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**CAP 2**

**2016 Programme Report**

**Date: 30 June 2016**

## **Introduction**

This report has been compiled by CASSI by combining submissions from 174 students from all regions, representing the views of students operating both under a training contract (90% of respondents) and the Chartered in Business programme (10% of respondents), following the 2016 CAP2 Examinations (Summer), held from 21 to 24 June 2016.

The report outlines students' comprehensive feedback to all aspects of the CAP2 programme; from the lectures and tutorials provided to the quality and availability of support materials, the facilities and venues employed; the continuous assessments and exam papers themselves. Without diminishing any aspect of this report, we wish to place emphasis on those areas highlighted through the use of *Italics*.

## **Course Delivery**

The feedback regarding course delivery was largely positive, particularly with regard to Financial Reporting, with students commenting that the lecturers' methods of explaining problems was very useful in gaining an understanding of the calculations required. CASSI were made aware that in a particular lecture, summary FRS 102 transition notes prepared by the lecturer were utilised as part of the lecture, however these were not distributed via the Student portal at any point, despite requests from the students.

*CASSI would respectfully request that value adding information used in lectures should be made available to students where it is possible to do so, having regard to the quality of the information.*

The feedback for other subjects was more mixed. Students found that while the tax course was largely delivered well, the Capital Taxes element was not, with students feeling that it was made more complex than necessary by the lecturer. This was noted by students in Belfast with regard to other elements of the Tax course also.

Students feel that they would benefit more from further engagement between the Finance lecturers and students, as student feedback suggests the lectures largely consisted of reading from slides with little value added. In addition it was suggested again this year that students might benefit from a SFMA tutorial similar to that provided for Financial Reporting.

Similarly to last year, students have commented on the difficulty in relating the audit lectures back to the exam questions and a suggestion was made that it could be useful for the lecturer to discuss one exam sample question per topic to aid in this.

*CASSI suggest that this be looked into as a possibility for the future.*

Again students commented that the online lectures were very useful as a revision aid, but felt that the revision contact lectures were held too close to the exams. A particular reference was made to the Financial Reporting lecture, which we understand was held 2 weeks before the exam. While we appreciate the restrictions imposed by scheduling needs across 4 subjects and multiple lecture centres, we would respectfully request that student be provided with more time to apply the knowledge gained from these sessions to their studies.

Finally we understand that multiple changes were made to the distance learning schedule throughout the academic year. While CASSI appreciate that scheduling changes may be necessary for varying reasons we would ask that this be kept to a minimum and notice be provided as far in advance as is possible, particularly on the distance course where contact time is more limited.

### **Availability and Quality of Support Materials**

The availability and quality of support materials received extensive praise from students. CASSI are concerned to note that students are continuing to find errors in the past paper solutions and that this has been confirmed by lectures. *We believe it would be beneficial and respectfully request that CAI liaise with lecturers with to review the past papers solutions for such errors as this causes considerable confusion amongst students relying on these papers as a study aid. We understand from discussion with CAI that a review of the papers is to be undertaken.* In addition and as in prior years, students have noted that increased detail in the past papers solutions would be beneficial to provide further guidance as to the workings involved to reach the solution.

Students are appreciative of the translation of the past papers for Tax to reflect the most recent Finance Act – this was noted by several students.

Finally, several students mentioned that in an effort to be prepared for the year they had printed all notes in advance, but that many were subsequently updated. CASSI feel that it could be beneficial to alert students to this likelihood at the commencement of the academic year to prevent the need to reprint notes throughout the year.

### **Exam Venue Feedback**

Feedback regarding the exam venues was on the whole very positive, particularly surrounding parking and table sizes. Students in Belfast noted that there was a phone in a nearby room which rang consistently throughout the exams causing some distraction to those students seated closer to this area.

Those students in Galway who were allocated additional time to complete their exams said that on completion of the main session, students were disruptive and entered the room in which those still working were seated. CASSI requests that where there is a situation such as this, invigilators communicate this clearly to students and actively seek to mitigate any such disruption.

The majority of the exam venue feedback centred on Dublin. As is a common note in our reports, students have requested a study area in the RDS and mentioned that the chairs provided are too low for the desks and uncomfortable. Students have also detailed two separate incidents which occurred during the exam session in Dublin. Firstly CASSI understand a bird got into the exam hall and caused some distraction flying around overhead. Secondly we understand that during the Financial Reporting exam, a leak appeared in the ceiling of the RDS, which due to the considerable rain on that day resulted in students having to be moved, materials getting wet and disruption for surrounding students as a result of the following clean up necessary. We understand that 10 extra minutes were allocated to the exam session to compensate for the disruption and we thank CAI for this measure, noting that the examiners are fully informed of the incident.

### **Continuous Assessments**

We have included feedback regarding the continuous assessments in Appendix I to this report so as not to detract from the main exam session. We would however draw attention if we may to those points indicated in italics in this Appendix.

## **Final Exams**

### **Tax**

#### **Republic of Ireland**

The reaction to the tax paper varied widely across students with some finding it to be fair and others extremely tough. Question 1 was seen as being the most difficult with 58% of students rating it as the toughest question and many noting that the adjustments were more difficult than in prior years, with no perceivably easy marks available.

Students noted that the paper was poorly worded in places and a number of students felt that assumptions were sometimes necessary. Question 5 was noted in particular in this regard, as students felt they should have been provided with details of previous gifts and inheritances received by the individuals involved. CASSI note that the focus in this question was on the relevant reliefs available and understand that where this information was required to achieve full marks in this question, it would have been provided by the examiner. With regard to the wording throughout the paper, the notes to Question 1, with specific regard to notes 3 and 5, and part (c) of Question 5 were highlighted in particular as being poorly worded. CASSI have reviewed these questions and would agree that the wording is potentially unclear under exam conditions – in particular with regard to the period of time for which Simon, Matt and Nicole have respectively been resident in the family home. We would respectfully request that this be taken into consideration by examiners and that questions be presented as clear as possible for students.

Students were surprised that there appeared to be some repetition in the reliefs being asked in Questions 1 and 5 and felt that this did not allow them to display a range of knowledge in the paper. Students also expressed concern that corporation tax did not feature as prominently in the paper as in prior years and there is a perception amongst students that this is not in line with the competency statement. CASSI have confirmed with CAI that all papers were in line with the competency statements provided.

Finally, students felt that the material examined in Question 4, part (b) in particular, had not been covered in notes and lectures and was this is evident in the fact that this was the least attempted question on the paper. One student noted that they had confirmed with a lecturer subsequent to the exam that the issues examined in part (b) are not specifically covered in the text book. CASSI note that this is to be considered in the marking of this section.

#### **Northern Ireland**

The comments surrounding the NI version of the tax paper largely echoed those made for the ROI paper. It is worth noting that 100% of students sitting the NI paper found Question 1 to be the hardest and 74% did not attempt Question 4.

In particular, the comments around the lack of corporation tax questions were mirrored by students sitting the NI paper.

Many students felt that part (c) of Question 1 was particularly difficult and expressed uncertainty around what was required of them in this section. It was noted by a few students that they felt the information provided was insufficient to fully answer this part and some students noted that they chose not to answer this part at all, preferring to focus their time on the remainder of question 1. Similarly to the ROI paper, CASSI have been assured that all information required to answer this question in full was provided to students.

## Audit and Assurance

The feedback on the Audit exam paper was mixed, but overall students felt that this was a fair paper. Students noted that covered specific elements the financial accounting course and was what students who were not sitting the CAP 2 Financial Reporting Exam felt disadvantaged as a result. Students found Question 1 to be the most difficult and this was reflected by the significant proportion of the student responses for this paper that made reference to it. It would appear that in general there were parts of certain questions which students found to be difficult rather than entire questions, which is welcomed by CASSI. Students also expressed their dissatisfaction of the lack of significant exam content on both controls and substantive testing which they deemed to have made up a significant proportion of the Audit Course Delivery.

### *Question 1*

This question was deemed the most difficult question by 77% of the respondents who sat this paper. It was noted that candidates welcomed the proportion of the paper examining ethical concerns. A number of students believed that the question was examining IAS 40 Investment Properties. CASSI note that this standard is not on the competency statement and students have misinterpreted the question which was examining their knowledge of IAS 36 and IAS 37 and the application of these standards to audit. Students felt that while a knowledge of the financial accounting standards are required, they did not expect the specific nature of standard to be examined in this way. The presentation was welcomed by students as it was easy to follow. Students however further noted that they would prefer questions examined in more direct nature particularly around audit reports.

### *Question 2*

Students were indifferent about the difficulty of this question with 42% of the respondents who sat this paper selecting that this question was neither the most difficult nor the least difficult question. Again some students expressed they had difficulty with the element of the question looking at Financial Accounting Standard IAS 12 and deferred tax.

### *Question 3*

62% of students found this to be the least difficult question. CASSI note that the general consensus among students was that this question was fair. There was very little feedback provided on this question and no students made negative comments about this question.

### *Question 4*

From the feedback CASSI received on this question, we note that this question was attempted by the fewest number of students who completed the survey. Some students had issue with section (a) of this question as they believed that elements of the examined content incorporated "ISA 210 Agreeing the Terms of Audit Engagements" which was not included within the competency statement. CASSI note that again in this paper students have misinterpreted a standard that was not examinable in the competency statement with the relevant standard being ISA 200. *CASSI recommend that throughout the course delivery students gain an understanding of their course competency statements and avoid linking their solutions to standards not covered by this competency statement. Further to this CASSI would suggest that the wording in the objective of questions set may need to be more directive to avoid student confusion.* Students who attempted this question noted that parts of the question were challenging and this would provide correlation to the number of students who opted not to attempt this question. In conclusion CASSI felt that this was a tough yet fair question.

## **SFMA**

Question 1 was found to be the most difficult by 86% of students. As in prior years, students continue to encounter difficulties with the excessive quantity of information to be dealt with as part of Question 1. CASSI are pleased to note that while time pressure continues to be highlighted as a factor for the majority of students, the emphasis on this as the overriding factor hindering performance has decreased this year.

Many students noted that Question 1, and indeed the paper as a whole, was more theory focused than in prior years. However, by contrast many students felt that there were too many marks afforded for part (a), and to a lesser extent part (e), (i.e. two numerical style questions) which created some difficulty around time allocation for the various parts of the question. CASSI note that further comments from other students reflected that parts (a) and (e) warranted the time indicated by the marks allocated to them and that they could not have completed these parts in less time.

*This variance in reaction to these 2 elements of this question is concerning and indicative of issues with exam technique. CASSI look forward to future discussions with CAI to see how this area can be improved for students.*

Part (d) surrounding the identification of ethical issues was also seen to be one of the more challenging elements of this question, with students struggling to provide the detail they perceived was required by reference to the allocated marks.

Part (f) caused some confusion amongst students as to what was required, with some students noting that the wording suggested a particular list of financial factors which they should be aware of and that the examiner is looking for.

Finally, it was brought to the attention of CASSI that an invigilator in the Limerick centre announced that the amount of €8,000,000 for the investment portfolio should have been £8,000,000. This led to confusion over whether the amount should have been stated as “£/€” or just £ and it is possible that students will have interpreted this in varying ways.

*CASSI would respectfully request that students not be penalised where they have interpreted this amount as being in a particular currency and dealt with it accordingly. We understand that this is being taken into consideration.*

### *Section B: Question 2, 3 and 4*

Question 3 was the least attempted question on the paper however very little feedback was provided on this question so the reason for this is unclear.

A number of students felt that the wording in part a of Question 2 was confusing and were not certain whether they were required to outline one limitation of both performance measures combined or one limitation of each separately. While CASSI assume that the latter was intended, we agree that the wording could be unclear and respectfully request that this be considered in marking this question. A minority of students noted that the theory nature of this question in particular was unexpected and they had difficulty in relating their solution to the specific facts of the case, leading to some regurgitation of notes in their solutions.

Finally with regard to Question 4, the reaction from students was mixed with some finding it to be a fair question and others having difficulty. Little specific detail was provided.

## **Financial Reporting**

Overall students thought that the Financial Reporting paper was fair in terms of what was asked of them overall although time was a major factor for most students.

### *Question 1*

Most students found Question one was fair and adjustments were straight forward. However, students were confused by the wording of some adjustments as to what figures had already been included in the trial balance given in the question. For example in Outstanding Item Number 6, students are told in the question that there was an issue of shares during the year however no prior year data is evident to determine if this has been accounted for already or not. This lead on to confusion when asked to complete the SOCE.

*Students request that outstanding items are noted more clearly as to whether they have been accounted for in the trial balance or not.*

### *Question 2*

Mixed opinions were given by students in relation to Question 2, some found it fair but other found it to be the most time consuming question on the paper due to the translation of foreign currency. Students felt that there was more focus on the ability to compute quickly rather than solve adjustments. This also led to worries that due to the lack of adjustments in the question that any mistake would be heavily penalised.

### *Question 3*

Students felt that a lot of information was required for Question 3, in particular issue 3 and EPS. This was extremely time consuming for students and again led to an inability to display knowledge for some students.

### *Question 4*

This question appeared to be the least answered question from our review. For those that did complete it no major issues were noted and overall this question was regarded as fair although time was a factor here also.

## **Conclusion**

In general, students' responses show an improved reaction to the CAP2 course than was indicated in prior years and CASSI are grateful to CAI for their continued efforts in this regard.

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 email. 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 Officer on [info@cassi.ie](mailto:info@cassi.ie).

## **Appendix I**

### **Continuous Assessment – Financial Reporting**

The general consensus was the time was a major issue and that the introduction of a small amount of reading time could help greatly here. Many students feel the paper is fair but just isn't doable in the time provided, hence losing out of valuable marks purely for not being fast enough.

*Many students also feel that 10% doesn't justify all the work that they have to put it and would like it to match SMFA at 15% as it will have a greater impact on their final exam.*

Overall, students felt it helped focus them early on in the year and get to grips with double entry which helped them progress to their final exam.

With regard to the venues, it was noted by one student that the lighting in the Ulster exam centre was very poor, especially for students under the balcony where there were no lights at all and it was very dark to work in.

### **Continuous Assessment – Strategic Finance and Management Accounting**

The majority of respondents found the SFMA continuous assessment to be a fair paper and that a good mark was achievable once a student was well prepared and if students managed their time appropriately. Many students noted considerable time pressures during this assessment and that was the main hindrance in achieving a top mark in this assessment. Receiving the case study well in advance was noted as being really beneficial such that students were able to display their knowledge.

*Some students made comment that holding the assessment tutorial two and a half months prior to this assessment was not ideal preparation and it would be more appropriate to hold a tutorial closer to the time.*

As in with financial reporting, students passed comment that the timing of the exam is not ideal for some people and also that it would be better to hold this exam on a separate day to the Financial Reporting Assessment.

### **Continuous Assessment – Auditing and Assurance**

The majority of respondents found the Audit and Assurance continuous assessment to be a fair paper and that a good mark was achievable once a student was well prepared. Students noted that the paper was asked in a slightly different format to previous years but did not raise issue with this.

Some students felt that they would benefit from an interim exam specific workshop, similar to that held for the AAFRP at FAE level. A small number of students supported this view by expressing they did not feel the delivery of the audit course was sufficient in the run up to this assessment.