

## **Comments for Candidate Performance on Finance Elective (July 2018)**

Most candidates did a good job of understanding the scenarios presented. Most candidates addressed, analyzed and discussed the requirements within both cases. There was no issue with the identification of the AOs, since both cases laid out the requirements fairly clearly.

Candidates who managed their time well on Case #1, generally performed well on Case #2. Some candidates appear to have misallocated their time across the various requirements, as there was evidence of incomplete discussions (Case 2, AO #4 and #5). However, it may also be in part attributable to the complexity of the concept tested in AO#5 i.e. hedging options.

Most candidates had a good technical understanding of a financial performance analysis, typical valuation methods, hurdle rate calculation, and preparing normalization adjustments. However, many candidates did not seem to have a good understanding of hedging and what financial instruments could be used for different price correlations.

Some provided unsupported responses, for example, on Case 1, AO #3, where they failed to discuss the ASPE accounting treatment which justified their adjustments. As well, many candidates did not support their qualitative analysis of the purchase vs. build option (Case 2, AO #4) and merely repeated case facts in a pro/con list. Better candidates were able to respond to the requirements by integrating the case facts provided with their finance and accounting knowledge.

### **Comments on Skills**

**Identification:** Generally, well done by most candidates given the requirements were clearly laid out.

**Analysis:** Most candidates that attempted the AOs provided sufficient analysis. Some, however, provided generic or unsupported responses, failing to go beyond the specific case facts provided to demonstrate their knowledge.

**Integration:** This was adequately performed for the most part as most candidates integrated their calculations to other analyses and their overall conclusions.

**Conclusion:** Most candidates presented reasonable, convincing, supported conclusions and/or recommendations.

**Communication:** Nearly all candidates adequately communicated within their response. Language used was appropriate and quantitative information was well presented.

**CPA Mindset:** Nearly all candidates understood their role and what was required to adequately address the user's needs.