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AAFRP Assessment

2015 Report

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**Chartered
Accountants Ireland
Student Societies**

Executive Summary

This report has been compiled by CASSI following feedback from 264 students from a survey issued on Saturday April 25th after the conclusion of the AAFRP exam. These students were primarily from practice with feedback also provided by 21 students following the chartered business route. CASSI received responses from students in every centre in relative proportion to the number of students in education programmes in those centres. The report outlines their comprehensive and considered responses to the continuous assessment paper.

The general consensus from students was that this was a more approachable paper than the 2014 paper, though still challenging. As is to be expected with this exam, time pressure was generally outlined as an issue however the majority of students welcomed the adjusted time guidelines. Students generally felt that this movement in suggested timings was appropriate to the time required for both Section 1 and Section 2. However, as outlined below there were a couple of points from Section 1 which led to more time being required than students had anticipated.

It was noted by CASSI from students' responses that the extent to which assumptions are considered has not been fully realised by students. While CASSI note this is highlighted on the front of the paper, we respectfully suggest this be clarified further to students in the run up to the next AAFRP exam. Other issues which received the most attention from students included the need for more material pertaining to Section 2 and also for the second AAFRP day in particular to provide new material for students to use in the final run in to the exam.

Course Delivery

The majority of students were happy with the course delivery although a number of issues were raised surrounding the timing of the lectures. Many students felt that the pre-Christmas Financial Reporting Lectures, though useful, were too far in advance of the AAFRP exam. CASSI acknowledges that the change in timing of the AAFRP exam for the 2015/16 academic year will rectify this timing issue as the AAFRP exam will take place in December. A significant number of students also noted that they felt integrated case days should not be held in the weeks leading up to the AAFRP exam. CASSI note that 2 case days were held in the weekend 2 weeks before the exam and that preparation for and attendance at same will have been affected by the exam, thus being potentially inefficient for both students and lecturers. CASSI appreciate the challenges faced in timetables, but respectfully suggest that where possible workshop type classes be kept to a minimum in the weeks coming up to the AAFRP exam next year. As integrated cases don't typically take place until January, it is hoped that this should be achievable.

Both AAFRP workshops received good feedback, in particular the additional session on Good Friday. A number of students disagreed with the approach taken in the initial workshop which went through toolkit questions and felt they would have been better prepared had this session been used to discuss those standards seen to be more difficult. CASSI acknowledge the existence of the FR Bites sessions online from prior to Christmas but students were more focused on going into depth rather than a high level overview of these more difficult standards. A number of students also

noted that they had expected the second session to provide new material and were disappointed to find the June 2013 and 2014 past AAFRP papers covered. Overall however students were very positive about these days. Students in Cork, Galway and Waterford were generally not able to provide feedback on the additional AAFRP workshop citing inability to travel to another centre. Further to discussion with Chartered Accountants Ireland on the subject, CASSI note that the limitation in venues and sessions this year was a direct result of the availability of lecturers and that it is hoped that more lecturers will be available for the 15/16 academic year. CASSI would be happy to engage in a discussion surrounding the timing and content of such workshops.

A significant number of students also felt that more disclosure type questions and lecture focus on same would be beneficial as this was seen to be the most difficult section this year. A number of students specifically requested that a booklet of sample disclosure notes be made available.

Availability and Quality of Support Materials

Unsurprisingly, students found the AAFRP toolkit to be the most useful of the materials provided. Some students felt however that the standard of the toolkit did not reflect the exams i.e. was too easy by comparison. Following this, the IFRS standards books and competency statement were cited as the most useful documents/texts in preparation for AAFRP. Students seem satisfied on the whole with the availability, quantity and quality of support materials. As mentioned above, further materials with regard to disclosure type questions would be welcomed. Many students also requested that additional sample papers be provided or further past papers be made available.

Students who engaged with the FR bites sessions generally had positive feedback with only 8% of those students who engaged with them not finding them useful. A number of students felt these were particularly useful having come through the Masters route as an FR refresher. In particular students noted that they were more manageable than watching traditional lectures. However, CASSI notes that the primary reason cited by students for not engaging with FR bites was a lack of awareness. CASSI acknowledge that FR bites were noted in the FAE Explained document but perhaps including a slide on these at the AAFRP workshops could increase awareness if this is not already being done. In addition, students who did engage with FR bites requested that all examinable standards be covered.

Exam Specific Commentary

A majority of students (62%) noted that they found section 2 to be the most difficult on the paper. This section also received the most narrative feedback of all sections.

Generally students welcomed the amended timing balance between section 1 and section 2 as they felt section 2 warranted the level of time allotted.

Section 1

Overall students felt the adjusted timing was reasonable for this section, possibly with the exception of Question 1.5. However, CASSI has regard to the fact that the

guideline is intended for the whole section and not necessarily to be apportioned equally between each question. CASSI understands that further guidance on time management and exam planning will be incorporated into next year's AAFRP learning.

The other issues raised were primarily in respect of the wording of questions, particularly with regard to Question 1.4 as detailed below.

The majority of students took issue with the marking scheme, feeling that all or nothing is an unfair reflection of their subject knowledge as exam pressure can lead to simple mistakes such as calculation/totting errors which would not be made in practice without this time pressure. CASSI have regard to the fact that the sample figures provided in Section are intended to assist in this area and help rectify minor totting errors.

Question 1.1

Students raised no issues with the wording of question 1.

Question 1.2

Students raised no issues in respect of the wording of this question. A minority of students felt it may have contained too many calculations for Section 1, given the all or nothing marking process.

Question 1.3

Similarly, no issues were raised with this question by the majority of students. A minority felt it was unclear whether adjustments needed to be made for journals posted during the year. However, CASSI notes that the question states "The accountant has not made any entries to reflect the above transactions" and the requirements state "Show the journal required to reflect the above transactions".

Question 1.4

This question was highlighted as being the most problematic of Section 1. The majority of students felt that a judgment call was required as to whether or not a provision was necessary based on the facts given. It was felt that additional information would have been beneficial to make a concrete decision on whether or not the entity should make a provision. Students noted that they felt the wording was too vague and they lost time trying to make a decision based on the limited information. Some students felt this would be better as a Section 2 question given the subjective nature of IAS 37 and the fact that they would not be marked on any assumptions made. CASSI have received assurances that any assumptions made, if reasonable, will be taken into consideration in marking this question.

Question 1.5

This question raised a number of different issues. The majority of students felt this was the most time consuming question with many of these students feeling this question was too long and contained too many workings for Section 1.

A small number of students felt there was insufficient time to comprehend and analyse the treatment of each of the two grants and to account for both correctly. Many students noted again that given the all or nothing nature of Section 1, questions with so many workings are more likely to cause mistakes to be made under time pressure which could lead to no marks being awarded despite considerable workings.

Section 2

As noted above, Section 2 caused the most issues for students, with over half of respondents providing specific narrative feedback (153 students out of 264 respondents). Students noted that they felt this area is given the least focus in the run up to the AAFRP exam with more focus on calculation and so CASSI feel increased attention on this area would be welcomed, as noted above. Students welcomed the additional time although time pressure remains an issue with this section even with the additional time.

Question 2.1

Students did not raise any issues with the wording or requirements of this question.

Question 2.2

This question was the most disliked question in Section 2 with 20% of all respondents citing issue with it. Many students noted that they felt the formatting of the answer template was unclear, which lead to more time being spent trying to understand what was required before being able to answer. From a technical perspective the main concern raised by students was that there was little guidance given in materials covered prior to the exam as to how this question should be dealt with from a disclosure perspective. CASSI acknowledge that the guidance at the end of each Section 2 question states that “It is appropriate to leave the box blank if no input is required”, however it is likely that under exam pressure students rely on such boxes for guidance and that this point may need to be further highlighted for the coming academic year.

Question 2.3

The main issue raised by students was that the quantum of information provided in the question combined with the draft disclosure note took some time to read and comprehend. Although the additional time guideline for Section 2 was noted by the majority of students as being helpful, many felt that time was still tight. Again, CASSI acknowledge that the guideline is not to be apportioned evenly between all questions in a section and that students need to use best judgement to this regard. Many students felt the wording surrounding the legal provision was unclear and that this did not aid in trying to interpret the treatment of an item which was already

unfamiliar to most students. Some students noted again that the boxes provided for this solution were misleading and caused confusion as to what was required in their answer.

Section 3

The feedback provided for Section 3 was limited by comparison to previous questions. Timing was raised again as an issue as many students had left this section until last and had run over time in previous sections. CASSI acknowledge that this is a time management issue rather than a fault in the timing for this particular section.

Question 3.1

A minority of students found issue with this question, largely relating to the quantity of journal entries required within the time. CASSI note however that this question was in line with more than one question on construction contracts provided for practice prior to the exam which is likely the cause for this being a minority view. CASSI also acknowledges that question 3.2 was much shorter and perhaps this was intended to allow students extra time to work through the complexity of question 3.1.

Question 3.2

The main issue with this question related to clarity. Students were uncertain whether the asset to be capitalised was covered by IAS 16 or 38. This appears to have been mainly a wording issue with the journal entries, with students being unclear as to which standard it had initially been treated under, however student comments in this area did not highlight any specific wording which caused confusion. CASSI has received assurances that valid assumptions in this regard will be taken into consideration.

Question 3.3

A minority of students noted that it had been some time since they have reviewed principles of corporation tax and that such knowledge was required to answer this question. However, CASSI has regard to the cumulative learning principle and that all knowledge from CAP1 and CAP2 is assumed at FAE. While AAFRP is a financial reporting exam, it does sometimes require knowledge from other areas of the syllabus. As noted previously, valid assumptions will be taken into consideration in this regard.

Conclusion

Overall students felt this paper was tough but fair given the quantity of examinable materials. CASSI is 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.