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# **Final Admitting Examinations**

**2017 Programme Report**

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## **Introduction**

This report has been compiled by CASSI by combining submissions from 479 (2016: 775) students from all regions, representing the views of students operating both under a training contract (93.5% of respondents) and the Elevation/Chartered Business programme (6.5% of respondents), following the 2017 FAE Examinations, held from 22 August to 25 August 2017.

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. Separate reports were previously prepared by CASSI and provided to CAI in relation to the AAFRP assessment held in December 2016 and the FAE Interim Assessments held in April 2017.

## **Executive Summary**

On the whole, CASSI are pleased to note that student feedback reflected clearly directed indicators and an appreciation of the shorter exam scripts. We note that although the indicators are clearly marked, there are several instances of students struggling with the specific objective of each indicator, resulting in students being uncertain exactly what they are being required to do.

Feedback across all examinations tended to be mixed, indicating the range of competencies tested across the paper at FAE. Time pressure continues to be an issue, and despite most respondents noting that they found the topics being examined to be fair, difficulties were noted in being able to address all requirements within the allotted time for the papers.

## **Core Comprehensive**

It was clear from the feedback received that many students considered the Core Comprehensive paper to be the more difficult of the two Comp papers. Students noted that time pressure was an issue for them with this paper across all indicators.

The financial reporting indicator focusing on the acquisition proved to be one of the more difficult indicators in the paper, with students also noting struggles with both of the business leadership indicators, being the PESTEL analysis and the audit ethics indicator.

## **Core Simulations**

Feedback received showed that the Core Simulations were much better received, with many students commenting that issues raised in these simulations appeared to be more easily approached than those given in the Comp paper.

The Financial Reporting indicator regarding the lease was found to be the most difficult indicator on the first simulation by respondents, whilst both business leadership indicators on the second simulation equally seemed to attract a large amount of negative feedback.

## **Advanced Audit Elective**

Overall students were dissatisfied with the level of financial reporting content in the audit elective simulations, noting that in both cases, the adjustments were hard to decipher due to the narrative provided, with many students noting that they felt more time was spent on this than preparing their response. Many students felt it unfair for the papers to have such a focus on financial reporting given that this is already a big aspect in the core paper and felt there were being 'penalised twice' over difficult FR adjustments. Many students recognised that the simulations have become more financial reporting focused in recent years, but noted their dissatisfaction that lectures did not cover anything around how to prepare an 'FAE style' answer to these types of indicators.

## **Advanced Performance Measurement Elective**

Overall respondents found the indicators to be clearly identifiable, however the overwhelming majority of respondents commented that the demand to deliver a competent answer within the time allocated was very challenging, mainly due to each indicator having multiple requirements. Respondents reported timing issues in both simulations, and a small number of respondents (4 or 5 respondents) commented that they found it difficult to decide how to lay out their answers, as multiple reports were requested in both simulations.

## **Advanced Tax ROI/NI Elective**

Common feedback received for the two simulations, and especially the second simulation, was in relation to the requirements for each indicator being wide scoping and non-specific. Many students noted that found it difficult to determine what exactly was being asked of them in each indicator, and as such responded with long responses to try and 'cover all options', causing them difficulties to build depth in their answers.

Key Issues:

The key themes from the FAE 2017 Programme Feedback are as follows:

- The Core Comprehensive paper seemed to cause significant time pressures for students, with 92% of respondents noting that this was a concern for them. Students highlighted that the time pressures mainly arose from the complexity of some of the indicators, notably, the financial reporting indicators, along with the time consuming requirements of others, such as the NPV finance indicator and the management accounting indicator. Some students noted that they had to sacrifice some indicators in order to try and achieve a competent answer in others.
- Business Leadership appears to be the subject which most people struggled with this year, with each indicator receiving a significant amount of negative feedback and lectures also receiving criticism. Students have noted that feel that the classes do not adequately prepare them to be able to approach the business leadership indicators, and that there appears to be a 'jump' to get to the standard of response required at FAE. Students were particularly concerned with these indicators given that the competency statement requires that 'depth' is included in Business Leadership indicators.
- Feedback is showing that students are having difficulties with Financial Reporting indicators, this year specifically with the indicators focused on IFRS3 and IAS17. Conversely, students have reported very positive feedback for the Financial Reporting lectures, particularly in Dublin, and also with the 'FR bites' self-study notes and the AAFRP textbook. CASSI note that financial reporting classes are more intense at CAP1 and CAP2 level and suggest that perhaps the difficulties have arisen with students simply becoming less familiar with the specifics of each standard as the FAE year progresses.
- In line with prior years, CASSI note that audit lectures and lecture material for both core and elective have been heavily criticised by students this year. Students have noted that they struggle to 'apply' their knowledge to cases, particularly elective cases, as the lectures are very focused on learning the technical aspects of the standard.
- Students noted that the wording of some indicators caused confusion, for example:
  - The management accounting indicator on the Core Comprehensive Paper included the word 'flexed' which led some students to think the indicator was focused on variances;
  - The financial reporting acquisition indicator led to some issues with many students unable to determine whether the loan amount in Note 3 was to be paid with the proceeds of the acquisition, or through another sale, and also whether this was to be paid by the vendor or the acquirer.

- Students had difficulties in ascertaining whether the 'risks and rewards of ownership' had transferred to the lessee on the lease indicator in SIM1 of the Core Simulations paper.
  - Similar issues were noted in each of the elective papers.
- All elective papers were noted to be time pressured with many students unable to complete all indicators within the time available. This seemed to be caused by the examiners' increasing focus on narrative style indicators, over computations.

## **Core Comprehensive Paper – Day 1**

Out of the 479 responses received for the survey, 340 provided narrative feedback in relation to the Core Comp paper.

Much of the feedback from candidates focused on the length of the paper and the complexity of some of the indicators included in the COMP Paper, with 92% concluding that time pressure was an issue for them with this paper. It is clear from the feedback that students found this to be the more difficult of the two core papers, with the financial reporting and business leadership indicators appearing to be the most difficult for students. Many student noted that they struggled to complete the paper within the given time, with many students noting that had to sacrifice some indicators in order to attempt to achieve a competent answer in others.

### **Financial Reporting**

Many students raised concerns around the length of time it took to complete the question on IAS16/ IAS23 which was the first indicator on the paper. They felt that the standard of the question was fair, however felt it took them a lot of time to perform all the different aspects of the requirement, which led them to struggle with later parts of the case.

Regarding the acquisition indicator, a number of students commented that information provided in relation to this indicator was not clear. For example, students noted that the lack of an acquisition date and tax rate was confusing, and a number of students wasted time searching for these in the paper. Students noted that there was uncertainty whether the deferred tax asset from the tax indicator should be recognised in the fair value of net assets acquired as without reconstruction further losses were predicted. There was also some confusion around the bank loan (Note 3) with many students stating that based on the limited text provided it was not clear if the payment of the loan was from the acquisition proceeds, and if so, whether this was to be paid by the acquirer or vendor. Students also noted that the independent business review point (Note 4) was also not well detailed and it was not clear if this was a liability that would be incurred upon acquisition, and as such was to be included in the consideration.

Many students commented that in previous papers, there would normally be one main financial reporting indicator coupled with one shorter indicator and felt that this did not appear to be the case with this paper. It was noted that in some of the revision material provided, notably the Derry Cotter book, journals are netted off and respondents noted that it was unclear if this is allowed in the exams or if it will impact your ability to achieve 'Competent'.

### **Business Leadership**

From the responses received, it is clear that students were generally able to identify the Business Leadership indicators, however the majority of respondents complained about the content of these indicators with a very small number of students responding that they thought these indicators were fair.

Students noted that PESTEL, and macro analysis in general, was not covered in detail throughout the FAE course, either in their notes, past papers, case studies or in classes so they could not use past experience to help frame their answers. Students found the PESTEL analysis to be time consuming and in some cases, found that the data provided was unclear and hard to apply to the case. Students were concerned that as South Africa is not a country they knew a lot about, they were limited in that they could only use the information in the appendix and were therefore producing generic answers which added little value. Some students commented an EU country or the USA would have been more appropriate as these countries feature more heavily in business news and students would have been able to add more value through applying their own knowledge. A significant number of students also noted that it was not clear whether the indicator required a recommendation and therefore did not know how to conclude the indicator.

Students raised some concerns with the ethics indicator asked. Students felt it was unfair to place this indicator with the audit issues as it was unclear whether it was an audit or business leadership indicator. CASSI recognises that the examiner has commented in past exam reports that students should not try to guess the subject of the indicator in the exam, and note that audit ethics is included in Section 2.2 of the Business Leadership Competency Statement. Students also noted that the reference to an external framework was confusing as students were unsure whether this was the 'Hodgson's Three Step Framework' or the 'APB Ethical Standard's making it unclear how to frame their answers. Students felt that advising on audit ethical standards as a consultant reporting to a CEO of a company also made it difficult to frame their answers- students were unsure whether to frame their answers from the perspective of the consultant or the auditor and whether they were reporting to the client or the audit partner. A small number of students noted they felt it was unfair to have a Business Leadership indicator that could have been confused for an Audit indicator on the first day as it would only be on the SIM paper that the students would be able to properly assess the type of indicator that had come up.

### **Tax**

There appeared to be no issues with regards to identifying this indicator although students did appear to have difficulty identifying the specific requirements of the indicator.

Most students noted they thought the indicator was vaguely worded, with some respondents noting there was a lack of clarity as to whether the indicator required a discussion on the loss relief available for Toolow or for the group following the acquisition while others were unsure whether they were required to calculate the loss relief available or provide an explanation of available loss reliefs. A small number of students were also unsure whether they were to refer to deferred tax as deferred tax appeared as part of the Financial Reporting indicator. As students found the wording vague, they noted it was time consuming answering all the requirements they believed were being asked.

A small number of students commented that they found it quite technical as a Core tax indicator, with limited course material available on loss relief either in text books or past paper examples, and would have expected an indicator of this standard to be on the Tax Elective paper.

A very small number of ROI students noted that the way the information regarding the losses was presented in the Appendix, led them to believe that the case was referring to a foreign subsidiary in Northern Ireland and thus answered the indicator in this way.

### **Audit**

There was mixed feedback on this indicator, with a number of students saying they found this a fair indicator whilst other students noted they found it difficult.

There appeared to be no issues with regards to identifying this indicator however some students noted it was unclear as to whether the advantages and disadvantages of retaining the component auditors was part of the indicator, and noted that if that was the case, then there was not a lot of information within the narrative to base the answer on. The most common theme arising from students' responses is a lack of clarity around whether the additional procedures were in relation to Group Audit procedures in line with ISA 600 or procedures specifically around the acquisition and initial consolidation. A number of students answered from both perspectives which they found time consuming and did not allow for sufficient depth in either area. Students were also unclear whether they were to answer the indicator assuming Toolow's auditors had been retained which would require additional audit procedures around component auditors.

### **Management Accounting**

Responses to this indicator were also mixed, however the majority of students noted they found this indicator difficult and a small number of students noted they found this to be the most difficult indicator on the paper.

There appeared to be no issues from the responses with regards to identifying the indicator although students had difficulty understanding the exact requirements of the indicator.

The most common theme arising from students' responses was a lack of clarity around the requirement to 'flex' the billing rate and billable hours to calculate the breakeven position for both. Students felt this requirement was vague, with no indication of how much to flex the billable rate and billable hours by and it took them a number of times to read the requirements before they were able to attempt it. A small number of students were unsure whether commentary was needed and thought their answers may have been limited through solely providing calculations. Some students also commented that due to the word 'flexing' they thought the indicator related to variances which caused confusion as there was not enough information to answer the indicator in this manner.

A small number of students noted that there they felt they had little practice at a question like this and many perceived it as being a 'CAP 1' topic. After having spoken to the Executive Team, CASSI have noted that target costing and life cycle costing are both included within 6.3 of the FAE Management Accounting Competency Statement, and therefore students should be prepared for an indicator in this area. . Students also noted that both the Management Accounting indicators were very calculation heavy which seemed to be different from past paper approaches which had more qualitative indicators.

It should be noted that while a number of students made the above comments, there were a small number of students who thought it was a fair and simple indicator, it was clear what was required and noted a margin of safety was required to flex the billable rate and billable hours to breakeven.

## **Finance**

Responses to this indicator were also mixed, with the majority of students finding the requirement to calculate a Net Present Value (NPV) challenging given the length of the NPV, but also fair given there were minimal adjustments.

From the responses there appears to have been no issues with regards to identifying the indicator, although a small number of students noted they thought there was a lack of clarity regarding whether it was an investment appraisal using an NPV or a company valuation using free cash flows and a net asset valuation as this could have been worked out from the Statement of Financial Position provided in Appendix II, Exhibit 2.

As noted above, the main theme arising from the students' responses was the length of the NPV which many felt was excessive and resulted in them not being able to provide sufficient commentary on the NPV as required. Students commented a shorter NPV calculated over a five year period would have allowed students to display their abilities sufficiently and were unsure what value was being added through a long NPV as calculations were repetitive. A small number of students noted that they felt the NPV on this paper was at a higher standard than that asked on the 2016 paper.

Some students noted they found the tax requirement an additional complication to the calculation and provided various reasons as to why this was the case. The majority of responses commented on the fact that a tax rate was not provided which caused confusion whilst other students thought with the tax losses provided in the latter part of the paper it was unclear whether these were to be used as part of the calculation.

A small number of students noted there was a lack of clarity around exactly what was required regarding the commentary requirement of the indicator and found it demanding to have two aspects to the indicator when the calculation was excessive as noted above.

It should be noted that although a majority of students did find it difficult noting the reasons above, a small number did indicate they found this indicator fair and found no issues with it.

## **Core Simulations Paper – Day 2**

Students found the Core Simulations Papers to be the less difficult of the two Core papers. The papers were rated almost equally in terms of difficulty, with 60% of respondents noting they found SIM1 to be more challenging than SIM 2, mainly due to the financial reporting indicators.

### **Simulation 1**

Overall students felt that Sim 1 was fair but time pressured. The students who suffered from time pressure alluded to the fact that the indicators in this Sim had multiple requirements/parts as the reason for this. The indicator which caused the most debate in this Sim was the IAS 17 Financial Reporting indicator, with students having difficulty identifying the lease type in the indicator. Students had no difficulty in identifying the indicators and were satisfied with the layout and length of the paper and appendices.

#### **Financial Reporting**

The response to the first Financial Reporting indicator (which tested IAS 10 and IAS 37) was positive, with most students finding it fair. Students were surprised that there were four elements to this indicator which led to time pressure later in the exam.

As previously stated, the IAS 17 Financial Reporting indicator caused the most debate in this Sim. Some students found the details provided led to a lack of clarity, with some students concluding that the transaction constituted an operating lease. These students stated that if additional information, such as the useful life of the property or the fair value of the property were provided then this would have prevented the confusion. The majority of students concluded it to be a finance lease due to it being a 50 year lease (these students noted the normal useful life of a property was 50 years in most of the study material given to students). Students found the requirement around disclosures to be unclear with some drafting full disclosure notes, others listing the requirements and many others found that the time pressure in this Sim and debate over lease type led them to omit the disclosure element.

#### **Finance**

Overall, students found this indicator to be fair and easily recognised. Students felt that there were a lot of elements to the indicator and that the calculating and workings of the cash conversion cycle were time consuming. Having said that, it is acknowledged that although difficult for time, this was not complex material.

#### **Audit**

Students found this indicator to be fair and easily recognised. Again, it was noted that there were a lot of elements to this indicator making it time consuming but students found each element to be fair and all areas examined were those expected to be examined at FAE level. Students noted that this indicator had a non-directive element as your manager asked you to draft a letter, which should have been drafted by the Auditors, most students did not draft the letter and instead stated that it should come from the Auditor for it to be good audit evidence (as per ISA 500).

## **Simulation 2**

Students found that Sim 2 was fair and approachable and that the indicators were relatively straightforward. This was very much welcomed by students after the difficult Core Comprehensive paper day 1. However, some students did note that Sim 2 was challenging to get completed within the time frame allocated and that indicators in this simulation were quite lengthy and provided a lot time pressure, the Business Leadership indicators in particular.

### **Business Leadership**

Candidates felt the requirements for the two Business Leadership indicators, being the preparation of a business plan, and a SWOT analysis, were not outlined clearly within the SIM text therefore leading to difficulties in being able to separate the two requirements and achieve depth in both.

Many students commented that they found the business plan indicator to be challenging to be specific to the company without repeating points used in the SWOT analysis indicator, and vice versa. Therefore many students were concerned that their answers were too generic and that this may be a weakness point in their scripts.

However, it must be noted, that in general students found these indicators easier to approach and more achievable than the Business Leadership indicators seen in the COMP paper the day previous.

It was also evident from the survey results that many students were disappointed to not see Corporate Governance appear across the two days. Students noted that emphasis was placed on Corporate Governance during lectures and also came up regularly in past papers and CASSI note that some students may have relied on the expectation that corporate governance would appear and thus left themselves underprepared to answer on various other aspects of the paper as a result.

### **Management Accounting**

Respondents felt that the management accounting indicator around target pricing on the SIM2 paper was very technical and similar to the Management Accounting indicator on the Core Competency paper. However students did appreciate that the Management Accounting indicator appeared to be more straight forward and attainable in the SIM paper than in the COMP paper.

### **Tax**

The R&D indicator was noted by some students as being particularly difficult especially in light of time pressure. Students felt that it was unclear from the description of the use of the building for "R&D" as to whether the building would be within the scope for industrial buildings allowance. A small number of students noted their frustration at being asked a calculations based question again rather than a question relating to an application of tax advice, as had been seen in previous past papers and case studies.

However, it was appreciated as being a more approachable question than the Tax indicator as examined on the COMP paper.

## Electives – Day 3

CASSI received responses from students across all 3 electives.

Elective	No. of Students	% of Responses	Total
Audit	196	48%	
APM	120	29%	
Tax	91	22%	

### Advanced Audit and Assurance

196 of the survey respondents sat the Advanced Audit and Assurance Elective. Respondents found the two simulations to be difficult, with the majority rating SIM2 as being the more difficult of the two (85% of students). Many students commented that they thought the two simulations in this sitting were much more difficult than those seen in the 2015, 2016 and January 2017 sittings.

Overall students were dissatisfied with the level of financial reporting content in the audit elective simulations, noting that in both cases, the adjustments were hard to decipher due to the narrative provided, with many students noting that they felt more time was spent on this than preparing their response. Many students felt it unfair for the papers to have such a focus on financial reporting given that this is already a big aspect in the core paper and felt there were being 'penalised twice' over difficult FR adjustments. Many students recognised that the simulations have become more financial reporting focused in recent years, but noted their dissatisfaction that lectures did not cover anything around how to prepare an 'FAE style' answer to these types of indicators.

#### Simulation 1

Many students commented that the topics covered in SIM1 were reasonably straightforward but that the amount of detail required for each indicator was very demanding causing a lot of time pressure in completing all the indicators within the allotted time.

The majority of feedback was in relation to the indicator with the 'audit adjustments'. Many respondents noted that they found these adjustments difficult from a financial reporting perspective, with a small number of students finding them more difficult than the financial reporting indicators seen in the Core papers. Many students commented that they found the wording and layout of the issues, as given in Appendix 1, was unclear and time had to be taken to establish what was required, for example a number of students noted that as the questions asked for 'audit adjustments' they felt that it was unclear whether journals were needed. Many students commented that due to the limited information presented, they could not determine a suitable materiality level, and then felt that they had to address all the issues presented. This then meant that they found it difficult to provide any 'depth' to their responses.

Many students called out complexity of the lease adjustment with many students not being able to determine whether the lease in question was finance or operating. The depreciation calculation was also mentioned as being particularly time consuming with respondents feeling that they should have been given more detail on the method of depreciation, noting that without this, it proved difficult to conclude on the correct depreciation charge to be included in the accounts.

Several students also noted that they found it difficult to identify the indicators in the script and had initially thought that the two requirements around identifying the risks for the audit assignment and then detailing the procedures were one indicator, as had been seen

in prior year papers. Students noted that they found it difficult to then gauge what a competent answer for these indicators would need to entail. Several students also noted that they were not sure whether they had to comment on opening procedures as although the case said it had already been performed, some students were confused if something needed to be included on this.

In regards to the indicator around identifying risks for the audit assignment, students noted that it was not clear from the question whether students the risks had to be derived from the appendix solely or whether they had to consider the case as a whole. Several students were also concerned that they would fall down in other indicators if they had not correctly identified the risks at the outset.

Several students noted that the requirement to write a report for the 'agreed upon procedures' assignment was time consuming and felt that this was not in line with similar indicators in previous years. The wording of the indicator was found to be slightly confusing with some students noting that they were not sure if they were to concentrate on the planning work required or the procedures. Many students also noted that this indicator was difficult to link to the case.

## **Simulation 2**

Similarly to SIM1, the main issue raised was regarding the financial reporting focused indicator in this Simulation. Many students expressed their dissatisfaction with the choice of topics, noting that these are both difficult financial reporting topics which then presented further difficulties when trying to address the indicator with an audit perspective.

Many students noted that the indicator focusing on the payroll process was time consuming, due to the length of narrative and the process having many issues. Students struggled with being able to specify what the financial statement impact would be, other than the generic 'payroll expenses may be overstated'. Many students also commented that they did not know if the indicator required recommendations to be made.

Many student felt that the indicator focusing on procedures to address the unusual payroll movement was rather vague. Many students were able to recognise that this indicator pointed towards fraud, but noted that in other cases there would normally be a few more 'pointers' towards fraud and that as this was not the case, it lead to confusion around how the indicator should be addressed. Candidates were therefore unsure if it was fraud procedures which were required or general procedures for payroll (for example, identifying whether a bonus had been paid). Many student noted that they felt there was a lot of repetition in their responses to this indicator and the payroll controls indicator.

Students welcomed the fact that draft paragraphs were not required for the indicator focusing on the audit report implications, but noted that they felt that the scenarios presented could have resulted in numerous different audit opinion modifications, and so found it difficult to write a comprehensive answer to this indicator. A lot of students also commented that they were concerned that if they missed something in the earlier indicators, then their answer to this indicator could be skewed as a result.

## **Advanced Performance Measurement**

120 of survey respondents sat the APM Elective. Almost two thirds (63%) of these respondents found Simulation 2 to be the more difficult than Simulation 1.

Overall respondents found the indicators to be clearly identifiable, however the overwhelming majority of respondents commented that the demand to deliver a competent answer within the time allocated was very challenging, mainly due to each indicator having multiple requirements. Respondents reported timing issues in both simulations, and a small number of respondents (4 or 5 respondents) commented that they found it difficult to decide how to lay out their answers, as multiple reports were requested in both simulations.

## **Simulation 1**

The two main themes respondents commented on were linked: the narrative demands of the four indicators within the time constraints; and presenting their responses with consideration of the context of a charitable entity, of which they had had limited exposure and which therefore required additional thinking time. CASSI and many of the respondents recognise that students had been advised to prepare for atypical entity types, and that a charity example was provided in the 2017 mock.

Respondents found it difficult to complete the four indicators in the allocated time, reporting that although the indicators were not overly demanding, given that they were entirely narrative, often with multiple parts to each indicator, trying to consider how to contextualise their response and tailor it to the demands of a non-for-profit within the allotted time proved difficult.

Students found it difficult to apply the material they had studied in advance to the specific nature of the charity in the case. For example, many respondents noted that they found it difficult to select the most appropriate country for investment, being unsure how to appropriately analyse and apply the large amount of information in Appendix 1 within a short amount of time, whilst also using their own insights and personal knowledge in order to select the appropriate location. A small number of students also commented that the wording of this requirement was confusing, and as such it was unclear from the question how many countries were to be chosen as a recommendation; one in each continent or one overall.

Similarly, a lot of respondents reported that they could only apply two methods of expanding internationally to the charity, and worried that that wouldn't provide enough depth or breadth to their answer to warrant a competent mark.

Respondents noted that their responses to the political, cultural and social risks were very general, noting difficulties in tying in the information provided in Appendix 2. Two students commented that they were unsure how HAP was to be dealt with as it was not clear if the charity was working towards this framework.

Most respondents were happy with the KPI indicator, although noted that they used it to make up time that had been spent answering other indicators in the Simulation, therefore responses may be relatively brief by comparison.

## **Simulation 2**

The feedback on Simulation 2 was broadly consistent amongst all respondents. Most respondents commented that time was a major issue, particularly in relation to the NPV style indicator.

Students reported that Indicator 1 'Ireland as a place to do Business' was reasonable, although they did note some repetition between it, and the non-financial analysis requested in the NPV.

Most respondents focused on the NPV indicator, reporting: the language in the indicator was unclear as regards the costs included in the margin percentage, meaning that students spent time reading the information multiple times in order to understand how the costs should be adjusted; and that a significant amount of time was required to collate and complete the relatively straightforward adjustments, meaning that respondents had very little time, if any, to dedicate to the non-financial analysis and limitations, and add value to their answer. Most respondents noted that they spent over the allocated time on this indicator, and felt it unreasonable to complete in the allocated time period.

Most respondents reported that the transfer pricing indicator was reasonable, albeit more difficult to apply to a financial institution than it would be to a manufacturing entity or in another context. Students noted that the SIM did not provide any details as to what was going to be sold intra-group between the two divisions and as a result, candidates reported concern that their answers may be too generic.

A lot of commentary was made on the redeemable bond calculation. Some respondents noted that the NPV indicator took them longer than anticipated and as a result, they did not have time to attempt the bond indicator. Respondents who did attempt the indicator noted that they thought that this topic had not been well covered in lectures and/or past papers, however CASSI recognise that bonds are covered in the APM textbook, on page 13, and also within the CAP2 SFMA Programme.

## **Advanced Tax Elective**

89 of the respondents to the survey had sat the Tax Elective paper; 89% of those respondents sat the Advanced Taxation ROI paper, with the remaining 11% sitting the Advanced Taxation NI paper.

### **ROI Paper**

Sim 2 was found to be more difficult than Sim 1 by 65% of respondents.

Common feedback received for the two simulations, and especially the second simulation, was in relation to the requirements for each indicator being perceived as vague. Many students noted that found it difficult to determine what exactly was being asked of them in each indicator, and as such responded with long responses to try and 'cover all options', causing them difficulties to build depth in their answers.

### **Simulation 1**

A high number of students perceived this simulation as fair, albeit time consuming. A small number of students commented that they were not surprised to see a reorganisation focused simulation as this topic had been called out in both the 2015 and 2016 board reports, but noted the simulation as being a little more difficult than expected.

Most students called out the restructuring indicator as being the most difficult in the simulation. Many students commented that the language of simulation and this indicator in particular was unclear, noting that it was difficult to ascertain whether you were to advise based on what the client envisaged for the reorganisation or based on what would be the most tax-efficient reorganisation would be given the client's future intentions. Some students noted that they tried to cover off the two aspects, making this indicator very time consuming. Students also noted that this indicator did not outline clearly whether the shareholder wanted to receive the shares directly and as such they did not know whether it was a three party or two party swap that was required.

Students noted that the indicator based on the advantages of a holding company question was rather generic and so found it difficult to tailor their answer to the facts of the case.

For the third indicator, most respondents recognised that Trans-Border Relief was relevant to the indicator, but were not sure of the depth of detail required in their answer. Some students noted that it was difficult to determine what the tax liability for the employee would lead them to be better off or not as they were not provided with the relevant UK tax rate.

A small number of respondents commented on the final indicator, noting that again, the answer to this indicator appeared to be rather generic. A small number of students commented that they were disappointed to see VAT groups appear as this topics was not well covered in their classes.

### **Simulation 2**

The majority of feedback noted SIM 2 as being rather difficult and the more time consuming simulation on the paper.

The majority of respondents found the first indicator around the gift of shares to the three beneficiaries as the most time consuming indicator due to the various tax heads to be considered in each case, along with various reliefs. Students also noted that the

information was scattered throughout the paper which further added to the difficulty of completing the indicator, with several students commenting that they had spent over 40 minutes on this indicator and still felt that they did not have time to discuss all the implications.

With regards to the second indicator, students noted that firstly, it was difficult to determine whether the examiner wanted a detailed examination of the various types of trusts available or an answer focused on the tax implications of setting up a particular trust. Respondents who decided to focus on a particular trust, then also noted that it was decide on which trust to use.

Many respondents called out the pensions indicator as being difficult, but were not specific as to what made the indicator difficult. A small number of students noted that it was a topic that had not been asked previously and was also not covered in any great detail in either the core or elective text books.

The R&D indicator was called out as being particularly ambiguous with the requirement being to discuss "any other reliefs". Many students were able to recognise that the Knowledge Development Box and the Intangible Assets Relief were relevant but stated that it was difficult to know if a general discussion of the relief was sufficient or if a more detailed answer was required. Students noted that they were surprised to see this on the paper given that the Knowledge Development Box is relatively new and they had not seen many examples on it. A small number of students remarked that they found this indicator to be shorted than the other three allowing them to balance out the time taken to complete the whole simulation.

### **NI Paper**

In contrast to the ROI paper, 90% of respondents who has sat the NI Paper found SIM1 to be the more difficult of the two simulations.

#### **Simulation 1**

A small number of the NI respondents complimented the short length of narrative in simulation 1, noting that this left then them more of their reading time to be used for planning their responses. Despite this, many respondents in NI found the first simulation very challenging, with several of the indicators recognised as being linked. Similarly to the ROI respondents, most students noted that they found the requirements of each indicator difficult to determine, and as such it was difficult to understand what the exact requirement was, especially with the reorganisation.

#### **Simulation 2**

Overall the respondents sitting the NI paper found SIM2 to be fair, but challenging due to time pressure. No issues were called out in relation to the first three indicators, however several students noted that they found the calculation for the patent box, in the fourth indicator, difficult as they didn't believe that they had all the information that they required.

## Course Delivery, Materials and Venues

### Course Delivery

As in the prior year, we have provided below a breakdown of where the respondents attended lectures.

Location	Percentage respondents	of	No. of Students
Belfast	11.48%		55
Cork	10.86%		52
Dublin	66.6%		319
Galway	3.97%		19
Limerick	4.38%		21
Waterford	2.71%		13

The feedback received from students in relation to course delivery was rather mixed, with the theory based lectures receiving a large amount of negative criticism, whilst the Integrated Case Study Days were received in a much more positive light.

#### Theory Based Lectures

As in prior years, 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. Many students commented that they did not find the lectures beneficial, with the exception of the Financial Reporting classes delivered in Dublin and the Elective APM, which both received significantly positive feedback.

A large number of students noted that the requirement to view online lectures in advance of management accounting and finance lectures was not well communicated, with many students only realising this when told by the lecturer at the first class.

A number of students noted that some lecturers have told students of their predictions for the final exams, which students find off-putting, for example a number of students commented that they were told SWOT analysis was unlikely to come up this year and then were frustrated when it did. Students acknowledge that lecturers do not have any involvement in the setting of the final exams and so noted they would prefer if lectures did not discuss predictions in classes.

#### Audit Lectures

The comments with regard to the audit lectures echo those of previous years with the majority of students facing difficulty in their application of the lecture materials to a case study context. The usefulness of the Core Audit lectures notes provided has also been questioned. Several elective students have suggested that lectures dedicated to case studies would be a welcome addition to the course. CASSI are concerned that this commentary around the Audit lectures is repeated annually by students with regard to Audit at FAE level.

Similar feedback was received for both Audit Core and Audit Elective lectures.

#### Business Leadership Lectures

Business Leadership also received particularly poor feedback from students across all venues with students noting that the limited lecture time did not allow students to properly

grasp the subject and at the same time, learn how to apply it in the manner required at FAE level.

### **Integrated Case Study Days**

Student feedback in general was positive to the case days, however some students did not feel they benefitted enough from these days to warrant them being made compulsory and noted they would have preferred to use the day to conduct their own study.

Some students felt that certain case days were of little use as there was an overemphasis on reading the solutions without adding value. Respondents also noted a variation in the quality of the case days, and noted that lecturers often had very different techniques for delivering the classes and also offered differing advice on how the cases should be approached, leading to confusion. Given that the case study days are taught in groups, there were some students who felt they were disadvantaged by not receiving a class from a particular lecturer.

### **Steps Cases**

Students continue to be positive regarding the Steps Cases, however a small number of students noted that in some instances, calculations were not clear in the case solutions or in the online lecture.

### **Cork and Galway Lectures**

Many respondents who attended lectures in Cork and Galway noted their dissatisfaction with the running of the FAE programme this year, with students in both locations citing lectures being cancelled at late notice, timetables being changed without sufficient notice being given and materials not being circulated in a timely manner for lectures.

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

Again, responses received in relation to the availability and quality of support materials were mixed. The availability of material received largely positive feedback as did the quality of the books provided with the course received positive feedback whilst the quality of lecture materials and case studies received poor feedback.

The tax books, AAFRP Toolkit, and the Derry Cotter case book, along with the Finance and Management Accounting textbooks from CAP2 were very well received by students. Many students also complimented the 'FR Bites' sessions, noting them to be very clear in detailing the accounting treatment required under particular standards.

Students noted that the Audit lecture materials in particular were very poor, for both core and elective and that the lecture material for Management Accounting, Finance and APM were not sufficiently detailed.

Whilst many students were very happy with the amount of ICD and self-study cases available, there were also some criticisms raised. Some students noted that the cases do not reflect the current 'style' of FAE and although they have been updated over the years, they still appear to be somewhat dated, and also noted that the narrative for the case does not always match what is provided in the solution. Students also noted that the derivation of computations was not always clear either. A large number of students were frustrated that the self-study cases appeared to be of a much higher standard than the past papers, and noted that they found these cases sometimes to be demotivating.

Respondents commented that lecturers often referred to particular cases as good examples for particular subjects, and after spending time looking through all the various cases made available, then found that they didn't actually have access to these cases. Students ask that lecturers are made aware of cases which have been taken out of circularisation.

Many students noted frustration with the fact that past papers prior to 2015 were not made available, especially given that students found past papers to be of a different standard to the other practice cases made available.

## Website

Students noted that although the new website caused some disruption when first introduced, they now find the layout much better than previously with materials and timetables easy to locate. A small number of students noted that Board Reports were difficult to find on the new site.

As raised by CASSI in previous reports this year, students continue to express dissatisfaction that recorded lectures are not yet available on all browsers on iOS for iPad & iPhone. We understand that CAI are confident this will be resolved in the next year.

A small number of students noted that it was difficult to identify when new material is uploaded to the portal and commented that a 'notification' email would be a good way of improving this.

## Exam Venue Feedback

Please find below a breakdown of survey respondents by venue.

Venue	Percentage of total respondents	No. of Students
Belfast	11.06%	105
Derry	1.25%	9
Cork	16.49%	115
Dublin	49.06%	386
Galway	5.43%	41
Limerick	6.89%	41
Waterford	5.43%	31
Sligo	2.09%	21
Athlone	2.3%	26

## RDS Dublin

The feedback with regard to the RDS as an exam venue was largely positive with numerous students complimenting the choice of venue and the overall organisation of the examinations over the three days. The invigilator received particular praise with many students commenting that they were both friendly and helpful.

As in prior years, students noted that the chairs were unduly uncomfortable for a 4 and a half hour exam. CASSI understand that due to the large number of students sitting the exams in the RDS that it is impracticable to obtain alternative seating.

A few comments were made around the desks used in the exam, with students noting that the desks appeared to be smaller than those used for the mocks and thus found it more difficult to fit their exam materials. Some students also noted that the hall felt very cramped given that there was not a lot of space between desks and that students had brought a lot of material into the exam hall, meaning that rows were blocked in some cases. Several students noted that there was some space in the hall that wasn't being utilised.

Several students noted that dissatisfaction with the toilet facilities, noting that depending on where you are sitting in the hall, sometimes the nearest toilet was several minutes' walk away and often students did not want to waste valuable minutes in the exam. However, many student acknowledged that this would likely be an issue at any location due to the number of students sitting the exam.

A significant number of students also complained about the parking rates at the RDS, noting that these had been increasing at each exam sitting, now up to €7 from €5 at the CAP2 examinations in the prior year. Many students were further frustrated given that they had to park in sandbanks, and as had brought their materials in a suitcase, this then brought its own difficulties.

### **Cork**

Students in Cork were largely happy with the venue speaking positively about it. Some students gave a lot of praise towards the centre and the invigilators.

There few a few concern raised by respondents, with several students noting that the lights in the hall were not turned on at the outset and that for two of the days, the hall got very dark during the examination, making it difficult to properly see, and that in both these instances, it also took a while before the invigilators switched the lights on. Several students noted their frustration that the lights were not turned on at the outset and found this effected their concentration during the exams.

Several students also noted that the speakers were not working properly in the hall which meant that they could not hear or understand the instructions being given by the invigilators at the start of the exam.

A few students also noted that it was an inconvenience to park on the GAA pitches and similarly to the Dublin venue, this caused difficulties when trying to transport materials into the venue.

### **Belfast**

The Belfast venue received largely positive feedback, with many students noting it to be preferential to the exam venue used for the mocks, which had expensive parking.

The main issue raised by students was around exiting the venue, with many students noting that it took them up to an hour to get out of the car park. It was noted that this was mainly due to students 'turning right' on the busy road out the venue, despite invigilators announcing that they were not to do this.

The other main issue raised by students was regarding a loud droning sound which was heard for around 20 minutes during the elective examination on the Friday. Many students noted that this affected their concentration during this period.

### **Derry**

The limited number of responses from students who had sent the exams in Derry were largely positive, however some student did note difficulties in getting to the venue on the Wednesday morning following flooding in the region on the Tuesday evening. A few students noted that this was not eased by the large amount of tourists at the venue on Wednesday morning as it meant that students had no quiet space to compose their nerves prior to entering the exam hall, following a stressful morning getting to the venue.

### **Sligo**

The limited amount of feedback received in relation to the Sligo venue was largely negative, with most of the respondents noting that the hall felt cramped with very little room for materials. Many students commented that due to the lack of space, other students were disturbed every time someone go up from their desk.

## **Other Venues**

The Galway, Limerick, Waterford and Athlone exam venues also received largely positive feedback with students regarding the venue, desk size and the work of the invigilators.

## **Conclusion**

Overall, CASSI are pleased to note that student feedback reflected clearly directed indicators and an appreciation of the shorter exam scripts. We note that although the indicators are clearly marked, there are several instances of students struggling with the specific objective of each indicator, resulting in students being uncertain exactly what they are being required to do.

Feedback across all examinations tended to be mixed, indicating the range of competencies tested across the paper at FAE. Time pressure continues to be an issue, and despite most respondents noting that they found the topics being examined to be fair, difficulties were noted in being able to address all requirements within the allotted time for the papers.

CASSI is grateful to 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. CASSI would like to thank the examinations team and CAI for communicating the availability of the feedback survey to students. 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.