a non-directive indicator. Some students did consider that the company valuation may in fact be IMP but many others did not and lost considerable time as a result both searching for an IMP indicator and writing about issues in the case which they believed may have been a non-directive indicator.

Electives

Students generally had a relatively positive response to both the Tax and APM electives stating that while they were quite time pressured in some respects, on the whole they were laid out well, it was relatively clear what was required and the content examined was at a reasonable level considering the material covered during the education programme.

Students did not fare so well with the Audit elective. CASSI note that there were a number of particular issues whereby students struggled with the level of information provided and time pressure.

Introduction

This report has been compiled by CASSI by combining submissions from 614 (2013: 484) students from all regions, representing the views of students operating both under a training contract (94% of respondents) and the Elevation/Chartered Business programme (6% of respondents), following the 2014 FAE Examinations, held from 2 September to 4 September 2014. This represents a 27% year on year increase in submissions which may indicate that students had more issues with the FAE paper this year. However, this may have some other contributing factors also. This is the highest number of submissions ever received by CASSI in relation to any exam or continuous assessment.

The report outlines students' comprehensive feedback to all aspects of the FAE programme; from the lectures and tutorials provided to the quality and availability of support materials, the facilities and venues employed and exam papers themselves. A separate report was previously prepared by CASSI and provided to CAI in relation to the AAFRP assessment held in April 2014.

Course Delivery

CASSI felt it may be beneficial to provide a breakdown of where the respondents attended lectures. This information is largely correct but is skewed as 487 repeat students undertook exams and are not included in the numbers registered for lectures but are included in the number of students responding to the survey. As a result, while the percentage of total registered is not correct in the context of the survey, it does show there was strong engagement from students sitting lectures in all centres as CASSI have proceeded on the basis that repeat students will skew the percentage relatively evenly across the country.

Location	Percentage of respondents	No. of Students	Percentage of total registered	No. registered for lectures
Belfast	18%	112	75%	148
Cork	7%	44	64%	69
Dublin	65%	399	48%	830
Galway	2.5%	15	43%	35
Limerick	5%	29	58%	50
Waterford	2.5%	15	68%	22

The feedback received from students in relation to course delivery was mixed. Overall, there were many positive responses however there were a number of issues which arose in a number of responses to the survey.

Theory Based Lectures

A significant number of students felt that some lectures were too theory focused and did not look to the practical application of material in a case study context. Specific examples commonly cited were IMP and Strategy. However, the strategy lecturer was specifically commended for his coverage of the material provided. CASSI acknowledges that Strategy was covered to some extent in the poorly attended Blackwater Case day, Integrated Case Study days and Steps cases.

Online Lectures

Student preferences for material delivery were extremely mixed. Interestingly a number of students cited that they were unhappy that some lectures were only available online. These students stated that they would be more likely to engage with face to face lectures. However, other students requested that more lectures be online only. CASSI has regard to the fact that lecture attendance was lacking as were the viewing statistics for the online lectures.

AAFRP & Financial Reporting

Students felt ill prepared for the AAFRP exam and felt that additional sessions would be of benefit. CASSI wishes to advise students that we are currently working with CAI on developing more effective workshops and revision for the AAFRP following feedback earlier in the year. Students also requested some Financial Reporting specific workshops to help prepare for the final exam. CASSI wish to draw students' attention to the Financial

Reporting sessions which took place before Christmas which provide comprehensive revision and technical foundation for the AAFRP and main FAE.

Students did not feel financial reporting was adequately covered in the integrated case days. However students noted the benefit of financial reporting indicators in the steps cases.

Management Accounting

A number of students commented that they did not believe there were sufficient lectures for Management Accounting. CASSI is aware that the FAE competency statement for 2014/15 promotes Management Accounting to the “Super 6” in its own right. In this regard CASSI assume that the number of lectures for management accounting will increase in 2014/15.

Audit Lectures

The majority of students found these lectures to be overly focused on the standards with little practical application for case studies. While students acknowledge the importance of the standards, many felt there was little value added in the lectures. However, while this was the opinion of the majority, this was not the opinion of all students and some did commend these lectures. It appears that students not sitting the Audit Elective found these lectures to be of lesser value than those sitting the Audit Elective as the technical standard focus would be more applicable to Elective level.

CASSI acknowledge that the lectures are more technically focused and the integrated case study days are meant for practical application of technical knowledge.

Integrated Case Study Days

CASSI acknowledges that there was generally poor attendance at these integrated case study days. However, those that attended the case days were very positive in their response to them. Students generally felt these days were very worthwhile and helpful and these days offered the opportunity to hone exam technique for the final exam.

Students requested that case study days not take place in the weeks preceding the AAFRP assessment as study is required.

Students noted that the main issue with case study days arose where other students did not attend which limited the benefit as these case study days are intended to be completed as a group.

Some students noted that facilitators had widely varying approaches and requested that this be somewhat more standardised in delivery, though CASSI acknowledge there will always be an element of individualism in delivery.

Steps Cases

A number of students referred to the benefits of the new Steps Cases. CASSI recommends that this initiative is continued in 2014/15.

Some students noted that an initial Steps case prior to Christmas may be useful.

CASSI also considers that perhaps this form of initiative could be expanded to include the AAFRP exam whereby a form of mock exam would be released and the solution published the following week with a recorded session.

Timing of Lectures

Many students cited inability to attend during busy season due to commitments to working at weekends as well as late at night. Other students noted that they were regularly required to work abroad. These students were primarily from Big 4/Top 10 firms. CASSI acknowledges that while firms generally have a policy supporting students and encouraging lecture attendance, from discussions with students, this is not necessarily true in practice. Pressure to work late and/or at weekends and miss lectures can come from seniors up as far as partners and students find it difficult to prioritise lectures in these circumstances. CAI appreciate the pressure on students and continue to engage with employers around student attendance.

Revision Course for Repeat Students

There were mixed opinions in relation to the revision courses. Some students were very satisfied and others felt the revision course was not very helpful. The sentiment appeared to be more positive than negative. Specific issues were raised regarding particular lecturers and these comments have been passed directly to CAI who is committed looking at them.

Mock Exams

We believe student participation was higher than in previous years. Student reaction to the mock exams was very positive and they found them very helpful in their exam preparation.

Students training in industry cited frustration with the timing of the mock exams given that they are going through month end and unable to get time off to attend as they may not always receive the study leave received by those training in practice. However, CASSI does have regard to the fact that the mock exams is a considerable undertaking and due to pressure in returning results to students, it is necessary to hold them as close to the beginning of the recommended study leave as possible.

CASSI respectfully suggest that CAI look at the options for facilitating these students, perhaps allowing them to complete the mock exam at home over the weekend and send it in to be marked.

Availability and Quality of Support Materials

Website

Specific feedback was received in relation to difficulties navigating the website. CASSI is aware that CAI is currently undergoing a significant programme of change in relation to IT and the website will be significantly improved during this process.

Text Books

Specific criticism was received in relation to the IMP, Strategy and Management Accounting texts (Clarke's Management Accounting text is reference material only). Students generally found that these texts were too theory focused with insufficient application to the FAE methodology.

CASSI have confirmed with CAI that students will be advised of the areas in the IMP book which will be ignored for the purposes of the 2014/15 year and will only be directed to the areas which are essential to the exam. In relation to strategy, students found the text had little practical application and was more of a generic college text book than an FAE focused strategy text.

A number of students noted that Drury was superior to the Management Accounting text provided. Students also noted that the MABF case book was not very useful. CASSI would request that this be reviewed given the increased focus on Management Accounting from 2014/15 on.

APM students noted in particular that this text would benefit from a review and update as they did not feel it was as useful as it could potentially be.

ROI Tax Elective students noted particular issues with the accuracy of the text provided. CASSI will provide details to CAI on this under separate cover.

The Core Tax book received specific praise from some students, as did the Core Audit text (Nolan). Most students agreed that the other text books were beneficial to the study process and that the availability of past papers, Steps cases and integrated cases assisted with their exam preparation.

Elective Mock Papers

A number of students who were repeating electives noted that there was only the mock paper for 2014 and 2013 available online. CASSI appreciates that there is considerable work involved in updating these papers, particularly for the Tax Elective, however, given the limited number of practice cases, CASSI respectfully request that CAI reconsider updating additional mock papers for the electives.

Core Case Studies

Students generally felt that there were ample practice cases available with the self-study pack, integrated case days, Steps cases, mocks, past exam papers etc. CASSI wishes to thank CAI for their focus on this following last year's report.

Exam Venue Feedback

CASSI believe it would be of benefit to provide a breakdown of survey respondents by venue.

Venue	Percentage of total respondents	No. of Students	Percentage of those in centre	No. in centre
Belfast	19%	115	44%	260
Derry	1%	6	33%	18
Cork	9.5%	58	38%	153
Dublin	51%	314	35%	904
Galway	5%	31	33%	94
Limerick	7%	44	45%	97
Waterford	4%	26	36%	72
Sligo	1.5%	9	35%	26
Athlone	1.8%	11	31%	35

RDS Dublin

There were considerable issues raised by students in relation to the RDS as an exam venue. While there were some positive comments in relation to being in the main hall rather than Simmonscourt, there were also considerable issues. Students raised specific issues in relation to discomfort in the desks and chairs provided. Students noted specifically that the desks provided were of poorer quality than those provided for the mock exams. There were also a number of reports of desks collapsing during the exams. CASSI was unable to confirm these reports as they do not appear to have been reported to an invigilator. CASSI wishes to highlight to students that any such issues should be reported to invigilators. CASSI would respectfully request that this be investigated. Additionally, students found the chairs to be very uncomfortable to sit in for approximately 5 hours. Furthermore, students commented that there was very little space between the desks and this caused issues given the open book nature of the exam.

Additionally, there was a major complaint in relation to loud music being played in the RDS on Thursday, the day of the elective exam. CASSI notes that while the invigilators acted immediately, it took some time for the disruption to be stopped. CASSI takes this issue very seriously as issues such as this can disadvantage students in a particular centre. CASSI notes this issue also occurred during the mock exams and was reported by CASSI at this stage. As such, this seems to be a recurring issue where the RDS don't appear to appreciate the significance of the exams and the need to ensure that such exams can take place undisturbed.

Waterford

Students in Waterford were generally not happy with the venue. CASSI understands these students provided specific feedback in relation to the AAFRP assessment venue earlier in the year. Students noted that the venue used for the mock exams was far superior to that used for the AAFRP assessment and the final exams as the desks were of ample size and there was sufficient space between desks. In the final exam, while they had more space than in the AAFRP, they had 3 smaller desks pushed together which they did not find practical for using reference materials.

Other Venues

The responses for other exam venues were largely positive. Specific compliments were received for Thomond Park in Limerick and CA House in Dublin.

Exam Procedures

CASSI are complimentary of the initiative introduced by CAI whereby students are required to sign out their scripts. CASSI believes this emphasises students' own responsibility in ensuring their paper is collected. . Students did comment that they felt the signing out of scripts gave a greater sense of security over the submission of their scripts.

However, this has brought with it its own issues. Some students felt that the signing out of papers created a delay in the collection of scripts and as such it was noted that some students took advantage of the delay and continued to write on their scripts. Collection of scripts with a signature is time consuming for invigilators meaning some students are waiting up to 15 minutes after the end of the exam. While invigilators did announce that pens must be put down at the end of the exam, and that any writing thereafter was a breach of exam regulations, some students failed to stop writing. CASSI understands a number of students had to be told to stop writing numerous times by invigilators. CASSI has confirmed that these students will be reported to the FAE Board as this is unfair to other students who comply with the regulations, particularly given then level of time pressure involved in this exam.

Overall Exam Feedback

Students found themselves under considerable time pressure throughout all papers, particularly FAE Core. Students felt it was virtually impossible to provide a competent solution to all indicators in the time allowed. This time pressure was increased by ambiguities in a small number of indicators as previously noted.

On the whole, students found there was a considerable level of strategy examined. CASSI appreciates that Business Leadership is 20-25% of the FAE course and the FAE Board are well within their rights to examine this how they see fit. However, on the 2013/2014 competency statement there are 6 areas examinable under Business Leadership to include Strategy, Ethics, Marketing, Corporate Governance, HR and Change Management. Students felt that 3 indicators explicitly relating to strategy was not expected based on the education programme which involved only one day of face-to-face theory based lectures. CASSI acknowledges that strategy formed part of the poorly attended Blackwater case study day, the Integrated case study days and the Steps cases. Students felt there was considerable ambiguity relating to the strategy indicator in FAE Core sim 2 (details of this are on page.

This is also the case for IMP. Students were thrown by the lack of clear identifiable indicators relating to IMP. Students felt that the IMP indicator on day 1 was essentially e-Marketing which falls under the remit of Business Leadership while there is still considerable debate as to what the IMP indicator was on sim 2. Students are confused as to whether it was Management Accounts which they assumed was part of Performance Measurement, or valuation of IP which appeared to be a Finance Indicator or if there was an underlying non-directive IMP issue relating to copyrights, patents, outsourcing etc. CASSI fully appreciate that students are encouraged to answer the issues as they see them but, having been unsure of their performance in the e-Marketing indicator on day 1, students were very concerned as they could not identify the IMP indicator on day 2 and were afraid of failing the breadth test given the increased focus on non-directive indicators as previously noted. Some students attempted to address this by demonstrating a range of IMP knowledge across the issues in the case.

Core Comprehensive Paper – Day 1

Students generally found the core comprehensive paper to be very time pressured, particularly due to the appearance of apparent compound indicators. Many students noted that they knew a lot more than they had a chance to show which left them feeling somewhat defeated. Students did not feel they had sufficient time to adequately plan their answers as in some parts they were not sure what way they should structure their solution, particularly for strategy.

Performance Measurement

Students were not surprised at the appearance of consolidation on the paper. Generally students found the indicator relating to the disposal of controlling interest in a subsidiary to be relatively fair, however, they felt that this warranted considerable time and other indicators suffered as a result. Many students were conscious of the depth test here as they had failed to reach C in the AAFRP assessment earlier in the year. Students were unclear as to whether journals were required or not in their answers. CAI has confirmed that it is always useful to provide journals where possible but students should note that all answers are considered on their own merit.

Some students also took issue with using an average FX rate for this calculation and felt it would have been more appropriate to use the current FX rate. Students were unsure whether the remark to use the average FX rate was one which should be adhered to or a place where students should refute this statement and put forward the reasons for using the current spot rate or the appropriate rate after the hedging decision was taken as this would be the rate appropriate. CASSI note that students are advised to state any assumptions and proceed with the indicator.

Additionally, a considerable number of students noted they felt it was a little excessive to have to deal with **both** the accounting **and** the disclosure issues with this given that it is already a complex topic and would have taken students a little time to familiarise themselves with the group structure and the facts surrounding the transaction. This took far more than the 25 or so minutes allocated and caused them to make hasty judgments and also had a knock on effect throughout the paper.

As such, students struggled with the disclosure implications with a lot of students either missing that this represented 7% of retail operations or unsure as to the approach to take with this given that it is a PLC. Some students took the approach that more disclosure is better while others believed no disclosure was required in this case. Students felt the time pressure considerably affected them here in trying to adequately deal with all aspects of this indicator and make the correct judgments.

In relation to the management accounting issues, the very majority students noted they were unsure as to exactly what was required relating to transfer pricing. Some students felt that some basic calculations or additional quantitative data would have made this clearer. Additionally, students were unsure if assessment of divisional performance was to be dealt with or not. Many students did not deal with this due to time pressure.

Finally, many students were unsure if they were required to calculate provisions relating to onerous leases following the strategic and financial analysis of the loss making stores. Students felt this may have been a compound indicator as it specified that students prepare “a **strategic analysis which considers the financial implications**” and students were unsure if the financial reporting implications were part of the required “financial implications” and lost time as a result.

Business Leadership

Students felt that Business Leadership was very time consuming, particularly Strategy. Students found these indicators to be very broad and open ended. The integrated/compound nature of the indicators made it particularly difficult for students to decipher the level of detail warranted i.e. whether it warranted the time of 1 indicator or 2 e.g. where the loss making stores required a **strategic and financial** analysis as noted above.

Some students noted that they felt they lacked solid information to deal with the strategic part of the analysis of the loss making stores. This lack of quality information they felt, did not reflect a real life scenario.

A small number of students noted that with the way the table was laid out they thought that the rental costs had not been included in the operating losses and proceeded with the assessment on this basis. CASSI has regard to the fact that this information was highlighted in bold at the top of the Appendix.

Specifically, students generally found the Corporate Governance indicator to be fair and identifiable.

Finance

Students found the hedging indicator to be readily identifiable. Students generally thought the indicator was fair but time consuming and many students felt that the standard required in finance was higher than that required last year. Students believe they were required to calculate the cost of/discuss a number of different hedging strategies and make a recommendation. A minority of students noted they struggled to do this within the 25 minutes or so allocated to these indicators as it took a while to get a full understanding of the transaction – how much was to be received in December, how much was required to repay the bank, whether it was even possible to undertake a 30 day forward at that stage in time to repay the bank etc. A number of students noted that they were unsure as to the number of options they were required to consider.

A number of students noted they felt that there was a considerable level of calculation involved. However, CASSI has regard to the fact that students were provided with the forward rate and did not have to actually calculate it which is often part of such a calculation. These students noted that the level of calculations involved left them short of time to analyse the options and make a recommendation.

A small number of students noted that they were unsure whether they were to deal with point 4 in the financial restructuring proposal regarding the €60m repayment required in December 2015. Given then increased emphasis on non-directive indicators as noted above, students found it difficult to understand if this was to be addressed or if it was merely additional information in the case which may add to other indicators such as the going concern issue. This also added to time pressure.

Tax

The significant majority of students commented that they reviewed the benefits of a trade and asset sale vs. a share sale and they found this to be a fair direct indicator.

A very small minority of students said they only discussed an asset sale as they felt precluded from discussing a share sale due to the language in the question. These students felt they were not in a position to offer advice contradicting the wishes of the Board. The use

of the phrase “tax structure” led to some confusion among this very small minority of students as to exactly what they were being asked to address CASSI acknowledges that potential alternatives were acknowledged in the case and you were asked to advise them.

A small number of students felt it was unclear whether they had to advise on whether €50m would actually be received after the sale.

Audit

Going concern was not an unexpected area to most students. Some students felt this was a fair indicator, identified the elements to be discussed and dealt with each in turn.

However, many students felt that it was somewhat unstructured and struggled with this, particularly in relation to “audit issues”. This was generally noted particularly by students who do not work in Audit. Students were not quite sure what was required of them, particularly as to whether they were required to redraft the disclosure note or merely point out the issues. CASSI wishes to reassure students that each solution will be assessed on its own merits.

Many students felt this was a fairly large indicator or somewhat of a compound indicator, particularly those who felt they were required to prepare a redrafted disclosure note. Again, this was very time consuming and many students noted that this again took much longer than the time they had allocated based on the initial plan.

IMP

Students struggled to ascertain exactly what was being sought by the examiner. Some students believed they were meant to focus on the potential uses of social media and others on the use of the website. The case study referred to “Facebook”, “Twitter”, “ways which the company could develop its presence online” and issues accessing user demographic information. Students felt this could be interpreted in a number of ways including further development of the website, social media presence, online advertising, amongst others. There was confusion amongst students as to whether this related to marketing or IMP. Once again CASSI wishes to stress to students that once they deal with the issues presented they will be rewarded appropriately. Students should not concern themselves with which of the super 6 such indicators fall into. However, as previously noted, CASSI acknowledges that students may be anxious of failing the breadth test.

Core Simulations Paper – Day 2

Students felt the uneven time split between the two simulations was unusual. It was abundantly clear that students found sim 2 to be more challenging than sim 1 with 91% of respondents stating that sim 2 was most difficult. Students found it difficult to decipher the number of indicators to be answered in each sim.

Sim 1

A significant majority of students felt that as a whole sim 1 was fair and didn't have many issues with it. There was considerable confusion over a potential ambiguity in the revenue recognition indicator noted below and this was by far the greatest issue with this sim. However, again, virtually all students noted that 90 minutes was not sufficient to provide competent solutions for this simulation. This included both students who believed there was an ethical issue and those that did not. Only 9% of students found sim 1 more difficult than sim 2. A very small number of students mentioned that it would have been beneficial to have the company name on Appendix 2.

Performance Measurement

Students generally noted that the financial reporting issues relating to Revenue recognition were laid out clearly and were fair and acceptable to them. A minority of students noted that they were unsure if the resulting impact on inventory and cost of goods sold was required to be accounted for.

However, a very significant number of students did raise the issue as to whether there was a potential ethical dimension in relation to the purchase by the Government Department. Some students read this so as to say that the invoice was effectively being falsely created at that date/effectively backdated which would give rise to an ethical issue.

The e-mail was dated 5 January 2014 and stated "They're using up their budget before year end, so they requested to be invoiced and to take title to the fuel from 27 December and we agreed." One contingent of students interpreted this as being the backdating of an invoice to 27 December and viewed such behaviour as unethical. As a result, these students believed there was a non-directive ethics indicator which they believed they needed to address. Students have become very conscious of ethics based on Board reports and the education programme. This resulted in the sim taking far longer than the 90 minutes allowed and impacted significantly on the time available for sim 2.

Other students noted that they read this as being a situation the order was in fact placed on 27 December 2013 as the question stated that the sales discussed "we recorded last week" and the e-mail stating this was dated 5 January 2014. In this case students considered that 27 December would have been last week. This was incredibly ambiguous as in this case, it would be a situation whereby the FTF could not recognise the revenue but there was no ethical issue with raising the invoice as this would be a bill and hold transaction whereby the customer had placed the order and was willing to pay upfront before delivery and there would be no ethical issue.

A very small number of students noted that the wording "we don't have a financial reporting issue in this context" confused them and they believed they were not to review these transactions. CASSI acknowledges that in the main body of the case study it stated that students were required to look at these transactions.

Business Leadership

On the whole students found the Strategy indicator to be the most time consuming in this case. Students felt an in depth analysis of the three options was excessive and that comparing two options would have been sufficient. Some students also noted that they believed they did not have sufficient information to adequately assess the sufficiency of each of these options in the sense of providing adequate inputs to the core business. (Students were told that one option would help increase production by 40%, another by 50% and it was not clear if there would be any production increase if the third option was selected as it merely stated that this may be commercially viable on a large scale within 10 years. Once again, CASSI notes that in cases such as this, students should state their assumptions and answer the indicators based on this and will receive appropriate credit. Some students developed this further stating they would have believed it useful to know how much the company currently believes production inputs will be required to meet customer demands.

Finance

Students generally found the indicator dealing with working capital management to be identifiable and felt that it was a fair indicator albeit quite challenging. Some students did note that they were not sure of exactly what was required of them.

A small number of students noted that they felt there was a strategic dimension to the indicator as they felt strategy must be addressed in making a recommendation though these students did not appear to have an issue with this.

Sim 2

Students struggled significantly with sim 2 with 91% of students citing it to be more difficult than sim 1. However, a significant number of students felt that this sim was less like a simulation and more like a comprehensive case study. Some students noted it was clear that a letter was required in respect of directors duties, however, a minority noted they were unclear as to what aspects of the question were to be included in this letter and made mistakes under the time pressure. Additionally, some students noted that they either missed that a letter was required or forgot when writing their answer due to time pressure.

Strategy/Recruitment/Performance Measurement

CASSI have dealt with these elements together as it is unclear whether the recruitment decision was part of strategy, part of the management accounts discussion or completely independent. Students found it very difficult to ascertain exactly what was required here and how many indicators were present which made time management very difficult for students as they were already under considerable time pressure with the very majority of students having addressed this case study second.

Generally in relation to the management accounts, the majority of students felt this was a fair and direct indicator though some students noted they were unsure as to what exactly was required. A number of students felt that due to time pressure they may have failed to achieve depth in this indicator as they felt it was very open ended. CASSI notes that in indicators such as this, all reasonable solutions will be given appropriate credit. There may be more than one solution and students should not endeavour to seek out what the examiner is thinking but give a reasoned response to the issue.

Students also felt that the SWOT analysis was fair and was clear. Some students noted they felt it was unclear if they were to focus on the strategy of the business or specifically related to the recruitment decision. Students really struggled to ascertain exactly what was required in respect of the "outline strategy going forward". Some students believed this may have been a strategic plan, others looked at a number strategic imperatives while others believed this related solely to the recruitment decision and others referred specifically to change management.

However, the recruitment decision seems to have significantly challenged students as they felt they really did not understand what the examiner was looking for. The way the case study was worded it led some students to believe there was one specific correct answer and this was a cause for concern. Students however, felt the information provided could be interpreted in a number of different ways and were unsure as to what direction to take given GG was currently a "one-man operation" there were a number of people who would need to be appointed.

CASSI understands once more that while the suggested solution will provide one specific answer, all solutions will be reviewed on their own merit and rewarded appropriately.

IMP/Finance

Students took significant issue with IMP in sim 2. Given the time pressure imposed on day 1, many students felt they had not covered the e-marketing indicator sufficiently to pass the breadth test and therefore were very anxious feeling they needed to do well in IMP on day 2. However, students struggled considerably to locate the IMP indicator.

Some students dealt with the valuation of the company as being the valuation of IP, though many saw this as a finance issue of a venture capitalist as they were directed specifically to

NPV. The specific request to assess what equity the venture capital company should seek led students to believe this was a finance indicator.

Those students that concluded it must be an IMP indicator, as they struggled to find another IMP indicator, expressed significant concern that they had little experience in valuing IP in practice as other questions dealt with the theory behind it and felt that if there was a difference between IP NPV valuation and traditional Finance NPV, they would not have dealt with the calculation adequately. Some of these students struggled with this valuation as they were unclear as to whether expenses should be included or excluded.

A significant number of students noted that they discussed issues with outsourcing, IP protection, IT systems, policies and procedures and therefore essentially treated this sim as if there were 6 indicators and may not have adequately covered other issues as a result.

As noted above CASSI has regard to the fact that students are encouraged to deal with the issues as they appear and not attempt to establish where they fit into the competency statement. However, CASSI wish to emphasise to the Board that students are of course conscious of the various tests used in assessing FAE and therefore, given the increased emphasis on non-directive indicators, are increasingly conscious that there may be underlying indicators. In an exam context this can be quite stressful and time consuming.

Tax

Many students found it difficult to ascertain what was required and how the response should be presented. The case queried whether “we” would qualify. “We” were a venture capital company considering investing in an enterprise heavily involved in R&D. However, it did not seem logical to students to assess the viability of the Venture Capital company for R&D credits and proceeded on the assumption that this related to Gazebo Games. However, again, this ambiguity cost students time when students were already under considerable time pressure.

A number of students also noted that as the question referred to the “company” they then forgot that Gazebo Games was in fact a sole tradership at the time and proceeded as if it was already incorporated.

It was also unclear whether the R&D was outsourced. Some students noted they proceeded on the basis that while certain things were outsourced, that the actual R&D was done in house and did not even consider that the design element which was outsourced could form part of the R&D work until after the exam and therefore did not state an assumption. Others proceeded on the basis that the R&D work was indeed outsourced and therefore discussed the implications of this.

Audit

Many students did not initially recognise directors’ responsibilities as an audit indicator. Students not sitting the audit elective felt at a disadvantage for this indicator. Some students have said that this was not covered during the audit lectures at core level but CASSI have been confirmed that it was covered in Audit elective and that ISA 720B was covered at core level. CASSI were unable to confirm if directors’ duties to shareholders which came up in FAE core sim 2 were covered during core lectures. CASSI once more acknowledge the cumulative principle, and that this may have been covered at CAP1. While directors responsibilities may have appeared in a couple of practice case studies, there is a considerable bank of case studies available to students and many students may not have looked at these specific case studies. CASSI acknowledge that this was on the competency

statement and would appreciate if CAI could confirm to the FAE Board if this was covered during Audit Core lectures.

Students felt that they were unable to display their knowledge of auditing as such a narrow area was examined. Students felt it would be better and more representative of their abilities if a more practical area were examined such as those asked in the mock exams and other case studies.

Electives – Day 3

CASSI received responses from students across all 3 electives. Students appeared to struggle most with the Audit Elective while students sitting the Tax Elective and APM Elective generally felt prepared for the exam by the education programme.

Elective	No. of Students	% of Responses	Total	No. of Students Registered	% of Those Registered
Audit	285	55.5%	850	34%	
APM	106	20.5%	270	39%	
ROI Tax	104	20%	270	39%	
NI Tax	19	4%	70	27%	

Advanced Audit and Assurance

Almost all students noted they were under considerable time pressure in this exam. A considerable number of students felt that the significant amount of information provided added to their timing issues.

Simulation 1

55% of students felt this was the least difficult sim however most students noted that although fair and in line with prior years, the time pressure felt affected their ability to competently answer the indicators. Some students noted that intangible assets is not an area they would see practically until at a senior level in the work place and as such they felt at a disadvantage to others who would have experienced this. CASSI reminds students that all elements of the competency statement are examinable at the level noted.

Students felt it would have been more appropriate if the assurance reports had been taught in a lecture setting as opposed to an online lecture. It was further noted that students felt it was difficult to identify which assurance report was required from the case study and most felt they wasted time on this area. CASSI note that the feedback in prior years has led to some topics being covered in online tutorials in order that class time is spent on topics which require a more in depth discussion.

Simulation 2

66% of students felt this was the most difficult sim. Overall students commented that they were confused by the group structure and found it difficult to identify what their role as auditors in relation to the scenarios was. Some students were of the impression that the group audit lectures had only been covered in an online lecture however CASSI note that this was covered in Elective sessions one and two, the online session was in relation to audit in FAE Core.

On the whole students felt that the indicators were vague and it was difficult to show their ability and competency due to this. Confusion also arose in relation to the timing of the audit, a lot of students questioned how the planning could not yet have been reviewed given that the audit had been ongoing for a number of weeks and the partner was in attendance at the

planning meeting. Students felt that they had wasted time in trying to read the question again in case they had misread or missed a portion of the case.

Students also felt that they were unable to give an audit opinion given that they were not clear on the audit work that had been carried out. From a practical perspective, students felt that the layout of the paper was difficult to navigate. CASSI note that there had been considerable thought put into the layout of the paper in order to make it as easy as possible for students to navigate.

Simulation 3

The opinion of students regarding sim 3 was very much divided with approximately half of students noting that they felt it was fair. The other contingent of the students felt that the ethical requirements of the case study were significantly time consuming and this coupled with the "any other matters" indicator lead to excessive time pressure to complete the exam and students felt this meant they were not able to perform as well as hoped. Many students felt that due to the time spent on sim 2 they had little time left to complete this question.

CASSI would like to remind all students that the case days provided are essential to consolidate the technical knowledge gained from attending class and ensure that each student has the ability to apply this knowledge to any situation.

Advanced Performance Management

Overall students felt that this paper was in line with prior years however students commented that the level of calculations required in the paper was not expected given the feedback from previous examiners reports and discussion with lecturers.

Simulation 1

This was considered to be the least difficult sim by 49.51% of those responding to the survey. Overall students indicated that they felt this simulation was fair however it was felt by some that it was difficult to extract the information required to calculate the NPV. A number of students' responses made reference to the time pressure felt when completing this simulation and a small number of students questioned if the time weighting was appropriate.

Simulation 2

55% of those taking part in the survey noted they felt this simulation was the most difficult. The main issue was the intense time pressure felt in this question. Students felt that some of the information was unclear and their attempts to decipher it added to the time pressure felt. It was felt that the requirements in relation to the NPV were confusing. Students noted that their concerns stemmed somewhat from the similar requirements of sim 1.

Simulation 3

A considerable amount of students felt that IMP was being examined throughout the sim and felt this was confusing. Again it was noted that students felt considerable time pressure and noted that they found some of the paper to be vague in its requirements. The requirement for two documents to be written in the allocated time was a cause of concern for some students who felt this was unmanageable.

Advanced Tax Elective ROI

Generally the tax elective was well received by students who found it to be challenging but fair for the most part. There was no clear simulation which students found most or least difficult with roughly a third of students finding each simulation to be the most difficult and roughly a third of students finding each simulation to be least difficult. A marginally higher percentage of students indicated they found sim 2 to be the most difficult and a marginally lower percentage of students indicated they found it to be the least difficult.

Simulation 1

Students generally found this sim to be quite difficult and complex but not unfair. However, a very small number of students noted there was an element of confusion as to whether students should be advising James or the three brothers.

Simulation 2

The overall sentiment of students in relation to sim 2 was that the issue of CGT/Retirement Relief/Favourite Niece or Nephew/CAT/Business Relief and relevant clawbacks was incredibly time consuming. Students recognised that the other issues in respect of the Spanish property and cash gift to grandson were much shorter, presumably to compensate, however students still found themselves losing time on this sim. A small number of students noted that it was difficult to decipher how much to write on the latter 2 indicators.

Simulation 3

Students had mixed views on the level of difficulty in this sim with roughly half of responding students commenting that they found it to be reasonable and the other contingent stating they found it complex. The greatest issue overall was the lack of figures involved. A small number of students specifically stated that they would have preferred figures to work with for the double taxation issues as with theory it is difficult to decipher what level of detail is required.

Advanced Taxation NI

Simulation 1

This was thought to be the least difficult sim by 46.67% of the students responding. Students noted that the sim required quite a technical response and some found having to work on three brothers to be a little confusing. Most students felt this question was fair.

Simulation 2

Over 66% of students felt this was the most difficult sim for Tax NI Elective. Some students felt that the information was not as clear as it could have been and felt they wasted time trying to work out what was required.

Simulation 3

Students felt there were a lot of issues which could have been examined and were unsure as to which issues were indicators. Numerous students commented that they felt it was difficult to understand exactly what was required and noted that the HMRC enquiry and VAT indicators took a considerable time to address competently. Students felt overall the timing allocated to all three sims could have been divided differently to allow for better answers.

Additional Comments

Students noted they were grateful that their views on the AAFRP were listened to by way of the CASSI report and these students felt confident that their submissions to CASSI would be represented to the Board regarding the FAE and the education team regarding the education programme. CASSI would like to thank CAI for accepting and considering the AAFRP report as it was unscheduled. CASSI intend to produce a report on the AAFRP in 2014/15 as this is an essential part of FAE.

The feedback and commentary from the mocks is greatly appreciated by all students however a number of students noted that the commentary received was not legible and would ask that CAI consider asking those marking to type the comments were possible. Students also noted that some markers were better than others whereby they would note comments both on the front of the script and as they went through the script which provides more relevant feedback.

Once again this year the timing of exams and issue of rest days has been one of intense discussion. Some students feel that a rest day should be introduced between the Core papers and the Elective however there is an opposing group who feel that timing of the Elective Exam should in fact be brought forward to the morning. Many students are also content with the current timing of the exams and recommended no change be made. CASSI suggest that, with CAI, they look into this further and propose no change until further enquiries have been made.

The majority of students noted that they felt they still did not have a full understanding of the marking system in place for FAE. CASSI notes there was a comprehensive online session facilitated by Joanne Powell which allowed students to review this at any time during their study. CASSI believe one of the main issues is misunderstanding of how the coloured ratings of Green, Yellow and Red relate to the indicator scores of HC, C, RC, NC and NA. However, CASSI would like students to note that they are currently working with CAI on a number of issues in relation to the FAE programme and will address this area with a hope to ensuring a better understanding of exactly what is required from students prior to the exams.

Conclusion

In general, students' responses show a mixed reaction to the FAE programme. Students felt that they did not necessarily get to demonstrate their knowledge due to the way in which certain areas were examined. In particular, students found those indicators which dealt with multiple topics difficult to deal with from an exam perspective. This is not to say that this form of examination does not have some merit as it should serve to deter the historical issues of silo thinking, however, given the nature of FAE, it is always difficult to decipher how much time should be spent on a given area. When compound indicators are added to this, it is generally very difficult for students to decipher the difference between compound indicators which are testing more than one area and peripheral issues in these indicators.

CASSI is grateful to the CAI for extending the invitation to provide this report. CASSI understand there are some fundamental changes to the FAE programme for the 2014/15 year and welcome these changes. CASSI believe that these changes will renew the focus on the commercial aspects of the Chartered Accountant's role but also increase the emphasis on the financial reporting and management accounting areas which are essential to the role as a Chartered Accountant.

We trust the feedback provided will be beneficial and will be taken in the constructive and co-operative spirit intended. CASSI would like to thank the examinations team and CAI for communicating the availability of the feedback survey to students via the Student Services Notice board and facilitating announcements after the exams. This assistance is greatly appreciated by CASSI and the regional committees and, together with the continued support of student services, enables CASSI to contact students throughout the year and carry out its role effectively.

Should you require any further elaboration on any of these issues raised, please contact the CASSI Education Team.