



Chartered
Accountants Ireland
Student Societies

CHARTERED ACCOUNTANTS HOUSE, PEARSE STREET, DUBLIN 2
education@cassi.ie
www.cassi.ie

AAFRP Assessment

December 2016 Report

Date: 16th December 2016

Executive Summary

The exam this year, though noted by a large percentage of students as being difficult received largely encouraging feedback which suggests that the exam was fair with challenging elements.

Most notable from feedback was the delay in the Belfast centre which is detailed further in the venue section below. CASSI understand that the institute has undertaken a review into this delay and that the examiner has been fully informed.

In terms of the exam, the beginning of each section paragraph below contains a summary of the main issues encountered by students.

Exam Specific Commentary

Just over half of respondents (55% - 2015 47%) deemed the assessment to have been “Difficult”, while 24% (2015 20%) found it “Very Difficult”. Section 1 was noted to have been the most difficult section by students (67%), followed by Section 3 (27%).

Section 1

Overall students felt Section 1 to have been challenging. As noted above and as with previous sittings of the AAFRP assessment, the majority of students took issue with the “all or nothing” marking scheme associated with this section. Students find it particularly unfair that zero marks may be awarded even in a question where the candidate may have answered three out of four adjustments correctly. No major timing issues were noted with regard to this section.

The main item raised by students was that most of the questions had different year ends. This comment featured in a high proportion of respondents’ feedback. Some students questioned the merit of examining this multiple times throughout the paper. It was further noted that jumping between different year-ends between questions under time pressures added unnecessary confusion.

It is noted that a small number of respondents stated that they found the questions to be ambiguous at times and poorly worded – but did not expand much further on this complaint. However CASSI note a vast improvement in this area in Section 1.

Question 1.1

Students who completed the survey found this question to be the most difficult by a long way. Students noting that the level of work required for a Section 1 question was much more than they had previous experience of. Students noted that time pressure was a major factor in this question. Some students noted that having such a difficult question first in the exam paper threw them. CASSI and even some students noted that they were not required to answer the papers in chronological order.

Question 1.2

Students also noted that this question was particularly difficult. Again students noted difficulty with time pressure on this question. Some students noted that they had little of the format of this type of consolidation question and as a result this cost them valuable time. A proportion of students noted given the number of considerations involved in this question it was hard to get their answer to match the journal entry figures provided.

Question 1.3

No particular issues were raised with the wording of this question. Overall Students noted this question was fair.

Question 1.4

No particular issues were raised with the wording of this question. Overall Students noted this question was fair.

Question 1.5

No particular issues were raised with the wording of this question. Overall Students noted this question was fair.

Section 2

The majority of respondents (83%) raised no particular issue with Section 2 other than some general confusion again around the use of year ends other than 31 December XX CASSI understand that students feel most examples presented to them in the run up to the exam had 31 December year ends. Students found the time guideline appropriate for this section overall.

As highlight below, question 2.2 was found to be the toughest questions, with students feeling assumptions were required in order to determine the correct approach and solution.

Question 2.1

Students found this question to be the easiest of the three Section 2 questions. Some students felt that it was poorly phrased and therefore required multiple reads before the student could attempt to answer. An example provided on this concerned the amount of €/\$162k and whether this included only the current year charge or some element of the prior year understatement. CASSI note that the question refers to “income tax on the profits of the year ended 30 June 2016” which indicates that this amount includes only the current year charge. Where this is not the case we would respectfully ask that the examiner consider any assumptions made.

Question 2.2

This question was considered the toughest of the three by a small majority. Students felt that the information provided was insufficient to determine whether the criteria had been met to capitalise the R&D expenditure incurred in FY16. Many students felt that assumptions were required in order to answer this question. CASSI would reassure students that where assumptions are clearly made they will be considered by the examiner.

Question 2.3

Some students felt that further detail should have been provided with regard to the misappropriation i.e. how exactly the misappropriation occurred. There was some uncertainty also as to whether any expense had been included in the prior year (FY15) profit and loss account. CASSI understand that students should proceed on the basis that the prior year accounting is correct based on the knowledge to hand at that point unless informed otherwise, however under exam pressure we understand that this may be unclear.

Section 3

60% of students responded that they had no issues with the questions in Section 3. On a general level, feedback indicated that students found the section more time consuming than other previous assessments as they felt they had to make a number of assumptions for each of the questions.

Students also felt that questions in this section were repetitive of other questions in the paper, having included questions on deferred tax and leases.

Question 3.1

There were a small number of issues raised in relation to 3.1, mainly being around the wording of the question not being clear, rather than issues with the standards examined. Some students noted that they were unsure if the final dividend amount was supposed to include that which had already paid as an interim dividend or was an additional dividend on top of the interim dividend.

Question 3.2

The majority of concerns noted in relation to this section were in relation to 3.2, which students noted as being the most difficult on the paper. The main problem detailed by students was around the use of the annuity for the lease. Students stated that they felt that their study material had not prepared them adequately enough to answer a question on annuities and also felt that this had not been covered in the competency statement for the exam. Many students also thought that there was confusion surrounding the wording of the question and whether the lease was supposed to be treated as an operating lease or a finance lease. Some respondents

commented that this question was overly complex, requiring a number of assumptions and journal adjustments and was designed to catch people out.

Question 3.3

Overall, there were no major issues raised in relation to this question. Respondents felt it was unfair, however, to examine IAS 18 given that most students would have studied IFRS 15 instead in their previous studies. Other issues raised were in relation to paragraph 2, and students noted that it wasn't clear if the contract was onerous or was to be supposed to be recognised based on costs incurred.

Course Delivery

Overall Feedback on AAFRP Workshops:

There was mixed feedback in relation to the AAFRP workshops. There was both very positive and somewhat negative feedback towards lecturers, with some students feeling a particular lecturer simply completed questions and left no time for students to actually work through the solutions. This resulted in students knowing the solution but not the method and therefore students felt they would have got better value out of going through the questions at home on their own.

Some further points which were mentioned include;

- Students felt another workshop day would have been beneficial (i.e. a workshop dedicated to each section).
- Students would like the AAFRP workshops to be available online as some students were not able to attend them all due to work commitments or plans booked prior to the release of the timetable.
- Also, students feel the material covered in financial reporting lectures prior to Christmas should only be in relation to standards examinable in the AAFRP exam. It was noted that there were lectures on non-applicable standards which students felt increased work load at a stage in time where they felt their focus needed to be on AAFRP assessable material. The same has been noted for other lectures held close to the exam. Students feel that it is a hindrance to attend a tax lecture two weeks prior to an AAFRP exam as it takes up valuable study time. CASSI note that this has been discussed before and it is not feasible to restrict lectures more than has been done already.

How the AAFRP Workshop Course Delivery Impacted the Exam:

Overall the majority of students were satisfied with how the course has been delivered so far. However, the issue was raised that all previous AAFRP example questions had a year-end date of 31 December 20XX and therefore students felt there was an added difficulty this year when put under time pressure to ensure the correct amount of months were calculated. Thus, students requested more complex example questions going forward so they can be more prepared for this.

Another issue was that students felt that the number of calculations required for some of the questions in Section 1 increased dramatically this year. Therefore as noted above students continue to feel CAI should move away from the 'right or wrong' approach and award them marks for all work done, similar to Section 3.

General Student Feedback in Relation to the FAE Course Delivery Overall:

Students are very frustrated that the timetable for 2017 was only released on 13 December 2016. Students have noted that employers are looking for details of lectures so they can plan work for the New Year and this is not allowing them to do so which is in turn putting pressure on the students. Also, students have to hold off on making plans for almost the first half of 2017 as they know that they must attend a minimum of five of their seven assigned case days. CASSI note that possible case days were provided in July and subsequently confirmed 12 December and appreciate the efforts gone to to provide this information early to students.

Students have also noted a number of problems with the CAI website, stating that it has been down on a number of occasions and therefore students haven't been able to get the study materials they need when they need it. They have also noted that the CAI website has become increasingly difficult to navigate with information relating to the FAE in many different places or all included in zipped folders which makes it hard to see if new information has been added that they need to take note of. CASSI note that planned future improvements to the CAI website should assist in resolving these issues.

Availability and Quality of Support Materials

As in prior years, students found the AAFRP toolkit and past papers to be the most useful materials provided. CASSI are encouraged also to note that students are making increased use of IFRS Standard books as a primary source of learning for this exam. Again students welcome a broader range of questions to be included in the toolkit, that differ from past exam questions on each standard and that include a range of CAP 1 and CAP 2 material that isn't included in lecture material at FAE level. In particular some students noted they still have difficulty with Leases and Consolidation questions and more example questions would be welcomed. CASSI note that CAP1 and CAP2 material is available to all students through their online portal. CASSI further note that an index of all CAP1 and CAP2 material available to students was provided this year.

A recurring theme throughout this report is the use of differing year ends. Students feel that the toolkit contains only December year end situations and therefore were somewhat thrown by the differing year ends in the exam. Some students also expressed frustration with the need to issue errata to cover mistakes in Section 1 questions. CASSI would request that CAI continue to review questions to ensure accuracy in student learning materials.

Students felt it would have been beneficial to be provided with a copy of IAS 18 which they noted was examinable but was not in the standards book. CASSI are aware an online link to this standard was issued to students.

Unlike in 2015, only 18% of students engaged with FR bites, a decrease in interaction from 41%. Feedback suggests that lack of time and satisfaction with other resources is the primary cause for this, though some students noted they were unaware of the existence of FR bites and felt they had not been publicised in the AAFRP lectures.

Finally and as in the prior year, masters students felt that it would be useful if the Connolly textbook were to be made available as part of the pack for those who did not sit CAP2.

Exam Venue

As in 2015, CASSI have made the decision to continue commentary on the exam venues for the AAFRP exam. This is unfortunately due to negative feedback received from students concerning both the Belfast and Dublin exam centres. Further commentary on this follows below.

With regard to other centres the feedback was largely positive. Students in Limerick expressed a preference for Thomond Park as a venue and felt the desks provided were too small for the purposes of the AAFRP exam. In Cork, students noted that there was noise, either from a sports area or construction, which caused distraction during the exam.

Belfast

CASSI received communication from students on Saturday, 10 December, both as part of our survey and through direct communication with regard to the incident which occurred in the Belfast exam centre. As we understand it, students were provided with the exam papers in excess of 1 hour after the start time of 11am due to an insufficient number of exam papers available for the number of students sitting the exam in Belfast. During this wait period, students were told repeatedly that they would be able to commence the exam in 15 minutes. When papers were presented to students at 12pm, CASSI understand that some students received a workbook while some received the exam insert, as there was an insufficient number of both available. We understand that this was subsequently rectified and that the exam commenced at approximately 12.10pm.

CASSI were in contact with CAI on Monday, 12 December, to assess how the above situation arose. We understand the incident has been reviewed internally, that it occurred as a result of an operational error and that the examiner has been made fully aware of the delay. We understand that the impact of same will be considered. We wish to thank CAI for this measure, as the delay will have caused undue stress and confusion to the students sitting the exam in Belfast. Students felt let down by such an incident occurring from exams organised by a professional body. We would ask that a review also be undertaken as to the process around how such a situation is to be dealt

with should it occur again, as the constant delays, uncertainty and changes to hand outs will have exacerbated student stress. This is evident from the feedback received.

This incident aside, the venue as a location received good feedback in terms of desk size and location, though some students noted that parking was expensive which led to added stress as a result of the delay in start/finish time.

Dublin

In Dublin, issues encountered were similar to those highlighted in 2015, with just 19% of students expressing satisfaction with the venue. Students commented that the venue was cold, noisy from the nearby airport, odorous and generally an unpleasant environment in which to sit a professional exam. Students also commented that the facilities provided were inadequate, with queues forming for use of the toilet and no drinking water facilities.

Again students commented that the venue is poorly serviced by public transport and that parking was made problematic by the lack of traffic management, particularly as students were arriving to sit the elective interim assessments as those who had sat the AAFRP were attempting to leave. Many students noted that it took from 40 to as long as 90 minutes to exit the carpark.

Students feel disappointed that feedback from last year with regard to this venue does not appear to have been taken on board or addressed in any way by CAI.

Conclusion

Overall students found this paper to be fair with challenging elements, particularly in Section 1. CASSI are grateful to the CAI for extending the invitation to provide this report. We trust the feedback provided will be beneficial and will be taken in the constructive and co-operative spirit intended