Tutor Conference 2024 Case Study

Friday 2 February

Welcome and introduction

- Great to be back in person with you all

- It's **your** conference …

- … so with the limited time that we have together, we have tailored the agenda to the things that **you** have asked for and want to know

- By popular request, also reinstating a marking exercise

- Thank you so much for all the questions received in advance
  - Will do our best to answer them all as we go through
  - If you do have any further questions, best to save them till the end, otherwise we will struggle to get through the agenda!
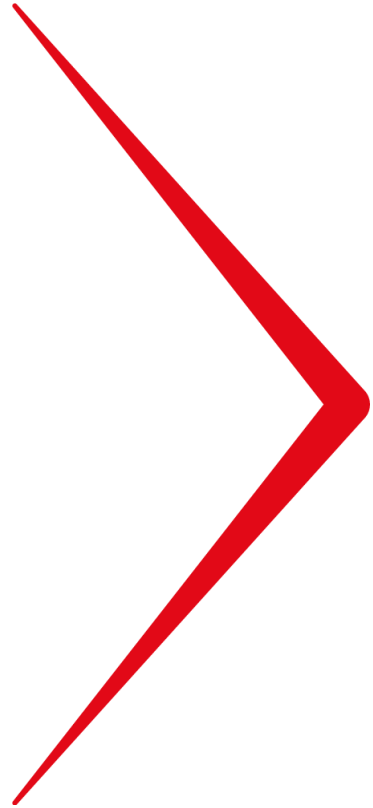
Agenda

Introduction of new examiner

Q&A:

- **Pass rates**
- **Future directions & pre-populated spreadsheets**
- **Use of technology tools by students**
- **Executive Summary**
- **Advice for students**

Marking case study

- **Marking key Q&A**
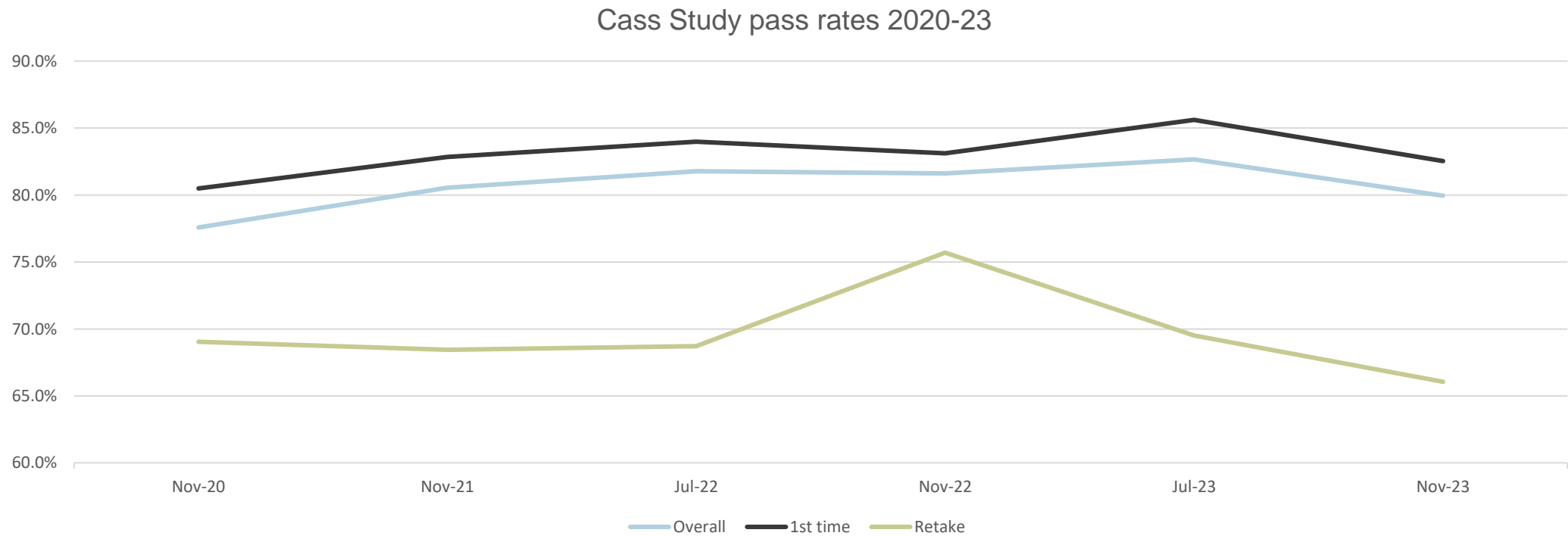- **November 2023 exam recap and questions**
- **Marking exercise**

1 ⟩ *Q&A*

Pass rates

- Is it possible for us to see the average result of past papers so see whether the change in the method of marking has had any particular impact?

Cass Study pass rates 2020-23

Future directions & pre-populated spreadsheets (PPS)

- We expect to see a new examiner this coming year. Will we see a change in structure, style or emphasis?

- Do you see any grander or more material changes to the exam over the next few years?

- Please could you explain how PPS will manifest in the CS exam? Will a past paper or sample exam be reworked to demonstrate this to candidates?

- Can we have confirmation on when PPS will be used in the exam and how they might look/be used?

- Will all three requirements in the new exam contain PPS (assuming it will still be 3 requirements)?

- Will students continue to receive the AI 8 weeks before the exam for both new CS papers?
    - Will they get longer because they will have two AIs to digest?
    - Is there any plan to provide tuition providers with advance copies of the AI to assist with preparation?

- Will there be a transition period from the current CS exam to the two new CS exams, eg, if students have already sat SBM and CR, will they still need to sit the two technical cases or will there be an option to sit a traditional CS?

Use of technology by students

- Can we have some clarity over what the software will do regarding copy and pasting from notes in Bibliu?

  - Students seem to be able to put notes into Bibliu on their AI and then copy these into their scripts.

  - If this is possible, then clearly students could add significant notes into their AI and use these on the day to save time in completing their answers.

- Has any consideration been given to how students might use AI chatbots to analyse the AI?

  - Has the ICAEW a policy on this?

  - Can students put the entire AI into such AI chatbots?

Executive Summary (ES)

- The November 2023 examiners' report highlighted that in the ES, students were copying large sections of their report (in some cases the whole thing).

- It went on to say that students who did this typically earned less credit than those who take the time to summarise the key points.

- However, if you compare the points in the conclusions and recommendations to those in the ES in the marking grid, there is a huge amount of repetition (the wording is exactly the same in a number of cases!)
    - Can you give further clarity around the marking of the ES and how the student needs to word the points in the ES differently from the main report to gain credit even though the bullets are worded exactly the same in most cases?
    - Can you confirm that if a student has copied large chunks of their main report but this does include the correct content, the only bullet they do not get credit for is the appropriate summary of the main report?

- What does the examiner consider to be an "appropriate summary" of the report section?
    - I notice in this year's example papers the ES was not a direct copy of the report section, but they still were not awarded the mark. How do you determine what is appropriate?

Advice for students

- Do you have any advice specifically for retake students? The pass rates for retake students appears to be lower than the first-time takers by quite a few percentage points (circa 15-20%) which implies that if you fail first time then you will find it harder to pass second or third time around.
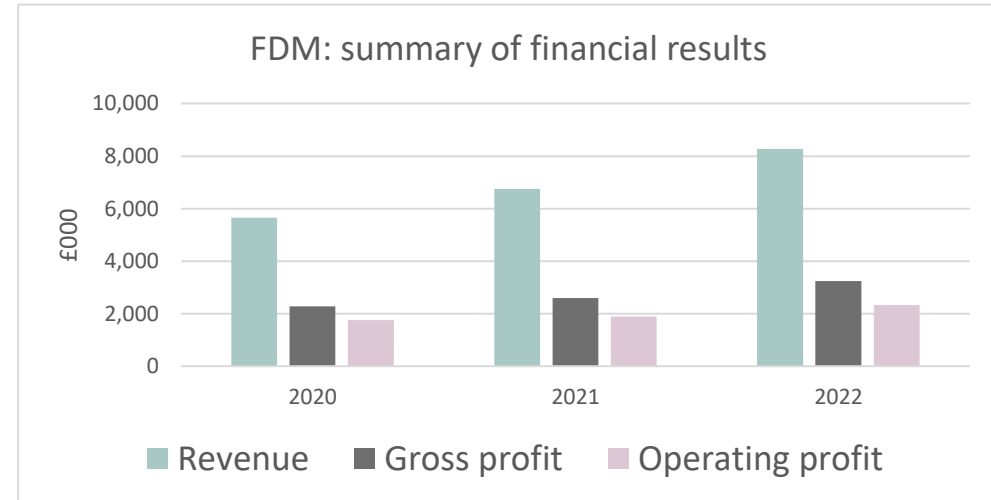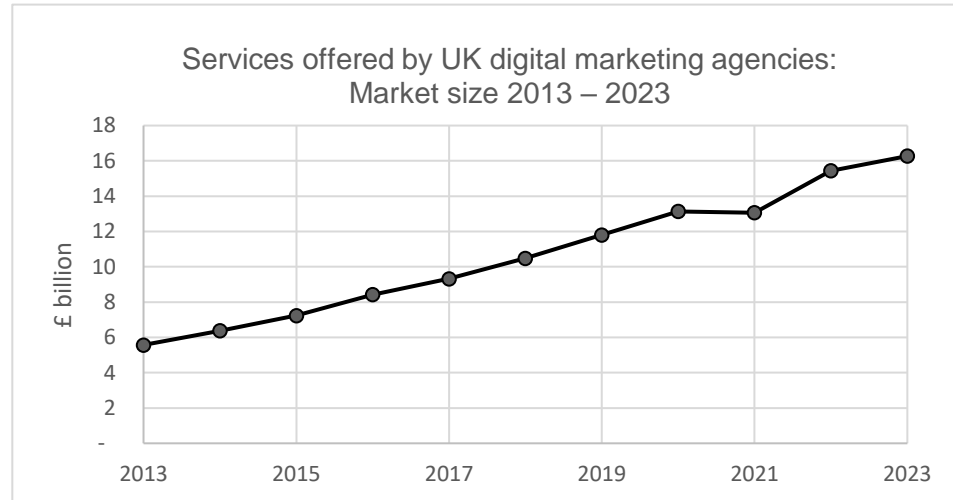
To be covered in marking section:

- How can we better develop the skill of applying judgement in our learners?

- How do you advise students increase the probability of hitting the correct recommendation marks?

Learning Materials

- With the release of the new Workbook each year, is there any possibility of getting a schedule of key changes that have been made to the book?
    - The 2024 material seems to have no changes other than to the year (ie, changing references for 2023 to 2024).
    - But it is very time-consuming for tuition providers to determine this as they must compare each page of the Workbook each year.
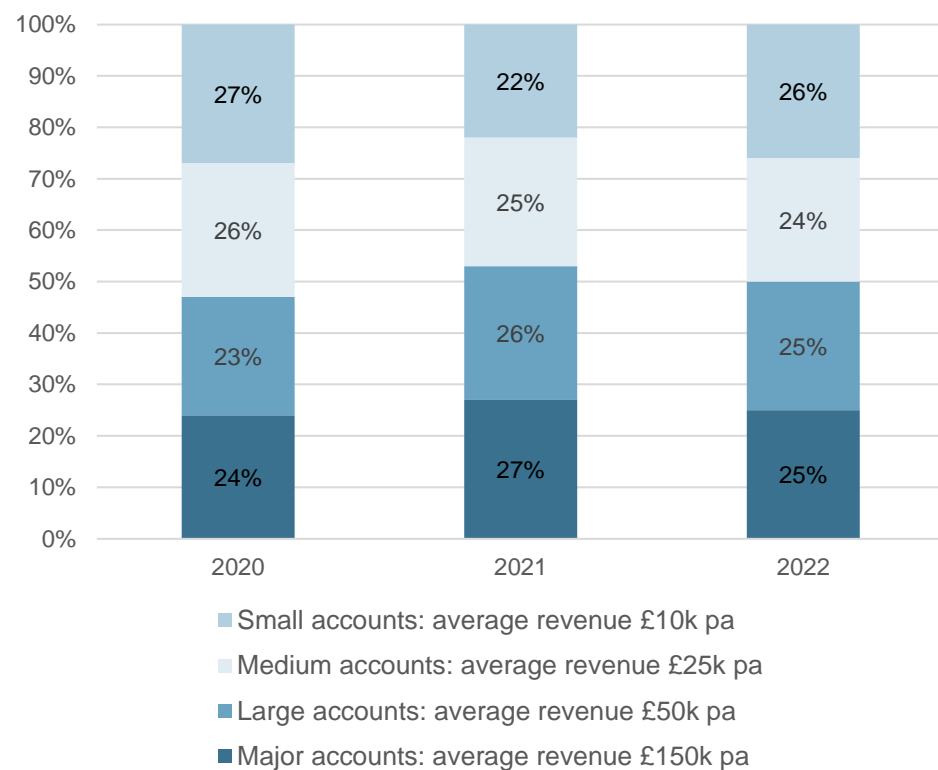   - A simple summary of changes would be greatly appreciated.

Recap of November 2023 case: Fulsome Digital Marketing (FDM)

Services offered by UK digital marketing agencies:
Market size 2013 – 2023

FDM: summary of financial results

- A digital marketing agency providing services to businesses across the UK

- The increase in online sales across most sectors has benefited agencies such as FDM, whose revenue has shown a compound annual growth rate (CAGR) of just over 24% over the three years ended 30 September 2022

- Operating profit margins are high – typically close to the target of 30%

- A key facilitator of growth for FDM is staffing levels: both staff recruitment and staff attrition are KPIs

FDM: Performance measures

Mix of revenue by client size

Legend:
- Small accounts: average revenue £10k pa
- Medium accounts: average revenue £25k pa
- Large accounts: average revenue £50k pa
- Major accounts: average revenue £150k pa

Key performance indicators (KPIs)

	2022	2021	2020
Headcount			
Billable staff	72	57	45
Support staff	13	11	8
Total headcount (including directors) at 30 September	85	68	53
The following figures are for the year ended 30 September:			
Net increase in headcount (%)	25.0%	28.3%	29.3%
Staff attrition rate (%) (sector average 30%)	11.8%	15.1%	9.8%
Average monthly fee income per head (AMFIH)	£8.1k	£8.3k	£8.9k
Gross margin	39.1%	38.4%	40.4%
Operating margin (target 30%)	28.2%	27.9%	30.9%
Annual growth in revenue	22.4%	19.4%	30.7%
Annual growth in operating profit	23.6%	7.6%	31.7%
Client churn rate (%)	15.2%	14.6%	16.1%

Exam requirements

1. An analysis and explanation of FDM's financial and operating performance for the year ended 30 September 2023 in comparison with the year ended 30 September 2022, covering: revenue for each client size and in total; cost of sales for cost category and in total; gross profit for each client size and in total; and total operating profit. Candidates had to incorporate, as appropriate, a series of KPIs and business issues including revenue targets for 2023, which were provided in the Advance Information.

2. An evaluation of the request from Bedding Online Limited (BOL) for FDM to take over its digital marketing. For each of two alternative proposed pricing methods, they had to calculate FDM's annual fee income, annual gross profit and the potential lifetime value (LTV) to FDM, together with an evaluation of the estimates and assumptions. Following this, candidates had to evaluate the commercial, operational, business trust and ethical issues that FDM should consider.

3. An evaluation of the proposals to achieve Brienne's results target. Candidates were required to forecast the operating profits associated with a proposed 'recruit for growth' strategy, and then to calculate the impact on operating profit of additional proposals, some of which could be considered in combination. Candidates then had to evaluate and explain the financial, operational and strategic issues arising from the proposals analysed, incorporating any ethical and business trust aspects.

Requirement 1 (R1)

An analysis and explanation of FDM's financial and operating performance for the year ended 30 September 2023 in comparison with the year ended 30 September 2022, covering: revenue for each client size and in total; cost of sales for cost category and in total; gross profit for each client size and in total; and total operating profit. Candidates had to incorporate, as appropriate, a series of KPIs and business issues including revenue targets for 2023, which were provided in the Advance Information.

- Most candidates analysed the accounts well, with clear and comprehensive appendices.

- Better candidates delved more deeply into the numbers, linking business issues/KPIs to the accounts.

- Despite the specific requirement to incorporate the 2023 targets, surprisingly few candidates produced an appendix that did so.

- The analysis of cost of sales, staff numbers was generally very well done by just over half of all candidates, although a significantly large minority of candidates did not calculate the revised staff attrition rate.

Requirement 2 (R2)

An evaluation of the request from Bedding Online Limited (BOL) for FDM to take over its digital marketing. For each of two alternative proposed pricing methods, they had to calculate FDM's annual fee income, annual gross profit and the potential lifetime value (LTV) to FDM, together with an evaluation of the estimates and assumptions. Following this, candidates had to evaluate the commercial, operational, business trust and ethical issues that FDM should consider.

- Candidates were generally well prepared for the issues presented, having familiarised themselves well with the illustrative examples of different pricing methods (Compere and Sublime), the impact of uncertain bounce rates (Sublime) and how to use churn to arrive at an LTV (HSS). The exam combined these various potential calculations into a novel scenario.

- Most demonstrated that they had assimilated the issues well and correctly calculated the LTV in each circumstance.

- A small number found diverse ways to make errors and so missed out on some of the marks available for number-work.

- Most recognised that the trade-off between risk and return was an important aspect of informing the choice between the two pricing methods.

- The most obvious weakness in R2 scripts was the analysis and evaluation of the assumptions and estimates. Despite using Sublime as their template for calculations, candidates often didn't take the opportunity to benchmark the BOL figures against those for Sublime or other major clients.

R2 is the subject of the marking exercise that follows a little later …

Requirement 3 (R3)

An evaluation of the proposals to achieve Brienne's results target. Candidates were required to forecast the operating profits associated with a proposed 'recruit for growth' strategy, and then to calculate the impact on operating profit of additional proposals, some of which could be considered in combination. Candidates then had to evaluate and explain the financial, operational and strategic issues arising from the proposals analysed, incorporating any ethical and business trust aspects.

- On the whole, the number-work was reasonably well done. Candidates whose calculations were hard to follow lost the mark for 'Numbers clearly derived'.

- Organised candidates worked systematically through the proposals, following the guidance provided in the requirements and utilising the spreadsheet capabilities of the exam software, and were able to score well.

- Many weaker candidates were unable to provide more than pedestrian comments on the numbers produced; better candidates were able to show some real insight in their commentary.

November case questions

- The marking key for R1 provides marks in SP&S such as the following: 'U: up £1,167k / 44.3%' in July 23, or 'Billable staff costs: up £1,455k/44.4%' in November 23.
    - Does this mean that, in a change to past guidance, students can provide either number in their report and do not have to have a qualitative comment in order to score the mark?

- In R1, comparisons to targets for revenue and KPIs were awarded in SP&S rather than AJ.
    - This is a change to past marking keys.
    - Why is this now no longer considered to be AJ and can we expect this to be applied consistently in the future?

- In R1, separate marks were awarded for the calculation of GP and the calculation of the GP%. The same was true for OP.
    - Was this a case of the exam team trying to shoehorn in enough bullets to meet the target for the requirement or an attempt to make the target pass mark on the requirement easier? Is it something we will see again in future?
    - Was it because of there were so few opportunities for judgement in this area that the cause of changes to these numbers was moved to the judgement column rather than being assessed as part of SP&S as is more normal?

- In R2 in July 2023, the evaluation of assumptions was given only one box on the marking key rather than two as is normal (such as in November 23).
    - Were candidates expected to write much less than is usual due to the higher number of calculations required, or was this reflective of what candidates submitted on the day?
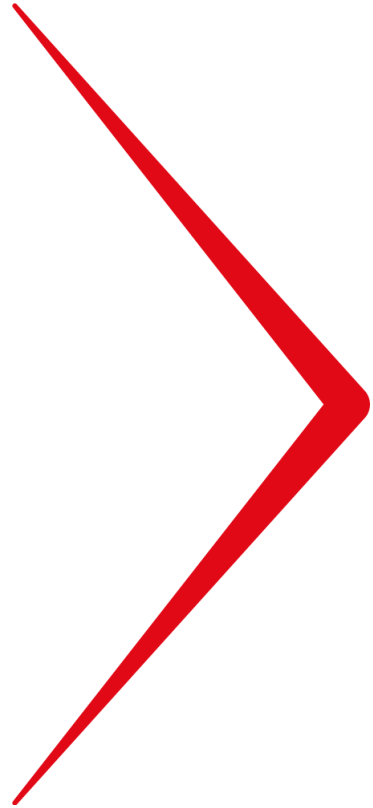
2 > *Marking the Case Study*

COMPETENCY BASED ASSESSMENT

- Marking key has undergone some recent changes

- Marking key will continue to evolve – it is not a fixed document

- Marking key is divided into a number skills areas

- Making is by reference to carefully chosen bullet points

- Marking key is not the 'right' answer to the CS

- All scripts do better in some areas than others

MARKING KEY

- 4 skills columns

  - Assimilating and Using Information – A&UI

  - Structuring Problems & Solutions – SP&S

  - Applying Judgement – AJ

  - Conclusions & Recommendations – C&R

- 40 boxes

  - Overall Assessment Criterial (OAC) – 1 box

  - Executive Summary (ES) – 6 boxes

  - 3 Requirements – 33 boxes – 11 boxes each

MARKING KEY

- 200 bullets

  - Examples of evidence of a skill

  - Range of difficulty

  - Each bullet is worth ½ mark

  - Bullets may have 2/3/4 options within it – usually only need one

  - Points made must be clear and in context to be rewarded

  - Don't need the exact wording – the understanding is rewarded

  - Lots of marking 'rules', training and supervision to ensure objectivity

EXECUTIVE SUMMARY

- Stand-alone document (no cross-marking)

- Should be a SUMMARY of the report

- KEY numbers, issues and recommendations

- Looking for added value for the Directors

- Continually trying to move away from rewarding copy/paste

SKILLS COLUMN – A&UI

- Demonstrate knowledge of the case material

- By:

    - Using relevant information from AI and CSE

    - Providing an appendix with clearly derived numbers

    - Doing basic calculations (often in an appendix)

    - Including wider business issues relevant to the current scenario

SKILLS COLUMN – SP&S

- Present relevant analysis of the scenario

- By:

  - Doing more in-depth analysis of figures – more detailed calculations
  - Comparing figures
  - Suggesting explanations
  - Considering assumptions
  - Considering EBT facts

SKILLS COLUMN - AJ

- Apply judgement on own analysis or on assumptions/fact provided

- By:

  - Evaluating key points – *say why they are key*

  - Looking at implications – *'this means…'*

  - Considering linkages and explanations – *'this is due to…'*

  - Using Professional Scepticism – *say why there might be bias (or why not)*

  - EBT – *evaluate facts, consider impact, make recommendations*

SKILLS COLUMN – C&R

- Draw conclusions and make practical, commercial recommendations

- By:

  - Using 'Conclusions' and 'Recommendations' headings

  - Including KEY points

  - Considering options for the way forward, giving reasons for choice

  - Making case-specific, action-point recommendations over a number of areas

Marking key questions

- Do candidates need to anchor numbers when quoting movements or is simply providing the absolute and % changes sufficient?

- Please could we confirm that a recommendation is not awarded unless the issue has been discussed in the main body of the report?

- If EBT recommendations are included as part of the overall recommendations in the C&R section of a requirement, will they still attract marks?

- The recommendations box continues to have a mark for 'other recommendations'.
  - This was first introduced to avoid a situation where students could get a N/A under the old marking scheme despite at least having a go at the recommendations, but it no longer seems relevant. Are the exam team now expecting students to come up with a recommendation beyond those that are in the marking key?

- Given that the ES should be worth up to 15% of the marks, it could potentially have 30 bullet points within the marking key.
  - In both sittings so far under the new marking scheme it has only had 26 bullet points.
  - Has the weighting been reduced to 13% or can the exam team provide an example or illustration of how the ES could contain the extra bullet points. (We understand the desire for flexibility here but it would be very useful to see what situation might lead to the use of this flexibility.)

TRAINING MARKERS

- Selection process for markers

- New marker trainings

- Detailed training for all markers on the key

- Practice scripts

- Standardisation script

- Seeding scripts

- Reviews and feedback from team leaders

- Overall review of results, pass rates and progress by KDT and Examiners

Exam Tips – Before the exam

- Read material published by the examiners

- Review previous keys for level of detail and points being rewarded

- Do your **own** analysis of the AI

- Practise producing neat, understandable appendices, with explanations of your numbers

Exam Tips – During the exam

- Plan your time – requirements have equal weight, type more slowly / think more: it's about quality not quantity

- Answer each part of each requirement – there are 'easy' marks available throughout: don't waste time doing things that haven't been asked for

- Use a suitable style – language, headings, sentences etc; a well laid out script makes it easy for the marker to find and reward points

The Case Study Exam – in summary

- This exam is not …

  - about quantity – a good answer can be short and to the point

  - a 'technical' exam – although you should avoid making basic bookkeeping or accounting errors at this stage in your career

- This exam is …

  - about assimilating all the information provided

  - writing a commonsense report which adds value for the reader and, crucially, answers the questions asked

Key messages for candidates

- Key to success is in developing good CS skills in the candidates

- Thorough preparation based on the AI

- Candidates must answer the requirements set in the exam

- Candidates must watch the time

- Candidates fail on the day mainly for the following reasons:
    - Poor timing in the exam (practice / concentration)
    - Poor knowledge (poor preparation re AI – no excuses!)
    - Remember the four skills columns – AUI, SPS, AJ, C&R
    - Lack of clarity (rambling sentences / unstructured discussion)

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