

**YOUR PERFORMANCE ANALYSIS REPORT**  
**September 2021 Common Final**  
**Examination (CFE)**

DAY 2 AND DAY 3

## September 2021 Common Final Examination (CFE)- Day 2 and Day 3

### Candidate Number

Enclosed is your performance analysis report for the September 2021 Common Final Examination (CFE). This report analyzes your performance on Day 2 and Day 3 only. Day 1 is reported on separately.

**Section A** of the report contains an analysis by assessment opportunity (AO) of your performance for each simulation. **Section B** contains a detailed analysis of your performance by competency area, and **Section C** contains a summary of the reviewers' general findings and an analysis of your performance by essential CPA enabling skills, following the CPA Way.

This report is intended to highlight areas in need of improvement, not just to explain why you failed the examination. Where the reviewers were able to, they provided recommendations for improvements, whether or not you met the passing profile requirements set by the Board of Examiners for the various levels of the fair pass model. This means that you may have received several comments on an area where you met (but barely) the minimum standard.

You are encouraged to read this report in conjunction with your transcript and the Board of Examiners' Report on the September 2021 CFE.

### **Section A: Assessment By Simulation**

Section A reports the reviewers' findings by AO for each of the Day 2 and Day 3 simulations. The checklist is designed to help you identify which of the commonly exhibited weaknesses displayed by the candidate population you personally exhibited while writing each simulation. This information allows you to see where you missed a mission-critical AO completely or where you fell short of the entry-level requirements.

To help you understand which of the weaknesses you, in particular, exhibited, reviewers have marked Xs in the relevant boxes. If you did not address an AO at all, the box labelled "You did not address this assessment opportunity" will be marked with an X. If you addressed the AO and did not demonstrate any of the weaknesses listed, the boxes will be blank. If you did demonstrate a weakness, the box next to the weakness will be marked with an X and a comment will be included.

### **Section B: Assessment By Competency Area**

The information in Section B is a re-sorting, first by technical competency area, and then by CPA enabling skill, of the weaknesses noted in Section A. The information presented in Section B allows you to identify whether you exhibited more technical weakness in one area than another.

Keep in mind that the checklist of points under each AO in Section A is made up of the tendencies exhibited by the candidate population based on the Board of Examiners' expectations for a competent response. By focusing on the areas in which there are several Xs, and by examining the reviewers' comments by competency area rather than by simulation, you will be able to identify which technical elements of a "competent" response you were lacking. Seeing the AO-by-AO weaknesses sorted by competency area will allow you to gain a better understanding of which technical area was weakest and the nature of the errors that contributed to the standing you received.

## September 2021 Common Final Examination (CFE)- Day 2 and Day 3

Beside each box, you will notice a “skill” description. This skill represents the sorting category that is used to present the reviewers’ findings by the enabling skills portion of Section C of your report.

### **Section C: General Findings and CPA Enabling Skills**

Section C of the report is designed to help you identify your major weaknesses in essential areas such as communication, role playing, ranking of issues, and other exam writing skills, as well as present you with a re-sorting of the Section A results by the CPA enabling skill.

For the General Findings sub-section, each of the reviewers has answered the same general questions, and their findings are summarized for you. Any questions that have a “NO” response are highlighted. These are the general areas in which you demonstrated weakness.

The CPA Enabling Skills sub-section is a re-sorting of the reviewers’ specific AO-by-AO comments from Section A by CPA enabling skills grouping (following the CPA Way). Each grouping is clearly defined so that you know in which of the essential CPA enabling skills that underlie a professional response you require further development. The groupings used consist of the following:

1. Assess the Situation
  1. Define the issues correctly
  2. Identify any underlying issues
  3. Rank the issues (i.e., identify the mission-critical issues)
2. Analyze Major Issue(s) - Qualitative
  1. Technical (applies *CPA Handbook* or *Tax Act* correctly, uses correct techniques i.e. cash flow, net present value, etc.)
  2. Link theory to case facts (i.e., go beyond just stating the rules and consider the particular case facts in the analysis)
  3. Evaluate the alternatives (pros and cons, implications of different options, validity of options, etc.)
3. Analyze Major Issue(s) - Quantitative
  1. Applies the technique correctly
  2. Calculates accurately
  3. Explain assumptions clearly
4. Analyze Major Issue(s) - Integrate situation
  1. Integrate the situational assessment into analyses
  2. Integrate analysis of one issue into another, from one competency area to another, etc.
5. Conclude and Advise
  1. Make a logical/practical choice – one that flows from the analysis
  2. Display good judgment considering the decision factors identified
  3. See the bigger picture and consider impact of one analysis on the overall conclusion
6. Communication: Provide clear explanations (viewpoint and “thinking pattern” are evident)
7. Ethics: Exhibit professionalism, identify the need for a specialist; know professional limitations and responsibilities

## **Section A: Assessment By Simulation**

## Section A: Assessment By Simulation

### Day 2 Farm Fresh to You Inc. (FFTY)

---

#### Assessment Opportunity #1 (FR)

The candidate discusses the accounting treatment for the investment in LOB.

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

Your discussion of the accounting treatment for the investment in LOB lacked depth.

Analyze Major Issue(s)  
- Qualitative

Your discussion of the accounting treatment for the investment in LOB contained technical errors.

Analyze Major Issue(s)  
- Qualitative

*While you attempted to analyze the accounting treatment of the investment in LOB using the relevant Handbook section (CPA Canada Handbook Part II, ASPE 3051 – Investments), and identified the appropriate accounting methods that could be used, you did not seem to understand how to correctly record the investment using the equity method. For example, you stated: "I would recommend that you use the cost method as the company's focus is in increasing net income. The earnings from investment would be put to net income, the 18% you would be entitled to per year would go to your income from investments revenue account. Your investment would remain at cost on your balance sheet." This was incorrect since the dividends should be included in FFTY's income under the cost method, not FFTY's proportionate share of LOB's income, as prescribed under the equity method. It seems you confused the cost method with the equity method. This demonstrated that you did not clearly understand how to account for the investment.*

You did not recommend an accounting treatment for the investment in LOB or your recommendation was not consistent with your analysis.

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*While you attempted to discuss the treatment for the investment of LOB, your analysis contained technical errors; therefore, you were unable to demonstrate competence on this assessment opportunity.*

### Assessment Opportunity #2 (FR)

**The candidate discusses the accounting treatment for the franchisee revenue.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**Your discussion of the accounting treatment for the franchise revenue recognition issue lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*While you attempted to analyze the accounting treatment for the Franchise fee revenue sources using CPA Canada Handbook, Part II, ASPE 3400 – Revenue, you did not address the various sources in sufficient depth. You were expected to analyze the initial fees, the optional service fees, and the ongoing royalty fees, using Handbook criteria using either ASPE 3400 – Revenue or AcG-2 – Franchise fee revenue in order to discuss the issue in sufficient depth. You provided a superficial analysis on the initial fees & the optional service fees. For example, you said: "The initial fee should be billed and recorded when they contract is started and the optional service fees should be recorded as revenue and a receivable should be created when the service occurs". This is not sufficient because your discussion remained vague and generic. You may find it helpful to address each criterion individually by stating clearly whether it has been met and describing the case facts that support this conclusion.*

**Your discussion of the accounting treatment for the franchise revenue recognition issue contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude on the appropriate treatment for the franchise revenues or your conclusion was not consistent with your analysis.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*While you attempted to discuss the treatment for the franchise revenues, your discussion was not in sufficient depth to demonstrate competence on this assessment opportunity.*

---

### Assessment Opportunity #3 (FR)

**The candidate discusses the accounting treatment for the sale and leaseback transaction.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**Your discussion of the accounting treatment for the sale and leaseback transaction lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the accounting treatment for the sale and leaseback transaction contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

*While you recognized that an analysis of the classification of the lease was required and you appropriately assessed and concluded that this is a capital lease, you did not understand that the gain should have been assessed as part of a sale and leaseback transaction. Instead, you analyzed the gain as a separate issue using an incorrect Handbook section. You used CPA Canada Handbook, Part II, ASPE 3061 (Property Plant and Equipment), and said: "Building gain as income. There are two components here the land is considered to having unlimited life. Therefore the first we will look at the land component it was purchased for 1.4M and sold for 1.5M that's a 100,000\$ gain from the land. This leaves us 13.5M of the proceeds left. We see that on their asset register the disposal of the building was 9.6M. This means that we have a 3.8M gain from the building as 13.5M-9.6M is 3.8M. Summed together this is a 3.9M gain when you consider both the building and the land. ASPE section 3061 PPE". Therefore, you came to the incorrect conclusion that a gain of \$3.9M should be recorded. Read and plan your response carefully and refer to the Handbook where you are unsure or unfamiliar with the accounting issues presented.*

**You did not conclude on the accounting treatment for the sale and leaseback transaction or your conclusion was not consistent with your analysis.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*While you attempted to discuss the accounting treatment for the sale and leaseback transaction, your analysis contained technical errors; therefore, you were unable to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #4 (FR)**

**The candidate discusses the accounting treatment for the non-monetary transaction.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**Your discussion of the accounting treatment for the non-monetary transaction lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the accounting treatment for the non-monetary transaction contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude on the accounting treatment for the non-monetary transaction or your conclusion was not consistent with your analysis.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Your response on this assessment opportunity was sufficient, which included identifying the relevant accounting standard and applying the criteria to the case facts, and providing appropriate and supported conclusion.*

---

### **Assessment Opportunity #5 (MA)**

**The candidate calculates the break-even number of bottles to be sold for the organic wine proposal.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**Your calculation of the break-even number of bottles contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Your response on this assessment opportunity was sufficient, having provided a reasonable calculation of the break-even number of bottles for the organic wine proposal.*

---

### **Assessment Opportunity #6 (MA)**

**The candidate analyzes the data provided and recommends ways to improve FFTY's operating profits, while also questioning the reliability and noting gaps in the information.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation



**Your interpretation of the data lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*While you recognized the need to perform a qualitative analysis of the data provided relating to FFTY's operating profits, your discussion did not sufficiently explain the data observed in the graphs or question the quality of the data. You were expected to interpret the data in the graphs and provide a recommendation to improve FFTY's operating profits, or discuss the quality of the data and provide suggestions to improve it. For example, in discussing one of the items, you said: "Non-perishable seems not to be an issue. Issue is with Perishable in Devember to January, cut orders of perisable foods in those months to reduce expenses from spoilage, and cut production of freshly prepped hot and cold in june to august. With this fine tuning we should increase operating income by reducing spoilage and COGS and fine tuning the business to demand." This was not sufficient because you failed to analyze the integrity of the data, and your recommendation was not considered useful since FFTY experiences the highest margins for its freshly prepared foods. While it was not expected that you discuss all of the information provided, you were expected to discuss a sufficient number of them and to suggest ways to improve FFTY's operating profits.*

**Your interpretation of the data lacked breadth.**

Analyze Major Issue(s)  
- Qualitative

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*While you attempted to discuss FFTY's operational plan, your analysis lacked depth; therefore, you were unable to demonstrate competence on this assessment opportunity.*

**Overall Comments**

Yes

**Was the response well organized with a logical flow?**

*For the Common section, your response was well organized and easy to follow. You used headings appropriately and separated your discussions by each issue addressed, which was a logical way to respond to this case.*

**Did the candidate understand their role?**

Yes

*Not applicable for the Common section of the Day 2 response.*

**Was the response easy to read and understand?**

No

*For the Common section of your response, you used short paragraphs, however, sometimes your discussions lack depth. For example, you wrote: "Cost method is where investment is recorded at cost and earnings from investment are recognized only when received or recorded as a receivable." You should ensure that you always provide a complete discussion, including specific case facts, to clearly present your thoughts.*

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

**Did the candidate focus their response on the appropriate issues?**

Yes

*For the Common section of your response, you did a good job focusing on the significant requests and issues and your response did not contain any unrelated issues.*

**Did the response appear balanced?**

Yes

*The Common section of your response was well balanced and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities.*

## Day 2 Farm Fresh to You Inc. (FFTY)

---

### Assessment Opportunity #7 (Finance)

The candidate calculates the impact on cash flows and discusses the advantages and disadvantages of each financing alternative and makes a recommendation.

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

You did not discuss both financing alternatives.

Assess the Situation

You did not calculate the cash flow impact of the financing alternatives.

Assess the Situation

You did not discuss a sufficient number of qualitative factors related to the two financing proposals, and therefore your discussion lacked breadth.

Assess the Situation

*You did attempt to discuss the two financing options, but your discussion focused entirely on a few considerations (cash flows, interest rate, covenants). Specifically, you discussed that King's bank loan was callable and had covenants and that failing to meet the covenants could mean that the loan would become repayable. While these were relevant considerations, there were plenty of other considerations you could have identified and discussed based on the terms of the two financing options, such as the penalties for early repayment, security, governance policies and warrants. Be careful not to dwell on a small number of items, as it may lead you to miss other significant considerations in the discussion which could provide the reader with a broader scope of discussion.*

Your discussion of the qualitative factors associated with the financing proposals lacked depth.

Analyze Major Issue(s)  
- Qualitative

Your discussion of the qualitative factors associated with the financing proposals contained technical weaknesses.

Analyze Major Issue(s)  
- Qualitative

*You made a technical error in your discussion when you calculated that Jason would own 40% of the company since he will have 40k warrant options. However, this is incorrect because these warrants will be in excess of the existing shares (100k), so in fact Jason will own 40/140k shares, or 29%.*

You did not conclude on which financing proposal FFTY should accept.

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*While you were able to identify some advantages or disadvantages for each, you missed out on several factors identified in the case and only focused on a few, so your analysis lacked breadth. Therefore, you were unable to demonstrate sufficient depth in your discussion to reach the competence level.*

---

**Assessment Opportunity #8 (Finance)**

**The candidate prepares a capital budgeting (NPV) analysis of a new product line (delivery of freshly prepared meals) and provides a recommendation.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not attempt a net present value analysis of the new product line.**

Assess the Situation

**Your net present value analysis of the new product line did not include a sufficient number of factors.**

Assess the Situation

**Your quantitative analysis of the new product line contained technical errors.**

Analyze Major Issue(s) - Quantitative

*While you provided a net present value analysis of the new product line, your calculation contained some technical errors. Your analysis did not consider the correct end-of-project costs and recoveries and appropriate annual cash flows. More specifically, your analysis did not correctly incorporate the increase in weekly deliveries and taxes were calculated on expenses only instead of being calculated on the profit (revenues - expenses). In addition, the inventory recovery in year 5 was not included in the cash flows calculated and you did not calculate the tax shields on the vehicle purchase and the salvage value. It is important to consider the major components of the calculation to ensure that it is useful to your reader.*

**You did not conclude as to whether FFTY should pursue the new product line.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*On the requirements page for this role, Hans asks that you “prepare a quantitative analysis of the delivery service pilot, and to recommend whether FFTY should proceed.” A complete response to this required should include a net present value analysis of the new product line, incorporating appropriate quantitative inputs, and a conclusion on whether FFTY should proceed with it. While you attempted a net present value analysis and provided a recommendation, many of the components of the calculation contained technical errors or were omitted, which had a material impact on your calculation. Therefore, you were unable to demonstrate competence on this assessment opportunity.*

---

### Assessment Opportunity #9 (Finance)

**The candidate calculates FFTY’s weighted average cost of capital. This includes selecting appropriate comparable companies to use to determine cost of equity.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not select and apply the appropriate method to calculate the weighted average cost of capital.**

Assess the Situation

**You did not include a sufficient number of elements in your calculation of the weighted average cost of capital.**

Assess the Situation

**You did not discuss the comparable companies.**

Assess the Situation

*You selected comparable companies to consider in your weighted cost of capital analysis but did not sufficiently explain why it was appropriate to include these companies in your analysis. For example, you selected the average beta from Best Foods, Himyls and Roseys but the only qualitative support provided was “the closest grocery stores which were organic and smaller in size had Beta’s between 1.3 and 1.6. I used 1.45 which was the average of all 3 (best himyl and roseys.)”. You could have supported the inclusion of these companies by discussing their business activities, locations, average store size, considering that these three metrics were provided in the case.*

**Your calculation of the weighted average cost of capital contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

*You made a technical error in your calculation when you deducted 2.5% from the market risk premium of 6%. This is incorrect because the 6% provided was the market risk premium as opposed to the expected market return. As such, the 6% should have been directly multiplied by the beta (Risk-free return (Rf) + Beta (β) × Market risk premium (RPM))*

**Your discussion of comparable companies to support your assumptions lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*A complete response to this required should include an assessment of the comparable companies, and a calculation of FFTY's weighted average cost of capital using the capital asset pricing model. While you attempted to discuss some qualitative considerations for comparable companies, your discussion did not achieve sufficient depth because it was vague and did not address the metrics provided in the case. Therefore, you were unable to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #10 (Finance)**

**The candidate assesses the three proposed alternatives for hedging the foreign currency risk on the equipment purchase, calculates the final cost of each option, and makes a recommendation.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not discuss all three of the hedging alternatives presented.**

Assess the Situation

**Your calculation of the final cost of the hedging alternatives contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**Your discussion of the proposed hedging alternatives lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*You discussed all three hedging alternatives, including paying the supplier now, the forward contract, and the natural hedge but did not provide much depth to your analysis by explaining how the hedge worked and whether it would be a valid option for FFTY. For example, for option 1 (paying the supplier now) and 2 (forward), you calculated the price that FFTY would pay and recommended option 1 as it is "the best purchase price" and "much cheaper to buy now and finance" and mentioned that option 2 should only be used if no financing is available. You could have better explained these options and discussed several qualitative considerations including how these options fix the price and eliminate the exchange rate risk as at April 1st, the lost opportunity for potential gains if the rate ends up being lower than 1.22/1.28 in October, the requirement for upfront costs, etc. Additionally, your analysis of option 3 lacked depth because you failed to explain the natural hedge, although it was specifically asked in the question, which indicated that "Antonia isn't sure how [the natural hedge] would work".*

**Your discussion of the proposed hedging alternatives contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not provide a conclusion regarding which hedging alternatives FFTY should utilize.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*On the requirements page for this role, you were informed that "FFTY plans to purchase equipment from a U.S. supplier," and Hans asks that you "discuss the three proposed alternatives for hedging the equipment purchase, determine the final cost of the equipment under each alternative, and recommend the best option." A complete response to this required should include a discussion of the early payment discount, forward contract, and natural hedge, as well as a calculation of the cost under each alternative, and a recommendation on how FFTY should proceed. While you attempted to discuss all three options, your analysis lacked depth for all three options and therefore you were unable to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #11 (Finance)**

**The candidate determines the company's current investment objectives, assesses the nature, risk and return of the possible listed investments and concludes how each possible investment meets the objectives. The candidate reviews the current portfolio and recommends changes that should be made.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not identify some or all of FFTY's current investment objectives.**

Assess the Situation

*You did attempt to discuss some of FFTY's current investment objectives, but your discussion focused entirely on the return (annual income) objective. There were other objectives you could have identified and discussed as they were relevant to the selection of an appropriate investment strategy for FFTY, such as time horizon and liquidity for example. Be careful not to dwell on a small number of items, as it may lead you to miss other significant / relevant considerations in the discussion.*

**You did not discuss all of the investment options presented.**

Assess the Situation

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*You calculated the potential annual return for each investment and attempted a discussion. However, your discussion was incomplete and you only briefly touched on a few investment options (ETF and private loan). You did not discuss the savings account / GIC / money-market funds / preferred shares. Since you were provided with a list of six investment options and Hans asked that you recommend changes to FFTY's investment mix, a discussion of all of the investment options was important to providing a complete analysis. You could have added more depth to your analysis by explaining the nature of each investment options, referring to their historical performance, explaining how they meet the investment's objectives, etc.*

**Your discussion of the proposed investment options lacked depth.**

Analyze Major Issue(s)  
- Quantitative

**Your discussion of the proposed investment options contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the proposed investment options did not assess whether FFTY's investment objectives were met.**

Analyze Major Issue(s)  
- Qualitative

**You did not provide a conclusion on FFTY's investment strategy.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*While you attempted to discuss a few objectives and investment options, you did not discuss a sufficient number of objectives and did not achieve sufficient depth in your discussion by tying the investment options and the recommendation to the objectives. For each investment option, it was important to explain the nature of the investment and tie to the investment objectives identified.*

---

**Assessment Opportunity #12 (Finance)**

**The candidate evaluates the financial health of a franchisee and recommends ways that FFTY can assist in making improvements and avoid similar situations in the future.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation



September 2021 Common Final Examination (CFE)- Day 2 and Day 3

**You did not calculate or discuss the franchisee's financial ratios.**  Assess the Situation

**You calculated some of the franchisee's financial ratios but did not compare them against the benchmarks.**  Assess the Situation

**Your calculation of the franchisee's financial ratios contained technical errors.**  Analyze Major Issue(s)  
- Quantitative

**Your discussion of the franchisee's financial ratios lacked depth.**  Analyze Major Issue(s)  
- Qualitative

**You did not provide recommendations to assist FFTY to avoid similar situations with franchisees in the future.**  Conclude and Advise

**Your recommendations on how FFTY can assist franchisees were inconsistent with your analysis or were not realistic.**  Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*You were assessed at competent on this assessment opportunity. You adequately calculated and discussed several ratios, and provided a few appropriate recommendations in order to improve the financial viability of the Franchisee and avoid similar situations in the future.*

---

**Assessment Opportunity #13 (Finance)**

**The candidate evaluates the Logistics proposal by assessing the impact on working capital and net warehousing costs, and recommends whether to accept the proposal.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**  Assess the Situation

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

**You did not provide a calculation of the cost savings from the Logistics proposal**

Assess the Situation

**You did not revise FFTY's days in inventories based on the Logistics proposal or consider the impact on finance costs.**

Assess the Situation

*On the requirements page for this role, Hans asked you to discuss "the impact of accepting the Logistics proposal on working capital and net warehouse costs, and recommend whether FFTY should accept the proposal." While you attempted to calculate the reduction in inventory, your calculation contained errors and you failed to calculate the impact on the inventory ratios (current and revised). Regarding the warehouse cost savings, while you recognized that FFTY would need to pay at the beginning of the month instead of the end, you failed to calculate the additional financing costs FFTY would incur.*

**You did not provide a qualitative discussion of the Logistics proposal.**

Assess the Situation

**Your calculation of the cost savings or days in inventories contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**Your discussion of the Logistics proposal lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude whether FFTY should accept the Logistics proposal.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*On the requirements page for this role, Hans asked you to discuss "the impact of accepting the proposal on working capital and net warehouse costs, and recommend whether FFTY should accept the proposal." A complete response to this required should include a quantitative assessment of the Logistics proposal, including costs and working capital impacts, a qualitative assessment of the proposal, and recommendation on how FFTY should proceed. While you provided a comparison of the costs of both proposals and a qualitative analysis of the proposal, you failed to correctly calculate the working capital impacts (reduction in inventory and inventory ratios) and failed to consider financing costs. Therefore, your quantitative analysis was not sufficient to demonstrate competence for this assessment opportunity.*

**Overall Comments**

Yes

**Was the response well organized with a logical flow?**

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*For the Finance section, your response was well organized and easy to understand. Your use of headers in this section allowed to separate the discussions on each AO.*

**Did the candidate understand their role?**

Yes

*For the Finance role, you addressed the requirements in the correct context and provided relevant information regarding the issues identified. However, you did not always provide enough depth in your discussions to address the user's needs given your role.*

**Was the response easy to read and understand?**

Yes

*For the Finance role, your response was easy to read and understand.*

**Did the candidate focus their response on the appropriate issues?**

Yes

*For the Finance role, you addressed all the relevant issues and did not spend unnecessary time on minor or irrelevant issues.*

**Did the response appear balanced?**

Yes

*For the Finance role, it did not appear that you spent too much time on any of the AO compared to the others. You had time to address all of the AOs in your response.*

## Day 3-1 FenceCo

---

### Assessment Opportunity #1 (MA)

The candidate quantitatively analyzes the new revenue model for the fence business.

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

You did not identify a sufficient number of elements to include in your quantitative analysis of the new revenue model.

Assess the Situation

Your quantitative analysis of the new revenue model contained technical errors.

Analyze Major Issue(s)  
- Quantitative

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Overall, your response to this assessment opportunity was well done. You accurately incorporated some of the revenue and cost elements to come to a final incremental profit that the proposed new revenue model would provide. This provided the Moons with useful information when deciding whether or not to proceed with the new revenue model.*

---

### Assessment Opportunity #2 (MA)

The candidate provides a qualitative discussion of the new revenue model and makes a recommendation.

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

You did not identify a sufficient number of relevant decision factors to be considered with the new revenue model.

Assess the Situation

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*While you attempted to provide some decision factors to be considered when determining whether to proceed with the new revenue model, you did not provide a sufficient number of relevant decision factors in order for the Moons to have a complete picture on whether or not the new model made sense from a qualitative standpoint. You addressed only the fact that the Moons do not want to make any capital investments at this time and this new model would not need any additional investments, while there were many other factors to consider including pros such as the growth the new model will bring to the business which is consistent with the Moons' strategic objective, the potential increase in value the new model could bring to the business for a future sale, the increased exposure the new model could bring to the FenceCo brand as a result of having more product on the market, and cons such as the risk that contractors could poorly install the fence posts which could impact FenceCo's reputation, the capacity issues the increase in demand may cause, which may mean FenceCo would not be able to meet its current customers' demands, the fact that the estimates used to determine the quantitative impact of the model may not be correct, such as the 1% cannibalization rate, and this could significantly alter the expected profitability, the risk that contractors may take FenceCo's post technology and copy it for their own use without paying licencing fees or purchasing posts, and the Moons' lack of experience in this type of revenue model which may create additional administrative or legal burdens. While you were not expected to include all of these points, you were expected to provide more decisions factors in order to ensure that the Moons are able to make an informed decision on whether or not to proceed with the new revenue model.*

**You did not provide a balanced discussion of the relevant decision factors associated with the new revenue model.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the decision factors associated with the new revenue model lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**You did not provide a supported recommendation on whether or not the Moons should proceed with the new revenue model.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*You recognized the need to address the decision factors associated with the new revenue model and provided a good discussion of one decision factor. However, your analysis did not contain a sufficient number of decision factors overall. There were a large number of decision factors that you could have included, and a more complete analysis would have provided better information to Adam and Elizabeth in determining whether to proceed with the new revenue model. In addition, greater breadth would have allowed you to better demonstrate your understanding of the management accounting concepts in this case. Overall, it was not clear whether you understood what was meant by 'qualitative analysis.' You wrote, "Qualitatively I would recommend this additional revenue model as the opportunity cost of this implementation is 94k and 112k which is significantly lower than the 1.1M and 1.3M of gross profit the opportunity would bring in." This discussion is just commentary and conclusion on the results of the quantitative analysis. Describing the results of quantitative analysis using words does not make the point 'qualitative.' Instead, you were expected to address factors in the decision that were unrelated to the profitability or quantitative aspects of the new model, such as those described above.*

### Assessment Opportunity #3 (FIN)

The candidate performs a valuation of ABC.

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

You did not identify a sufficient number of normalizing adjustments to include in your valuation of ABC.

Assess the Situation

Your valuation of ABC contained technical errors.

Analyze Major Issue(s)  
- Quantitative

Your valuation did not focus on the significant normalizing adjustments.

Analyze Major Issue(s)  
- Quantitative

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Overall, your response on this assessment opportunity was well done. You provided a valuation of ABC that incorporated a sufficient number of normalizing items, and you correctly applied the standard industry multiplier as requested by the Moons. Your calculations demonstrated a good technical understanding of the normalizing adjustments. This would have provided the Moons with useful information regarding the value of the company when they sell their shares.*

---

### Assessment Opportunity #4 (TAX)

The candidate discusses the taxation of the planned sale of ABC.

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

You did not provide a taxes payable calculation.

Assess the Situation

**You did not provide separate taxes payable calculations for Adam and Elizabeth.**

Analyze Major Issue(s)  
- Quantitative

*Although you attempted to address the Moons' request to determine their taxes payable on the sale of the ABC shares, there was a significant error made in your overall approach to the calculation. You provided one overall calculation to determine the taxes on the sales of the shares as a total. However, in Canada, taxes are applied to individuals instead of the family unit or a married couple, and therefore you should have provided separate calculations to determine the taxes payable by Elizabeth and the taxes payable by Adam, on their respective 50% portion of the shares. This approach limited your ability to incorporate their differing ACB and remaining LCGE figures, and would not have provided useful or accurate information to the Moons about their taxes payable on the sale. In addition, it did not demonstrate a good technical understanding of the basis of taxation in Canada. Overall, this error seemed to be because you did not seem to recognize that the sale of shares would be taxable to Elizabeth and Adam personally at all, despite the fact that they own the shares. Instead, you seemed to be providing a calculation of corporate taxes payable by ABC where you included the proceeds from the sale of ABC less ABC's total assets of \$1,488,000, multiplied by 50%, as ABC's taxable capital gain.*

**You did not include a sufficient number of elements in your calculation of taxes payable.**

Analyze Major Issue(s)  
- Quantitative

*While you attempted to provide a calculation of taxes payable on the sale of the ABC shares, you did not include a sufficient number of elements in your calculation. As a result, this would have limited the usefulness and accuracy of the information you provided to the Moons. Again, the exclusion of these elements seemed to be due to a misinterpretation of the case scenario, resulting in your calculation of ABC's corporate income taxes payable, instead of the Moons' personal taxes payable. When determining the taxes payable, your calculation could have also incorporated the selling costs of \$15,000, Elizabeth's ACB of \$20,000, Adam's ACB of \$450,000, Elizabeth's remaining LCGE based on her use of the LCGE in 2015 (\$234,000) and for the transfer of shares to Adam (\$425,000), and Adam's LCGE. While you were not expected to include every element in your calculation, you were expected to include several of these elements in order to provide a more complete and accurate calculation, and to demonstrate your knowledge of the taxation issues in this case.*

**Your calculation of taxes payable contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

*You attempted to determine the taxes payable on the shares of ABC, but your calculations included technical errors. As a result, your analysis would not have provided Adam and Elizabeth with accurate information about their taxes payable on the sale of the shares. For example, as noted above, you did not seem to have an accurate understanding of the case scenario presented, and therefore presented a calculation of overall corporate taxes payable by ABC, instead of determining the taxes payable by the Elizabeth and Adam when they sell the shares they own. This resulted in several errors, including the exclusion of Elizabeth's and Adam's ACBs and their LCGEs from the calculation of the taxable capital gain, as noted above. In addition, while you attempted to apply a tax rate to the taxable capital gain in order to determine the taxes payable, your tax rate was not technically correct. You applied 15%, and it was unclear how or why you were using this rate since no explanation was provided. It appeared that you were applying corporate rates (38% federal rate, less abatement 10%, less general rate reduction 13% = 15%), which was not technically correct because this is a corporate tax rate, while the Moons are being taxed on the sale of the ABC shares on their personal tax return and therefore personal tax rates should have been applied. In this case, the shares were held personally by the Moons and therefore reasonable personal tax rates should have been used to calculate their taxes payable. Ensure that you read the case carefully so that you have a clear understanding of the facts and scenario presented.*

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*You attempted to address the Moons' request of what their taxes payable would be on the sale of their ABC shares, but there were several elements that were omitted in your calculation. The key cause of the lack of breadth and errors in your analysis seemed to be a misunderstanding of the scenario provided. You treated the sale of ABC shares as if the company itself would pay the tax on that sale, instead of the shareholders (Elizabeth and Adam) who would be selling their shares. This meant that you missed the inclusion of their individual ACBs and LCGEs, and this also led to technical errors in your calculations as you incorrectly approached it from a corporate tax perspective. Therefore, you would not have given Elizabeth and Adam an accurate understanding of the taxes payable on the sale of their shares. It is important to have a good technical understanding of the taxation concepts, as well as a clear understanding of the case facts and scenario presented, so that you can incorporate the information correctly in your analysis. The volume of information provided in the case relating to their ACBs and LCGEs should have alerted you to the need to use this information, and should have indicated that you should re-read the request and develop a better understanding of what was expected before proceeding to your response.*

---

**Assessment Opportunity #5 (FIN)**

**The candidate discusses investment options for the cash to be received from selling ABC.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not discuss a sufficient number of considerations when choosing between the investment options.**

Assess the Situation

**Your analysis of the investment options did not consider the Moons' investment objectives.**

Analyze Major Issue(s)  
- Integrate Situation

**Your discussion of the investment options lacked depth.**

Analyze Major Issue(s)  
- Qualitative



September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*Although you identified some considerations when deciding between the investment options, your discussion lacked depth because you did not always provide support for your risk or return assessments. It is important to consider who you are addressing, and in this case, you were providing information to Elizabeth and Adam in order to help them decide where to invest their funds. In order to make that decision, they would need to understand how or why the options would impact the risk and returns they could expect. For example, you stated, "With your portfolio I would recommend to put half in the stock market and half in bonds since bonds at 4% and are much safer than the stock market." This was not sufficient because it was quite vague as it simply stated that bonds were "safer," without concluding on the risk level (such as low risk or moderate risk) or explaining why this was low or moderate risk. A better response would have supported that risk assessment, for example by explaining that the interest income is guaranteed, the market value may change due to fluctuating interest rates in the market, it is dependent on the rating of the bond, and government bonds are safer and more secure. As another example, you also noted, "the stock market averages 6% but it is riskier but I would qualify it as moderate risk." This was not sufficient because you did not explain why you had assessed the risk level as moderate. A better response would have further added that the stock market can be quite volatile and the risk depends on the individual stock, but that they could diversify their portfolio to reduce risk, to support the risk assessment.*

**Your discussion of the investment options contained technical errors.**  Analyze Major Issue(s)  
- Qualitative

**You did not provide a supported recommendation for which investment options to choose.**  Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*You provided a discussion of some of the considerations when choosing between the investment options and you recognized the need to consider the Moons' investment objectives in your analysis. However, your analysis lacked depth since you did not always adequately explain or support how or why you had reached your conclusion regarding the risk and return associated with each of the options. In order to give the Moons a sufficient understanding of their options, they would require an explanation to support how or why you had reached your conclusions relating to risk and return.*

---

**Assessment Opportunity #6 (TAX)**

**The candidate discusses the tax treatment of the personal investment options.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**  Assess the Situation

**You did not discuss the tax treatment of a sufficient number of the investment options.**  Assess the Situation

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

Your discussion of the tax treatment of the investment options lacked depth.  Analyze Major Issue(s)  
- Qualitative

Your discussion of the tax treatment of the investments options contained technical errors.  Analyze Major Issue(s)  
- Qualitative

Your calculation of the 2021 RRSP deduction limit contained technical errors.  Analyze Major Issue(s)  
- Quantitative

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Overall, your response on this assessment opportunity was well done. You addressed Elizabeth's question regarding the tax treatment of the investment options, explaining a sufficient number of these concepts to her at a level she would understand. You also provided a good discussion of some valid considerations of contributing to their RRSPs. This provided useful information to the Moons in understanding how the investment options would be taxed.*

---

**Assessment Opportunity #7 (STRAT & GOV)**

**The candidate discusses FenceCo's plan to enter the U.S. market from a strategic perspective.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**  Assess the Situation

You did not identify a sufficient number of strategic decision factors associated with entering the U.S. market.  Assess the Situation

Your discussion of the strategic decision factors lacked depth.  Analyze Major Issue(s)  
- Qualitative

Your discussion of the decision factors was not clearly tied to the Moons' strategic objectives.  Analyze Major Issue(s)  
- Integrate Situation

**You did not provide a supported recommendation on whether to proceed with the plan to enter the U.S. market.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Overall, your response on this assessment opportunity was well done. You provided a good analysis of whether the proposed U.S. expansion is aligned with FenceCo's strategic objectives, including explanations that utilized the available case facts with relevant aspects of the strategic objectives to support whether the expansion aligned with the strategy. In addition, you included a conclusion to wrap up your analysis and directly address Elizabeth's question. This would have given Elizabeth the information she would need to understand whether the U.S. expansion is a good fit with the strategic objectives, as she had requested.*

**Overall Comments**

No

**Was the response well organized with a logical flow?**

*You addressed the client's requests relating to advice on the investment options and the tax implications of the investment options together, using headings for each of the investment options. This seemed to have limited your response as this made it more difficult to achieve the required level of depth in each of these assessment opportunities. Much of your discussion was focused on the tax aspects, with little development of the points relating to the risks and returns of the options. It would have been more effective to respond to each of the requirements in separate sections, or to include sub-headings under each of the options for the finance analysis and the tax treatment. This may have been helpful in reminding you to more fully address both parts of the Moons' request, and allowing you to see visually that you had included minimal finance discussion.*

**Did the candidate understand their role?**

No

*You did not always appear to have understood your role. For example, you did not seem to have a clear understanding of the expectations of your role when providing the qualitative decision factors for the new revenue model, as your wording indicated that you thought that were providing a qualitative discussion, but it was just an interpretation in words of the quantitative analysis. Misinterpreting any of the requests eliminates an opportunity for you to demonstrate your knowledge in that competency area.*

**Was the response easy to read and understand?**

No

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*Your response was sometimes difficult to read. Some of your paragraphs were very long which made it difficult to distinguish between your thoughts. For example, you wrote the following all in one block: "GICS and Bonds these would be classified investment income and you would be taxed as such. The stock market would be a capital gain if you sold your share or you'd receive dividends. Dividends are taxed at a significantly lower rate than employment income IE the rental property. The investment income from interest on bonds is slightly higher rate than dividends and the capital gain is taxed at only half of the total gain which would be the lowest tax rate you could get. If your objective is to pay less tax I would recommend a stocks that pay dividends and then you could sell for a capital gain which is only taxed at half the entire capital gain and the capital gains tax is lower than income tax. With your portfolio I would recommend to put half in the stock market and half in bonds since bonds at 4% and are much safer than the stock market, the stock market averages 6% but it is riskier but I would qualify it as moderate risk. Therefore splitting half into the safe bond and half into moderate risk fits your profile as you want low to moderate risk. I would recommend to make sure you both optimize your capital gain exemption." You should use more spacing and subheadings between your ideas, and limit yourself to one main idea per paragraph or bullet point.*

**Did the candidate focus their response on the appropriate issues?**

Yes

*You did a good job focusing your response on the significant requests and issues in this case, and your response did not contain discussions of unrelated issues.*

**Did the response appear balanced?**

Yes

*Your response was reasonably well balanced, and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities. In addition, your response was well-balanced between quantitative and qualitative analysis.*

## Day 3-2 HSE

---

### Assessment Opportunity #1 (MA)

**The candidate recalculates the claimable costs under the mediation agreement.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not include a sufficient number of adjustments to the preliminary calculation of the costs to be reimbursed by PP.**

Assess the Situation

**Your adjustments to the costs to be reimbursed by PP contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**Your explanations for the claimable cost adjustments lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*While you attempted to provide an adjusted reimbursement claim for Tessa, you did not adequately explain your adjustments using case facts. Page 1 of the case directly stated: "Please explain any required adjustments and revise the calculation." It is important to consider the user, and Tessa required not only a revised calculation, but also an understanding of why you were suggesting those revisions. For the lawsuit, you included an increase of \$80,000 based on the comment of: "Should be recorded at probably amount." This was not sufficient as it does not explain why the lawsuit could be claimed and an adjustment made in accordance with the mediation agreement. A stronger response would have used the specific case facts provided to explain that although the lawsuit expense could be seen as a directly attributable cost of PP's payroll errors, the mediation agreement specifically states that costs included must be incurred between July 1, 2021 and December 31, 2021 and must be paid out by March 31, 2022. Because the court date is set for February 2022, it is assumed that the payout will be made before the March 31st deadline and therefore the legal costs have been included in the claim. Therefore, the amount has been included and increased to the most likely amount payable.*

**You did not conclude on what the revised claimable amount should be under the mediation agreement.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*You attempted to recalculate the amount claimable by HSE under the mediation agreement with PP, and you correctly determined the adjustments for the additional benefits and the capital assets. However, your analysis lacked depth as some of your explanations were too brief to give Tessa a clear understanding of why the adjustments were made to the claim. It is important to provide the user with complete information, and in this case, Tessa would have wanted to understand why the adjustments were necessary.*

---

**Assessment Opportunity #2 (FIN)**

**The candidate analyzes the quantitative and qualitative considerations of various short-term financing options.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not analyze all three financing options.**

Assess the Situation

**You did not provide either a quantitative or qualitative analysis of the financing options.**

Assess the Situation

**Your quantitative analysis of the financing options contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**Your qualitative discussion of the individual financing options lacked breadth.**

Analyze Major Issue(s)  
- Qualitative

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*While you attempted a qualitative analysis of the various short-term financing options available to HSE, you did not identify a sufficient number of factors for HSE to consider. Additionally, some of the items you did identify lacked the depth necessary to provide Tessa with a sufficient understanding of the various options. For example, you provided a good discussion of the Factoring Ltd. option when you stated: "Option 1 says they would be interested in purchasing more AR from HSE. This could provide more funding in the future and since 4% of AR is deemed bad debt it would be a good way to clear bad debts for the company and obtain funding at a low interest rate of 7%." Here you went beyond the case facts to explain why this was a relevant factor for HSE to consider. However, for some of your other discussions, you provided only the case facts or did not explain the "so what" or "why" it was important for Tessa to consider. For example, for the BusinessFund Corp option you stated: "Option 3 the money is not assured it is crowd funding it is possible that enough funds may not be raised." While this was a great point to bring to Tessa's attention, you did not explain why the funds may not be raised. For example, you could have explained that crowdfunding relies on a lot of lenders in generally smaller amounts and by its very nature means they are not guaranteed to collect the full required financing amount. While you were not expected to discuss all of the possible factors, a more complete response would have provided HSE with more information to make their financing decision. For example, you could have also explained that HSE's reputation could be damaged by factoring as clients may not like this and that it would reduce HSE's administrative burden. For the Loans Mart Inc. option, you could have also noted that it does not provide the option to repay before three years while the loan is actually only needed for six months and there is no collateral required which means no risk to HSE's assets. For the BusinessFund Corp option, you could have also pointed out that this option provides HSE the flexibility to set the interest rate at whatever rate they choose and uses crowdfunding which may negatively impact HSE's reputation on the stock market and with its clients. Discussing more of the factors, along with more detailed explanations, would have provided Tessa with a better understanding of the three options.*

**You did not provide a supported recommendation on which financing option to choose.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*You attempted to analyze the various short-term financing options available to HSE and you provided a reasonable quantitative analysis. However, your response did not discuss a sufficient number of qualitative considerations in enough detail. Based on the information provided in the case, there were many factors to consider when deciding between the various short-term financing options, and a more complete analysis would have provided better information to Tessa when making her decision. This includes going beyond what the case provides you and explain to the user the implication of some of the option terms.*

---

**Assessment Opportunity #3 (AS)**

**The candidate proposes procedures the external auditor is likely to perform on the costs claimed.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

**You did not provide a sufficient number of relevant audit procedures to be performed.**  Assess the Situation

**Your procedures did not provide sufficient coverage of the areas to be audited.**  Assess the Situation

**Your procedures were too general, poorly explained, impractical, or were not useful in assessing the costs claimed or the limitations imposed by the agreement.**  Analyze Major Issue(s)  
- Qualitative

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Overall, your response on this assessment opportunity was well done. You provided a sufficient analysis of the audit procedures that would be performed on the costs that are part of HSE's claim under the mediation agreement's requirements, as requested by Tessa.*

---

**Assessment Opportunity #4 (TAX)**

**The candidate discusses the tax consequences of the potential perks.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**  Assess the Situation

**You did not address a sufficient number of the tax consequences of the potential perks.**  Assess the Situation

**You did not discuss the tax consequences of the potential perks to both HSE and its employees.**  Assess the Situation

**You did not focus your discussion on the significant issues.**  Analyze Major Issue(s)  
- Qualitative

**Your discussion of the tax consequences of the potential perks contained technical errors.**  Analyze Major Issue(s)  
- Qualitative



**Your discussion of the tax consequences of the potential perks lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Overall, your response on this assessment opportunity was well done. You discussed the tax consequences of several of the perks to be provided to the employees. This analysis would have provided Tessa with valuable tax advice and would have helped her in understanding the tax consequences of each of the perks from the employee's and HSE's perspectives.*

---

**Assessment Opportunity #5 (STRAT & GOV)**

**The candidate recommends improvements to the board for its RFP process.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not identify a sufficient number of relevant weaknesses with the current RFP process.**

Assess the Situation

**Your discussion of the weaknesses in the RFP process lacked depth.**

Analyze Major Issue(s)  
- Qualitative

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*While you identified some of the weaknesses in HSE's current processes, you did not always adequately explain the potential impact of the weaknesses you identified, and why they could be a problem to HSE. It is important to consider the user, and in this case, Tessa would want to understand how the weaknesses could impact HSE before accepting and implementing your recommendations on how to improve their process. For example, for the implication of the submission deadline you wrote: "They also did not have enough time to do a background check on the proposed company as these can take months." This was not correct since this was not relevant for the deadline between releasing the RFP and getting submissions. Instead, this is more relevant between the time of receiving proposals and selecting a vendor. A better response would have explained that by having the submission deadline so short, potential vendors did not have adequate time to prepare and submit a proposal. As a result, HSE may have missed out on more suitable vendors that could better meet their needs. This could happen again in the future with other RFPs if this is not addressed. You also stated: "Board members voted electronically and did not have a discussion before implementation. Some still had questions this means that they felt it was not fully discussed or addressed. There should be a mandatory meeting in person or electronically like a teleconference before each vote so that board members feel that their questions have been addressed and issues resolved." While this was a valid weakness and a good recommendation, you have not explained the implication for the reader. For example, you could have explained that the Board did not have adequate means or time to discuss the RFP. An adequate discussion and approval period could have allowed members to voice their concerns and improve the RFP and potentially correct any errors or omissions in the RFP. Using a weakness, implication, recommendation structure can be very helpful in ensuring you provide the level of depth necessary in these type case scenarios.*

**You did not provide recommendations that were practical and addressed the weaknesses identified.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*You attempted to provide HSE with an analysis of the weaknesses in its current RFP process and to provide recommendations to improve these issues. However, you did not always sufficiently explain the implications of the weaknesses to Tessa and the board, or why they were relevant to HSE. It is important to consider your user, and in this case, it was important to provide complete explanations of the issues so that they could understand why these were weaknesses and why they should be corrected. Always ensure that your implication and recommendations are clearly addressing the weakness that you identify.*

---

**Assessment Opportunity #6 (FR)**

**The candidate discusses the accounting treatment for the lawsuit provision and the potential reimbursement from PP, and the MD&A disclosure related to the dispute with PP.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

**You did not address both the accounting treatment for the lawsuit and the issues with the MD&A.**

Assess the Situation

**Your analysis of the MD&A disclosure lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Your analysis of the accounting treatment for the lawsuit lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Your analysis of the accounting treatment for the lawsuit contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not provide a recommendation on the accounting treatment for the lawsuit that was consistent with your analysis.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Overall, your response on this assessment opportunity was well done. You correctly analyzed the accounting treatment for the lawsuit against HSE by the employees. This would have given Tessa the information she needed to address the issue, and demonstrated a good understanding of the financial reporting issues presented.*

**Overall Comments**

 No

**Was the response well organized with a logical flow?**

*Your response was well organized and easy to follow but could have been better structured in some areas. For example, you could have used a weakness, implication, recommendation structure to address the weaknesses in the RFP process, and this may have helped in reminding you to include both a clear explanation of the implications to HSE and a recommendation on how they could improve that aspect of the process. You could have also used a pro/con list to analyze the qualitative factors of the financing options. This may have helped in reminding you to include a balanced discussion amongst all three options and help with your breadth and depth in the area. In addition, your discussions jumped back and forth between the various options making it difficult to follow.*

**Did the candidate understand their role?**

 Yes

*You appeared to have understood your role as CPA in HSE's finance department addressed Tessa's requests appropriately.*

**Was the response easy to read and understand?**

No

*Your response was written efficiently and was easy to read and understand for the most part. One exception was your analysis of the financing options, where your paragraphs were very long which made it difficult to distinguish between your thoughts. For example, you wrote in one paragraph: "Option 1 does not have the vetting process of option 2 it is likely that HSE may not pass the vetting process that is included in Option 2 due to the ongoing lawsuits. Options 1's interest rate is the lowest asides from option 3 meaning that it would be the cheapest for interest. Option 3 the money is not assured it is crowd funding it is possible that enough funds may not be raised and that they would need to search for additional funding this makes option 2 more reliable. The board members may not like all the disclosures and that they have to give and having their personal information given to Option 2 the Loan Mart. Loan mart also has the highest interest rate at 20% out of all of the three options and would cost the most to repay. Option 1 says they would be interested in purchasing more AR from HSE. This could provide more funding in the future and since 4% of AR is deemed bad debt it would be a good way to clear bad debts for the company and obtain funding at a low interest rate of 7%. Option 1 is the most reliable with the lease amount of disclosures for the board and would not need to share the financials, it is also guaranteed unlike the amount from the crowd funding. It could also build a relationship with Factoring to sell uncollectibles and other aged receivables in the future." You should consider use more spacing between your ideas and discuss the various options separately. Further, you could consider using sub-headers, lists and other formatting tools to make your response flow better.*

**Did the candidate focus their response on the appropriate issues?**

Yes

*You did a good job focusing your response on the significant requests and issues in this case, and your response did not contain discussions of unrelated issues.*

**Did the response appear balanced?**

Yes

*Your response was well balanced, and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities.*

## Day 3-3 Amped

---

### Assessment Opportunity #1 (FR)

**The candidate assesses the accounting treatment for the property, plant and equipment (PP&E).**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not identify a sufficient number of the relevant accounting issues related to PP&E.**

Assess the Situation

*While you identified the derecognition of assets as a financial reporting issue, the case highlighted a number of additional financial reporting issues, such as the useful life of scooters, componentization of bikes, accounting for estimates, and accounting for errors that were relevant to Leo's concern of whether they were accounting for PP&E incorrectly. While you were not expected to discuss all of them, it was important to address a reasonable number of these issues in order to provide Leo with sufficient information when assessing whether their treatment was correct. You did not identify a sufficient number of these accounting issues.*

**Your discussion of the accounting treatment for the PP&E lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the accounting treatment for the PP&E contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

*Although you addressed one of the relevant financial reporting issues, some of your analyses contained technical errors. For example, your discussion of derecognition stated, "ASPE has a section on PPE and write-downs. ASPE 3061 of PPE states that there shall be a disclosure for any write downs in .24b. Section 3061.03e states that the net carrying amount of an item of PPE is cost less both accumulated amortization and the amount of any write-downs." This was not correct as PP&E should be derecognised on its disposal or when there is no future economic benefit expected from its use or disposal, and the loss should be included in profit or loss when the item is derecognised. This means that any scooters that have been thrown into rivers and cannot be retrieved, and scooters with destroyed GPS chips, should be derecognised. Ensure that you read the case carefully and have a clear understanding of both the facts presented and the relevant technical criteria and standards, so that you accurately explain the financial reporting treatment.*

**You did not provide a recommendation on the accounting treatment for the PP&E that was consistent with your analyses.**

Conclude and Advise

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

Although you addressed one of the financial reporting issues, your recommendations were not always complete. For example, when discussing the componentization of bikes, your recommendation mentioned: "It is important to catch these write downs or your Net carrying amount of your PPE for scooters bikes and GSP will be overstated." This was incomplete. An appropriate recommendation would have addressed the financial reporting issue identified by recognizing that the scooters being thrown into the river and the missing scooters due to the detached GPS units means that Amped should be reviewing its PP&E ledger with physical PP&E counts on an annual basis and recording a loss in the income statement by derecognizing any missing scooters.

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

You provided a discussion of one PP&E accounting issue. However, based on the information provided in the case, there were many other PP&E accounting issues that could have been discussed. You were expected to discuss more of these in order to provide Leo with sufficient information to understand the accounting issues, especially considering that they were clearly evident in Appendix I of the case, along with additional information in Appendices II and III. Ensure you allocate enough time to address the key requirements of the case, in order to demonstrate your understanding of the issues presented in the case. In addition, although you addressed one of the PP&E accounting issues, your analysis included technical errors and would not have given Leo an accurate understanding of the financial reporting considerations and treatment. It is important to have a good technical understanding of the financial reporting concepts, as well as a clear understanding of the case facts so that you can explain these correctly to the client. Finally, although you addressed one of the PP&E accounting issues, your recommendation was incomplete. Leo was "concerned that we have been accounting for our PP&E incorrectly," and therefore it was important to provide him with specific recommendations to meet his concerns.

---

**Assessment Opportunity #2 (AS)**

**The candidate assesses the PP&E processes and provides recommendations.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not identify a sufficient number of relevant control weaknesses.**

Assess the Situation

**Your discussion of the implications of the control weaknesses lacked depth.**

Analyze Major Issue(s)  
- Qualitative

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*Although you addressed the control weaknesses relating to the reconciliation of units ordered versus received, units invoiced versus paid, reconciliation of units recorded vs received, and lack of componentization, your discussions did not always adequately explain the direct implications of these control weaknesses. Leo had requested that you provide suggestions to improve their PP&E processes, and he would first require an understanding of the nature of the weaknesses and their potential impact on Amped, before implementing your suggestions. For example, for the control weakness relating to the units invoiced versus paid, the risk related to the fact that the head office processes all supplier payments based on the payables balance in the general ledger without checking that the invoiced units and amounts are accurate. Your response noted: "Invoices should be shared between all locations and there should be correct filing everything should be copied to the accounting department for accuracy so that you can make sure that if something was back ordered that accounting makes the adjustment in the accounting software instead of assuming you have 20 scooters at 200K you would see that you only received 18 at 180K." This was not sufficient because it did not identify the correct control issue and therefore it did not clearly explain what the implications of this weakness would be to Amped. A better response would have explained that the locations do not send the invoices to head office before payment and without this control, Amped may pay for units that it has not received, it may pay for the wrong models received, or it may pay for units at prices that differ from what was ordered. For the control weakness relating to the units recorded when received, the risk related to the fact that units received are not reconciled to the units recorded. Your response noted: "The clerk records the PPE when the units are received. This should be recorded when ordered as payable and PPE. Recording when received is bad practice and goes against accounting standards. You've ordered then and it's probably you should receive it therefore you should record it. It could lead to double orders from forgetting you've ordered the equipment which is bad for inventory management." This was not sufficient because your analysis was not unclear given the items recorded are based on the invoice and that the real issue was that what is recorded is not reconciled against what is received. A better response would have explained that the implication of this weakness is that entries to record PP&E and accounts payable in the general ledger may be inaccurate rather than what your analysis stated. For the control weakness relating to the lack of componentization, the risk related to the fact that when recording PP&E, the location office accountant is not recording the components for the bikes (e.g. frame, battery and drive train), which should be depreciated differently. Your response stated: "The company has all scooters, bikes and GSP devices in the same subledger since inception. I would not recommend this as it is difficult for tracking purposes another issue to note here is that the scooters take heavy damage and will need write downs as they are easy to steal mean while the bikes have a lock that makes them near impossible to steal. Having separate subledgers would make the accounting easier for PPE for GSP, bike and scooter. It would also benefit for the net carrying value of the asset as the write downs are specific to one of the three items in the same subledger. With them all in the same account it is confusing and is not as transparent. Which could make it hard to track, it would be easier to make mistakes, and it would not be easy to see where losses are stemming from. It has also been noted that scooters have been stolen while the GSP units have remained intact and are able to be used with new scooters. Having the separate accounts would help with clarity of write-downs and it would be easier to compare year over year when comparing the balance sheet about changes in PPE and where write downs on the income statement are coming from compared to the BS. It could give insight that the write downs are coming from the scooters." This was not sufficient because it was not consistent with the case facts and therefore did not identify the actual control weakness. A better response would have identified that the bikes are not recorded by their significant components and therefore not amortized separately and explained that the implication of this weakness is that depreciation expense and the net book value of PP&E is not accurate in the financial statements.*

**Your recommendations of the controls that should be in place were not always practical, effective, or linked to the risks identified.**

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*You attempted to address the PP&E control weaknesses and you provided a good discussion of one control weakness. However, your analysis lacked depth overall as your discussions did not always explain the implications of the weakness to Amped. It is important to consider your audience, and Leo would require not just an identification of the weakness, but also an explanation of how that weakness impacts Amped. In order to provide Leo with explanations that would help him better understand the control deficiencies in the PP&E processes, and to demonstrate your understanding of the assurance concepts in this case, you were expected to provide a more complete discussion. In addition, it was not always clear which weakness was being addressed with each one of your recommendations, as well as what the implication of each weakness was. A common and effective way to address control weaknesses is to have specific sections and subheadings allocated to the weakness, implication and recommendation of each point so that there is clear integration in the response, and a logical flow between the weakness, implication, and recommendation.*

---

**Assessment Opportunity #3 (MA)**

The candidate analyzes the profitability of the resort town proposal.

Assess the Situation

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

You did not include a sufficient number of elements in your profitability analysis of the resort town proposal.

Assess the Situation

Your profitability analysis of the resort town proposal contained technical errors.

Analyze Major Issue(s)  
- Quantitative

You did not compare the profitability of the resort town location to the profitability of the current urban location.

Conclude and Advise

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Overall, your response on this assessment opportunity was well done. You provided a good analysis of whether Amped should move more bikes to resort locations or keep them in the current, urban locations. You included several costs and compared the Victoria and Fernie contribution margin based on the facts provided in the case. This would have given Leo the information he needed to understand whether to accept the resort town proposal.*



### Assessment Opportunity #4 (STRAT & GOV)

**The candidate provides performance measures to monitor whether Amped's operational results align with its strategic objectives.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not identify a sufficient number of performance measures.**

Assess the Situation

*While you identified efficient and safe transportation and efficient and effective supply-chain management, as areas in which to provide performance measures, the case highlighted a number of additional aspects to the strategic objectives where performance measures could have been suggested. Other areas that were relevant to Amped included reduction of waste and energy usage, differentiation through unique product offerings, and growth and stable returns to shareholders. While you were not expected to discuss all of them, it was important to provide a reasonable number of performance measures in order to provide Leo with sufficient information to monitor whether Amped's operational results aligned with its strategic objectives. You did not identify a sufficient number of performance measures.*

**You did not explain the performance measures you provided.**

Analyze Major Issue(s)  
- Qualitative

**Your performance measures were either too general, poorly explained, or impractical.**

Analyze Major Issue(s)  
- Qualitative

*Although you attempted to provide some suggestions for performance measures relating to efficient and safe transportation and efficient and effective supply-chain management, some of these were not valid, useful, or specific enough. For example, for the efficient and safe transportation performance measure, your response was limited to: "Amped wants to provide an efficient and safe network of electric transportation across Canada. We see with the Fernie pilot project that resorts are profitable and there have been online reviews that there is need for them in other resort towns like Whistler and Banff. Management could be incentivized to expand to one new resort town every half year. If they meet the target in the half year like with the Fernie pilot, they could be rewarded with a percentage of the resort town revenue. There could be a target set that is in line with operations for example Victoria revenue was 237k, Fernie revenue was 366k. The target could be expand to Sidney by Jan 2022 and achieve 250K of revenue. Then if the target is met the manager would be 3% of revenue as a bonus." This was not useful as your performance measure of one new resort town every half a year was not clearly explained on how it would assess alignment on the strategic objective of efficient transportation. A better response would have linked it to the strategic objective of growth, or explained why new towns would indicate a more efficient network of transportation.*

**Your performance measures were not clearly tied to Amped's strategic objectives.**

Analyze Major Issue(s)  
- Integrate Situation

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*You attempted to address Leo's request for performance measures to monitor whether Amped's results align with their strategic objectives, and you included a good analysis of one performance measure. However, your analysis lacked depth as you did not always adequately explain how or why your suggested measures should be considered when assessing whether Amped's results align with its strategic objectives. It is important to consider your audience, and Leo would require not just a performance measure, but also an explanation of the performance measure so that he would understand how or why it will help Amped assess whether its results align with its strategic objectives. Ensure you allocate enough time to address all of the key requirements of the case, in order to demonstrate your understanding of the strategy and governance concepts in the case. In addition, although you identified the requirement to provide performance measures, you unnecessarily spent time discussing performance measures not related to Amped's strategic objectives when you wrote, "Battery performance is a key success factor. We can see in the reviews there are a lot of complaints about batteries not working. A good performance measure is to monitor reviews and set a goal of having less than 4 complaints about batteries a month. This would incentivize management to be on top of the maintenance team to test and check batteries more often which would increase customer satisfaction and would increase revenue if the batteries worked in the unit the customer wanted to rent as they would be able to use it." This was not appropriate as Leo requested that you provide performance measures that will allow their shareholders to monitor whether Amped's operational results align with its strategic objectives, and therefore these were not relevant in addressing Leo's specific requests. A careful reading of the case is crucial to ensure that you clearly understand your role and what the client is looking for, so that you avoid spending time on unnecessary analysis. More focus should have instead been placed on the strategy and governance issues specific to Amped.*

---

**Assessment Opportunity #5 (AS)**

**The candidate discusses the risk assessment and first-time audit considerations for the 2021 year-end audit.**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

Assess the Situation

**You did not address both the audit risk assessment and first-time audit considerations.**

Assess the Situation

**You did not identify a sufficient number of relevant audit risk factors and first-time audit considerations.**

Assess the Situation

**Your discussion of the audit risk factors and/or first-time audit considerations lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Reviewer's additional comments on strengths/weaknesses and recommendations for improvement:**

*Overall, your response on this assessment opportunity was well done. You provided a good analysis on some of the factors that impact audit risk as well as first-time audit considerations that an auditor would address. You included several valid factors and considerations based on the facts provided in the case. This would have given Leo the information he needed to understand the potential 2021 audit.*

**Overall Comments**

No

**Was the response well organized with a logical flow?**

*You addressed the PP&E accounting issues and PP&E control processes together which made it difficult to achieve the required level of depth in each of these assessment opportunities. It would have been more effective to respond to each of the requirements in separate sections. In addition, your response could have been better structured, which would have made it easier to follow. For example, you could have used a weakness, implication, recommendation structure to ensure that you obtained sufficient depth and a more complete analysis of the PP&E processes.*

**Did the candidate understand their role?**

No

*You did not appear to have understood your role as a consultant CPA as you stated, "ASPE has a section on PPE and write-downs. ASPE 3061 of PPE states that there shall be a disclosure for any write downs in .24b. Section 3061.03e." This was not appropriate as Appendix I stated "Amped's IFRS financial statements." Ensure you carefully read the case and highlight key information so that you fully understand your role and have the opportunity to address the issues correctly.*

**Was the response easy to read and understand?**

No

*Your response was sometimes difficult to read. Some of your paragraphs were very long which made it difficult to distinguish between your thoughts. For example, you wrote, "The company has all scooters, bikes and GSP devices in the same subledger since inception. I would not recommend this as it is difficult for tracking purposes another issue to note here is that the scooters take heavy damage and will need write downs as they are easy to steal mean while the bikes have a lock that makes them near impossible to steal. Having separate subledgers would make the accounting easier for PPE for GSP, bike and scooter. It would also benefit for the net carrying value of the asset as the write downs are specific to one of the three items in the same subledger. With them all in the same account it is confusing and is not as transparent. Which could make it hard to track, it would be easier to make mistakes, and it would not be easy to see where losses are stemming from. It has also been noted that scooters have been stolen while the GSP units have remained intact and are able to be used with new scooters. Having the separate accounts would help with clarity of write-downs and it would be easier to compare year over year when comparing the balance sheet about changes in PPE and where write downs on the income statement are coming from compared to the BS. It could give insight that the write downs are coming from the scooters." You should use more spacing between your ideas and limit yourself to one main idea per paragraph.*

**Did the candidate focus their response on the appropriate issues?**

Yes

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*You did a good job focusing your response on the significant requests and issues in this case, and your response did not contain discussions of unrelated issues other than the one discussion on batteries as a strategic objective.*

**Did the response appear balanced?**

Yes

*Your response was well balanced, and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities.*

## **Section B: Assessment By Competency Area**

## Section B: Assessment By Competency Area

The weaknesses the reviewers identified for each simulation have been re-sorted and presented here, by competency area, with the depth areas (Financial Reporting and Management Accounting) shown before the breadth areas (Audit and Assurance, Taxation, Strategy and Governance, and Finance). Within each competency area, the weaknesses are listed by enabling skill. The detailed reviewer comments have not been repeated in Section B. Please refer to Section A to see the detailed comments.

### Financial Reporting

#### Day 2 Farm Fresh to You Inc. (FFTY)

---

**Assessment Opportunity #1 (FR)**

Your discussion of the accounting treatment for the investment in LOB contained technical errors.



Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #2 (FR)**

Your discussion of the accounting treatment for the franchise revenue recognition issue lacked depth.



Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #3 (FR)**

Your discussion of the accounting treatment for the sale and leaseback transaction contained technical errors.



Analyze Major Issue (s) - Qualitative

#### Day 3-3 Amped

---

**Assessment Opportunity #1 (FR)**

You did not identify a sufficient number of the relevant accounting issues related to PP&E.



Assess the Situation

Your discussion of the accounting treatment for the PP&E contained technical errors.



Analyze Major Issue (s) - Qualitative

You did not provide a recommendation on the accounting treatment for the PP&E that was consistent with your analyses.



Conclude and Advise

### Management Accounting

## Day 2 Farm Fresh to You Inc. (FFTY)

---

### Assessment Opportunity #6 (MA)

Your interpretation of the data lacked depth.

Analyze Major Issue (s) - Qualitative

## Day 3-1 FenceCo

---

### Assessment Opportunity #2 (MA)

You did not identify a sufficient number of relevant decision factors to be considered with the new revenue model.

Assess the Situation

## Day 3-2 HSE

---

### Assessment Opportunity #1 (MA)

Your explanations for the claimable cost adjustments lacked depth.

Analyze Major Issue (s) - Qualitative

# Audit and Assurance

## Day 3-3 Amped

---

### Assessment Opportunity #2 (AS)

Your discussion of the implications of the control weaknesses lacked depth.

Analyze Major Issue (s) - Qualitative

# Taxation

## Day 3-1 FenceCo

---

### Assessment Opportunity #4 (TAX)

You did not provide separate taxes payable calculations for Adam and Elizabeth.

Analyze Major Issue (s) - Quantitative

You did not include a sufficient number of elements in your calculation of taxes payable.

Analyze Major Issue (s) - Quantitative

Your calculation of taxes payable contained technical errors.

Analyze Major Issue (s) - Quantitative

## Strategy and Governance

### Day 3-2 HSE

---

**Assessment Opportunity #5 (GOV)**

Your discussion of the weaknesses in the RFP process lacked depth.



Analyze Major Issue (s) - Qualitative

### Day 3-3 Amped

---

**Assessment Opportunity #4 (GOV)**

You did not identify a sufficient number of performance measures.



Assess the Situation

Your performance measures were either too general, poorly explained, or impractical.



Analyze Major Issue (s) - Qualitative

## Finance

### Day 2 Farm Fresh to You Inc. (FFTY)

---

**Assessment Opportunity #8 (FIN)**

Your quantitative analysis of the new product line contained technical errors.



Analyze Major Issue (s) - Quantitative

**Assessment Opportunity #9 (FIN)**

You did not discuss the comparable companies.



Assess the Situation

Your calculation of the weighted average cost of capital contained technical errors.



Analyze Major Issue (s) - Quantitative

**Assessment Opportunity #10 (FIN)**

Your discussion of the proposed hedging alternatives lacked depth.



Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #11 (FIN)**



September 2021 Common Final Examination (CFE)- Day 2 and Day 3

**You did not discuss all of the investment options presented.**



Assess the Situation

**Assessment Opportunity #13 (FIN)**

**You did not revise FFTY's days in inventories based on the Logistics proposal or consider the impact on finance costs.**



Assess the Situation

**Day 3-1 FenceCo**

---

**Assessment Opportunity #5 (FIN)**

**Your discussion of the investment options lacked depth.**



Analyze Major Issue  
(s) - Qualitative

**Day 3-2 HSE**

---

**Assessment Opportunity #2 (FIN)**

**Your qualitative discussion of the individual financing options lacked breadth.**



Analyze Major Issue  
(s) - Qualitative

## **Section C: General Findings and CPA Enabling Skills**

## Section C: General Findings and CPA Enabling Skills

### Did the response appear balanced?

Day 2 Farm Fresh to You Inc. (FFTY)

Yes

*For the Finance role, it did not appear that you spent too much time on any of the AO compared to the others. You had time to address all of the AOs in your response.*

Day 2 Farm Fresh to You Inc. (FFTY)

Yes

*The Common section of your response was well balanced and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities.*

Day 3-1 FenceCo

Yes

*Your response was reasonably well balanced, and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities. In addition, your response was well-balanced between quantitative and qualitative analysis.*

Day 3-2 HSE

Yes

*Your response was well balanced, and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities.*

Day 3-3 Amped

Yes

*Your response was well balanced, and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities.*

### Was the response easy to read and understand?

Day 2 Farm Fresh to You Inc. (FFTY)

Yes

*For the Finance role, your response was easy to read and understand.*

Day 2 Farm Fresh to You Inc. (FFTY)

No

*For the Common section of your response, you used short paragraphs, however, sometimes your discussions lack depth. For example, you wrote: "Cost method is where investment is recorded at cost and earnings from investment are recognized only when received or recorded as a receivable." You should ensure that you always provide a complete discussion, including specific case facts, to clearly present your thoughts.*

Day 3-1 FenceCo

No

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*Your response was sometimes difficult to read. Some of your paragraphs were very long which made it difficult to distinguish between your thoughts. For example, you wrote the following all in one block: "GICS and Bonds these would be classified investment income and you would be taxed as such. The stock market would be a capital gain if you sold your share or you'd receive dividends. Dividends are taxed at a significantly lower rate than employment income IE the rental property. The investment income from interest on bonds is slightly higher rate than dividends and the capital gain is taxed at only half of the total gain which would be the lowest tax rate you could get. If your objective is to pay less tax I would recommend a stocks that pay dividends and then you could sell for a capital gain which is only taxed at half the entire capital gain and the capital gains tax is lower than income tax. With your portfolio I would recommend to put half in the stock market and half in bonds since bonds at 4% and are much safer than the stock market, the stock market averages 6% but it is riskier but I would qualify it as moderate risk. Therefore splitting half into the safe bond and half into moderate risk fits your profile as you want low to moderate risk. I would recommend to make sure you both optimize your capital gain exemption." You should use more spacing and subheadings between your ideas, and limit yourself to one main idea per paragraph or bullet point.*

**Day 3-2 HSE**

No

*Your response was written efficiently and was easy to read and understand for the most part. One exception was your analysis of the financing options, where your paragraphs were very long which made it difficult to distinguish between your thoughts. For example, you wrote in one paragraph: "Option 1 does not have the vetting process of option 2 it is likely that HSE may not pass the vetting process that is included in Option 2 due to the ongoing lawsuits. Options 1's interest rate is the lowest besides from option 3 meaning that it would be the cheapest for interest. Option 3 the money is not assured it is crowd funding it is possible that enough funds may not be raised and that they would need to search for additional funding this makes option 2 more reliable. The board members may not like all the disclosures and that they have to give and having their personal information given to Option 2 the Loan Mart. Loan mart also has the highest interest rate at 20% out of all of the three options and would cost the most to repay. Option 1 says they would be interested in purchasing more AR from HSE. This could provide more funding in the future and since 4% of AR is deemed bad debt it would be a good way to clear bad debts for the company and obtain funding at a low interest rate of 7%. Option 1 is the most reliable with the least amount of disclosures for the board and would not need to share the financials, it is also guaranteed unlike the amount from the crowd funding. It could also build a relationship with Factoring to sell uncollectibles and other aged receivables in the future." You should consider use more spacing between your ideas and discuss the various options separately. Further, you could consider using sub-headers, lists and other formatting tools to make your response flow better.*

**Day 3-3 Amped**

No

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

Your response was sometimes difficult to read. Some of your paragraphs were very long which made it difficult to distinguish between your thoughts. For example, you wrote, "The company has all scooters, bikes and GSP devices in the same subledger since inception. I would not recommend this as it is difficult for tracking purposes another issue to note here is that the scooters take heavy damage and will need write downs as they are easy to steal mean while the bikes have a lock that makes them near impossible to steal. Having separate subledgers would make the accounting easier for PPE for GSP, bike and scooter. It would also benefit for the net carrying value of the asset as the write downs are specific to one of the three items in the same subledger. With them all in the same account it is confusing and is not as transparent. Which could make it hard to track, it would be easier to make mistakes, and it would not be easy to see where losses are stemming from. It has also been noted that scooters have been stolen while the GSP units have remained intact and are able to be used with new scooters. Having the separate accounts would help with clarity of write-downs and it would be easier to compare year over year when comparing the balance sheet about changes in PPE and where write downs on the income statement are coming from compared to the BS. It could give insight that the write downs are coming from the scooters." You should use more spacing between your ideas and limit yourself to one main idea per paragraph.

## Overall Comments

### Was the response well organized with a logical flow?

Day 2 Farm Fresh to You Inc. (FFTY)

Yes

For the Finance section, your response was well organized and easy to understand. Your use of headers in this section allowed to separate the discussions on each AO.

Day 2 Farm Fresh to You Inc. (FFTY)

Yes

For the Common section, your response was well organized and easy to follow. You used headings appropriately and separated your discussions by each issue addressed, which was a logical way to respond to this case.

Day 3-1 FenceCo

No

You addressed the client's requests relating to advice on the investment options and the tax implications of the investment options together, using headings for each of the investment options. This seemed to have limited your response as this made it more difficult to achieve the required level of depth in each of these assessment opportunities. Much of your discussion was focused on the tax aspects, with little development of the points relating to the risks and returns of the options. It would have been more effective to respond to each of the requirements in separate sections, or to include sub-headings under each of the options for the finance analysis and the tax treatment. This may have been helpful in reminding you to more fully address both parts of the Moons' request, and allowing you to see visually that you had included minimal finance discussion.

Day 3-2 HSE

No

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*Your response was well organized and easy to follow but could have been better structured in some areas. For example, you could have used a weakness, implication, recommendation structure to address the weaknesses in the RFP process, and this may have helped in reminding you to include both a clear explanation of the implications to HSE and a recommendation on how they could improve that aspect of the process. You could have also used a pro/con list to analyze the qualitative factors of the financing options. This may have helped in reminding you to include a balanced discussion amongst all three options and help with your breadth and depth in the area. In addition, your discussions jumped back and forth between the various options making it difficult to follow.*

**Day 3-3 Amped**

No

*You addressed the PP&E accounting issues and PP&E control processes together which made it difficult to achieve the required level of depth in each of these assessment opportunities. It would have been more effective to respond to each of the requirements in separate sections. In addition, your response could have been better structured, which would have made it easier to follow. For example, you could have used a weakness, implication, recommendation structure to ensure that you obtained sufficient depth and a more complete analysis of the PP&E processes.*

**Did the candidate understand their role?**

**Day 2 Farm Fresh to You Inc. (FFTY)**

Yes

*For the Finance role, you addressed the requirements in the correct context and provided relevant information regarding the issues identified. However, you did not always provide enough depth in your discussions to address the user's needs given your role.*

**Day 2 Farm Fresh to You Inc. (FFTY)**

Yes

*Not applicable for the Common section of the Day 2 response.*

**Day 3-1 FenceCo**

No

*You did not always appear to have understood your role. For example, you did not seem to have a clear understanding of the expectations of your role when providing the qualitative decision factors for the new revenue model, as your wording indicated that you thought that were providing a qualitative discussion, but it was just an interpretation in words of the quantitative analysis. Misinterpreting any of the requests eliminates an opportunity for you to demonstrate your knowledge in that competency area.*

**Day 3-2 HSE**

Yes

*You appeared to have understood your role as CPA in HSE's finance department addressed Tessa's requests appropriately.*

**Day 3-3 Amped**

No

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

*You did not appear to have understood your role as a consultant CPA as you stated, "ASPE has a section on PPE and write-downs. ASPE 3061 of PPE states that there shall be a disclosure for any write downs in .24b. Section 3061.03e." This was not appropriate as Appendix I stated "Amped's IFRS financial statements." Ensure you carefully read the case and highlight key information so that you fully understand your role and have the opportunity to address the issues correctly.*

**Did the candidate focus their response on the appropriate issues?**

---

**Day 2 Farm Fresh to You Inc. (FFTY)**

Yes

*For the Finance role, you addressed all the relevant issues and did not spend unnecessary time on minor or irrelevant issues.*

**Day 2 Farm Fresh to You Inc. (FFTY)**

Yes

*For the Common section of your response, you did a good job focusing on the significant requests and issues and your response did not contain any unrelated issues.*

**Day 3-1 FenceCo**

Yes

*You did a good job focusing your response on the significant requests and issues in this case, and your response did not contain discussions of unrelated issues.*

**Day 3-2 HSE**

Yes

*You did a good job focusing your response on the significant requests and issues in this case, and your response did not contain discussions of unrelated issues.*

**Day 3-3 Amped**

Yes

*You did a good job focusing your response on the significant requests and issues in this case, and your response did not contain discussions of unrelated issues other than the one discussion on batteries as a strategic objective.*

---

## CPA Enabling Skills

### Assess the Situation

---

**You did not identify a sufficient number of the relevant accounting issues related to PP&E.**



Day 3-3 Amped  
AO #1  
FR

**You did not identify a sufficient number of relevant decision factors to be considered with the new revenue model.**



Day 3-1 FenceCo  
AO #2  
MA

**You did not identify a sufficient number of performance measures.**



Day 3-3 Amped  
AO #4  
GOV

**You did not discuss the comparable companies.**



Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #9  
FIN

**You did not discuss all of the investment options presented.**



Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #11  
FIN

**You did not revise FFTY's days in inventories based on the Logistics proposal or consider the impact on finance costs.**



Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #13  
FIN

### Analyze Major Issue(s) - Quantitative

---

**You did not provide separate taxes payable calculations for Adam and Elizabeth.**



Day 3-1 FenceCo  
AO #4  
TAX

**You did not include a sufficient number of elements in your calculation of taxes payable.**



Day 3-1 FenceCo  
AO #4  
TAX

**Your calculation of taxes payable contained technical errors.**



Day 3-1 FenceCo  
AO #4  
TAX

**Your quantitative analysis of the new product line contained technical errors.**



Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #8  
FIN



September 2021 Common Final Examination (CFE)- Day 2 and Day 3

**Your calculation of the weighted average cost of capital contained technical errors.**

Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #9  
FIN

## Analyze Major Issue(s) - Qualitative

---

**Your discussion of the accounting treatment for the investment in LOB contained technical errors.**

Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #1  
FR

**Your discussion of the accounting treatment for the franchise revenue recognition issue lacked depth.**

Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #2  
FR

**Your discussion of the accounting treatment for the sale and leaseback transaction contained technical errors.**

Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #3  
FR

**Your discussion of the accounting treatment for the PP&E contained technical errors.**

Day 3-3 Amped  
AO #1  
FR

**Your interpretation of the data lacked depth.**

Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #6  
MA

**Your explanations for the claimable cost adjustments lacked depth.**

Day 3-2 HSE  
AO #1  
MA

**Your discussion of the implications of the control weaknesses lacked depth.**

Day 3-3 Amped  
AO #2  
AS

**Your discussion of the weaknesses in the RFP process lacked depth.**

Day 3-2 HSE  
AO #5  
GOV

**Your performance measures were either too general, poorly explained, or impractical.**

Day 3-3 Amped  
AO #4  
GOV

September 2021 Common Final Examination (CFE)- Day 2 and Day 3

**Your discussion of the proposed hedging alternatives lacked depth.**

Day 2 Farm Fresh to  
You Inc. (FFTY)  
AO #10  
FIN

**Your discussion of the investment options lacked depth.**

Day 3-1 FenceCo  
AO #5  
FIN

**Your qualitative discussion of the individual financing options lacked breadth.**

Day 3-2 HSE  
AO #2  
FIN

## Conclude and Advise

---

**You did not provide a recommendation on the accounting treatment for the PP&E that was consistent with your analyses.**

Day 3-3 Amped  
AO #1  
FR