

ICAEW tutor conference 2024: debrief of the Financial Management session

The session covered the following topics:

- Introduction of the examining team and recruitment of a third member
- Spreadsheet functionality and pre-populated spreadsheets
- Common issues and errors that students make
- Setting and marking procedures for the exam

Key points and takeaways:

- Students need to show clear workings
- The calculation of the cost of semi-annual debt needs more practice
- Students should consider the realism of their answers
- Presentation of written answers can be poor and makes marking difficult
- Weaker/marginal students often make silly mathematical mistakes or one or more of the common errors (see slides)
- Sustainability/ESG content has increased in the 2024 material
- Ethics questions can be worth 3-5 marks from March 2024 onwards

Tutor questions and answers:

Do students need to use the SS function or use NPV within the exam?

Would students get extra credit for using the long route to answering a question?

Students can either use the NPV function where the discount rate is constant or they can discount individual flows using the discount factors (the long way). Both attract the same credit. If the discount rate varies from year to year the NPV function can't be used.

All students would need to write is the IRR function is being used and the answer to get the marks, is this correct?

Yes

The rates calculations in the mocks, sometimes feels more generous than others, why is that?

Semi-annual coupon calcs are more involved so carry more marks than annual coupon calcs.

What happens if a student chooses an incorrect rate during the exam? For example, choosing a put over a call.

We give follow through marks where we can so the student can still score most of the marks if they follow through correctly eg if put was exercised and call should be abandoned.

Why was ESG and sustainability introduced to the syllabus?

To keep the syllabus up to date and modern.

Do students need to know normal distribution figures?

No we would give them in the manner of the D23 exam.

Are there any ethics questions worth more than 5 marks?

The material contains some ethics questions worth more than the current 3 marks in the exam. 3-5 marks allows us to credit those students who apply their learning to the questions.

How have you found having spreadsheets to house figures [NPV] for students to use?

Students have coped well but presentation is still lacking for some!

Do you test decision trees often?

We don't test decision trees as such, only expected values for ENPV calcs.

Are you allowed to repeat questions for example from 10 years ago?

We don't repeat questions from the past as question styles, examiners and the syllabus change over time.

Other documents circulated:

- PPT slides