

**YOUR PERFORMANCE ANALYSIS REPORT**  
**2020 Common Final Examination (CFE)**

DAY 2 AND DAY 3

## September 2020 Common Final Examination (CFE)- Day 2 and Day 3

Candidate Number

Enclosed is your performance analysis report for the September 2020 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 2020 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.

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 EnviroCab Inc. (ECI)

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#### Assessment Opportunity #1 (MA)

The candidate provides a quantitative analysis of the Calgary airport bid.

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

Assess the Situation

You did not include a sufficient number of elements in your quantitative analysis of the Calgary airport bid.

Analyze Major Issue(s)  
- Quantitative

Your calculations of the minimum airport bid price 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 attempt at calculating the minimum airport bid.*

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#### Assessment Opportunity #2 (MA)

The candidate performs a qualitative analysis of the Calgary airport bid.

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

Assess the Situation

You did not address a sufficient number of qualitative considerations.

Analyze Major Issue(s)  
- Qualitative

You did not discuss the qualitative considerations in sufficient depth.

Analyze Major Issue(s)  
- Qualitative

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*While you recognized the need to perform a qualitative analysis of the airport bid, your discussion did not sufficiently describe the relevant implications of the consideration on ECI pursuing the bid. For example, in describing one of the considerations, you said: "- 40 drivers are not enough, might lead to customers dissatisfaction as it is impossible to have 1000 daily trips. No ECI cars will be available to respect the compliance from the airport." This consideration is not sufficiently explained because the implication to ECI being suggested is unclear. While it was not expected that you discuss all of the considerations in significant detail, it was required that you describe those presented in sufficient depth in order to produce a useful set of recommendations.*

**You did not provide a balanced discussion of qualitative considerations.**

Analyze Major Issue(s)  
– Qualitative

**Your discussion of qualitative considerations did not sufficiently consider the implications of the airport bid most critical to ECI.**

Analyze Major Issue(s)  
- Quantitative

**You did not provide a conclusion in your qualitative analysis of the airport bid 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 qualitative considerations of ECI pursuing the airport bid, your discussion did not achieve sufficient depth because your discussion was too general in nature & did not incorporate adequate case facts and as such, you were unable to demonstrate competence on this assessment opportunity.*

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**Assessment Opportunity #3 (FR)**

**The candidate discusses the potential impairment of ECI's taxi licences**

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

Assess the Situation

**Your discussion of the potential impairment of ECI's taxi licences lacked depth.**

Analyze Major Issue(s)  
– Qualitative

**Your discussion of the potential impairment of ECI's taxi licences contained technical errors.**

Analyze Major Issue(s)  
– Qualitative

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*While you attempted to discuss the impairment of ECI's taxi licenses, your analysis contained technical errors regarding the quantitative factors when assessing for impairment. Once indicators of impairment have been identified under CPA Canada Handbook, Part II, ASPE 3063 - Impairment of Long-Lived Assets, the next step is to test the asset for recoverability by comparing the undiscounted future cash flows associated with the asset to the carrying amount of the asset. Appendix IV provided a financial projection for the company that contained the relevant information required to perform such a calculation. It is not clear if you missed this issue or lacked the technical knowledge to address it. Ensure that you read the case carefully and highlight any key requirements that you identify so that you have the opportunity to address them and refer back to the Handbook if you are unsure or unfamiliar with the issues that are being presented. Also you said: "Conclusion: Impairment loss will not have an impact on debt to equity ratio. No impact on the covenant set by the bank for the new loan." This is inaccurate since the impairment loss will affect the net income negatively, thus impact the equity, thus the debt to equity ratio.*

**You did not conclude on the potential impairment of ECI's taxi licences 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 potential impairment of the taxi licenses, your analysis contained technical errors and therefore you were unable to demonstrate competence on this assessment opportunity.*

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**Assessment Opportunity #4 (FR)**

**The candidate discusses the accounting for ECI's investment in Ruby.**

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

Assess the Situation

**Your discussion of the accounting for ECI's investment in Ruby lacked depth.**

Analyze Major Issue(s)  
– Qualitative

**Your discussion of the accounting for ECI's investment in Ruby contained technical errors.**

Analyze Major Issue(s)  
– Qualitative

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*While you recognized that the acquisition of Ruby required a discussion and analysis of the accounting implications, your analysis of the accounting implications should have included a discussion of the relevant accounting choices available to ECI under CPA Canada Handbook, Part II, ASPE 1591 – Investments in Subsidiaries. Your analysis contained technical errors about the accounting treatment for ECI's investment in Ruby. For example, you said: "- Cost -> just investment with no significance influence -> NO - Equity -> significance influence with shares above 20% and decision making policy -> NO - Consolidated -> full acquisition of shares and full ownership -> YES " However, under ASPE 1591 – Investments in Subsidiaries, ECI has the policy choice to account for the investment using either the consolidation, equity, or cost method. You were expected to discuss each of these options and apply case facts to determine which option would be most appropriate for ECI.*

**You did not conclude on the accounting for ECI's investment in Ruby 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 of ECI's acquisition of Ruby, your analysis contained technical errors and therefore you were unable to demonstrate competence on this assessment opportunity.*

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**Assessment Opportunity #5 (FR)**

**The candidate discusses the accounting for the electric car leases.**

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

Assess the Situation

**Your discussion of the accounting for the electric car leases lacked depth.**

Analyze Major Issue(s)  
– Qualitative

**Your discussion of the accounting for the electric car leases contained technical errors.**

Analyze Major Issue(s)  
– Qualitative

**You did not conclude on the accounting for the electric car leases or your conclusion was not consistent with your analysis.**

Conclude and Advise



*Although you attempted to provide a relevant discussion on the accounting treatment for the electric car leases using CPA Canada Handbook, Part II, ASPE 3065 – Leases and brought in relevant case facts, you did not definitively conclude on how to account for the leases. For example, in your analysis you said that the present value of the minimum lease payments is greater than 90% threshold, thus this criterion is met, but this was at odds with your conclusion where you stated: "Since one of the criteria is met, ASPE gives the option to capitalize or to expensed the payments". It is difficult to tell whether you understood the proper application of the Handbook or the analysis that you presented when your conclusion is not supported by your discussion of the issue.*

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

*While you attempted to discuss the accounting treatment of the electric car leases, you did not provide a conclusion that was consistent with your analysis and therefore you were unable to demonstrate competence on this assessment opportunity.*

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**Assessment Opportunity #6 (FR)**

**The candidate discusses the accounting for the convertible debt.**

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

Assess the Situation

**Your discussion of the convertible debt issue lacked depth.**

Analyze Major Issue(s)  
– Qualitative

*While you recognized that the convertible debt required a discussion and analysis of the accounting implications, your analysis of the accounting implications should have included a discussion of the relevant accounting choices available to ECI under CPA Canada Handbook, Part II, ASPE 3856 – Financial Instruments. Your analysis jumped to a conclusion about the accounting treatment of the convertible debt without consideration of the alternatives available to ECI. For example, you said: "To determine how to account for the convertible bond used to finance the limousine purchase of 4M. To determine the equity portion and the liability portion. Please refer to exhibit 4 for the calculation of the equity and ltd portion from the convertible bond. Conclusion Ltd will increase by 3 961 687 Equity will only increase by 38 313" Under ASPE 3856 – Financial Instruments, ECI has the policy choice to account for the convertible debt by measuring the equity component at zero or allocating the less easily measurable component the residual amount of the instrument. You were expected to identify these options and apply case facts to determine which option would be most appropriate for ECI.*

**Your discussion of the convertible debt issue contained technical errors.**

Analyze Major Issue(s)  
– Qualitative

**You did not conclude on the convertible debt issue 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 of the convertible debt, your discussion was not in sufficient depth 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, point form was used and this sometimes limited the depth of your discussions. For example, you wrote for the assessment opportunity #4: "Option to account - Cost -> just investment with no significance influence -> NO - Equity -> significance influence with shares above 20% and decision making policy -> NO - Consolidated -> full acquisition of shares and full ownership -> YES" However, since you paraphrased the Handbook, and used too much point form, your analysis missed important elements in order to be able to show depth. You should ensure that you always provide a complete discussion to clearly present your thoughts, even when using point form.*

**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 EnviroCab Inc. (ECI)

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### Assessment Opportunity #7 (FR)

**The candidate discusses the appropriate accounting for the stock options and stock appreciation rights granted to ECI's drivers and recommends which instrument to grant in the future.**

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

Assess the Situation

**Your discussion of the accounting for the stock options and stock appreciation rights lacked breadth.**

Assess the Situation

**Your discussion of the accounting for the stock options and stock appreciation rights lacked depth.**

Analyze Major Issue(s)  
– Qualitative

*You recognized that the stock options and stock appreciation rights required a discussion and analysis of the appropriate accounting treatment. Your response should have included a reasonable discussion of relevant accounting standards (CPA Canada Handbook, Part 2, ASPE 3879 Stock-Based Compensation and Other Stock-Based Payments); however, you concluded on the accounting treatment without discussing the relevant criteria from the Handbook. For example, you said: "Stock option do not have a voting right. Therefore, it does not have an equity value associated to it. This is recorded as a financial instrument. " and "Appreciation shares are part of equity. ". This is not sufficient because your conclusions are not based upon the guidance over these type of instruments and did you provide details of how they should be measured/accounted for. Specific guidance is provided to account for stock options (fair value is estimated at the grant date and not subsequently adjusted, and the compensation cost is recognized over the vesting period) and stock appreciation rights (measured as the amount the market value of shares exceeds the benchmark price, and the compensation cost is recognized over the vesting period) and you were expected to recognize this and then apply case facts to reach a supported conclusion. While you recognized that the stock options and stock appreciation rights required a discussion and analysis of the appropriate accounting treatment, you did not perform a calculation of both the stock options and stock appreciation rights to determine the impact to the financial statements as at December 31, 2019. Calculations would have allowed you to demonstrate that you understood how to properly record the transactions.*

**Your discussion of the accounting for the stock options and stock appreciation rights contained technical errors.**

Analyze Major Issue(s)  
– Qualitative

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*Although you recognized that the stock options and stock appreciation rights required a discussion and analysis of the appropriate accounting treatment, you did not determine the correct balance sheet account that would be impacted. For example, in your discussion of the stock options, you said "Stock option do not have a voting right. Therefore, it does not have an equity value associated to it. This is recorded as a financial instrument." This is incorrect because the options represent an equity instrument and the offsetting credit would be to contributed surplus, an equity account on the balance sheet. In addition, in your discussion of the stock appreciation rights, you said "Appreciation shares are part of equity. This will allow ECI to keep the equity level high to help balance the debt to equity covenant." This is incorrect because the stock appreciation rights represent an obligation for ECI to pay out cash in the future and therefore, the offsetting credit would be to a liability account on the balance sheet.*

**You did not provide a recommendation on which instrument to grant in the future that was consistent with your analysis.**

Conclude and Advise

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

*While you attempted to discuss the appropriate accounting for the stock options and stock appreciation rights, your discussion was not in sufficient depth and your analysis contained technical errors. Therefore, you were unable to demonstrate competence on this assessment opportunity.*

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**Assessment Opportunity #8 (AS)**

**The candidate provides review comments on the audit planning performed by François.**

Assess the Situation

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

**Your discussion of the audit planning performed by François lacked breadth.**

Assess the Situation

**Your discussion of the audit planning performed by François lacked depth.**

Analyze Major Issue(s)  
– Qualitative

*Although you identified some relevant factors impacting the risk of material misstatement in addition to those identified by François, you did not always adequately explain why these factors increased or decreased the risk of material misstatement. For example, you said "First time audit Opening balances are not audited. Need more test to address the opening balances and there are more risk of errors since it has never been audited Increase the risk ", but a better response would have explained more clearly why the risk factor would have led to additional errors in the financial statements. You could have explained that ECI was not audited in the prior year, and therefore the opening balances may contain errors.*

**Your discussion of the audit planning performed by François contained technical errors.**

Analyze Major Issue(s)  
– Qualitative

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*While you recognized the need to discuss the audit approach proposed by François, you concluded that François's assessment was correct when you stated "This is correct, since there are no assurance over the opening balances of the company. Therefore, it is correct to have a substantive approach for this." Canadian Auditing Standards specify that the audit approach should be based on an assessment of the internal controls of an entity. Therefore, a substantive approach is not required for a first-time audit. ECI's auditors would obtain an understanding of the control environment at ECI and assess the controls to determine whether a combined or substantive approach is most appropriate. Candidates were expected to identify that François was incorrect in saying that a substantive approach is required as this will be the first audit of ECI's financial statements.*

**You did not always provide conclusions in your discussion of the audit planning performed by François that were consistent with your analysis.**

Conclude and Advise

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

*You provided a reasonable review of the materiality analysis performed by François, by discussing the users, discussing the selected materiality basis, and calculating overall materiality. You reviewed the assessment of the risk of material misstatement performed by François, but your discussion in this area was not in sufficient depth. You identified some additional risk factors that were well discussed, including the incentive to overstate results due to the new debt-to-equity ratio requirement and the additional complex transactions not considered by François. However, for the other factors you identified, you did not always appropriately explain why the factor you identified increased or decreased risk. While candidates were not expected to discuss every risk factor, candidates were expected to discuss a number of additional factors in reasonable depth. You reviewed the audit approach proposed by François, but your discussion in this area contained technical errors. Therefore, you were unable to demonstrate competence on this assessment opportunity.*

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**Assessment Opportunity #9 (AS)**

**The candidate recommends audit procedures for the ECI and Ruby financial reporting issues identified by Jason.**

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

Assess the Situation

**You did not provide sufficient coverage of the financial reporting issues.**

Assess the Situation

**Your discussion of the audit procedures for the financial reporting issues lacked depth.**

Analyze Major Issue(s)  
– Qualitative

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*You provided some audit procedures, but they were not always sufficiently specific. For the procedure to be a useful audit procedure, it should have articulated what evidence was to be obtained and what the auditor would be using it for. For example, related to the procedure to address ECI's investment in Ruby, you said "Confirm and inquire the independent appraiser's work that there is no objectivity for the estimation of debt and verify that he estimated was done correctly to prevent an understatement of the debt." This was not sufficiently specific because your discussion was missing a clear explanation of the evidence to be obtained and work to be performed. A better response would have explained that the evidence to be obtained would be the valuator report and the work to be performed would be to assess the assumptions used in the valuator report (e.g., discount rates, etc.) to market information, if available, and determine the qualifications of the independent appraiser by reviewing whether they have any designations, etc. Also, related to the procedure to address the convertible debt agreement, you said "Confirm in paper that the environmental advantages fund is truly interested in offering the fund under those condition and validate that the terms and conditions are respected to ensure that the valuation of the equity portion is correctly calculated. " This was not sufficiently specific because your discussion was missing an explanation of the evidence to be obtained and work to be performed. A better response would have explained that the evidence to be obtained would be the convertible debt agreement and the interest rate of debt with similar terms and conditions but lacking the conversion option and the work to be performed would be to review the convertible debt agreement to determine if there is a conversion clause and compare the interest rate to the rate of debt with similar terms and conditions but lacking the conversion option.*

**You provided audit procedures for the financial reporting issues that were not always effective.**

Analyze Major Issue(s)  
– Qualitative

**You provided audit procedures for the financial reporting issues that were not always focused specifically on the most significant risks identified.**

Analyze Major Issue(s)  
– Integrate Situation

*You provided some audit procedures, but they did not always address issues Jason was concerned with. You provided a procedure for cash when you said "Recalculate the cash on hand for ECI by estimating a portion of royalties revenue collected by cash and validate if they truly exist to validate the existence. Inquire the management team about the increase in cash and ask them to provide sufficient back up supporting this increase to ensure that cash exist". However, this was not part of the requirement for this assessment opportunity. On the requirements page of the Assurance role, Jason asks you to "recommend audit procedures for the ECI and Ruby financial reporting issues he asked you to address."*

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

*You provided some valid and well explained audit procedures, including procedures related to the taxi licenses and Ruby's lease of electric cars. However, some of your other procedures were not sufficiently specific and not always focused specifically on the most significant risks identified, and therefore you were unable to demonstrate competence on this assessment opportunity.*

### Assessment Opportunity #10 (AS)

**The candidate provides review comments on the audit work performed by François on accounts receivable and property, plant and equipment.**

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

Assess the Situation

**Your discussion of the audit work performed by François on accounts receivable and property, plant and equipment lacked breadth.**

Assess the Situation

**Your discussion of the audit work performed by François on accounts receivable and property, plant and equipment lacked depth.**

Analyze Major Issue(s)  
– Qualitative

*Although you recognized the need to review the audit work performed by François on accounts receivable and property, plant, and equipment, you did not always adequately explain why the work performed was deficient. For example, you said "Need to quantify the 1% decrease and compare it to the new materiality. It is not sufficient to simply say that 1% is immaterial. Need to calculate how much is 1%." but a better response would have explained more clearly why the work performed by François did not provide sufficient, appropriate audit evidence. You could have explained that procedures need to be performed over accounts receivable as the balance is material.*

**Your discussion of the audit work performed by François on accounts receivable and property, plant and equipment did not always appropriately address the deficiencies presented.**

Analyze Major Issue(s)  
– Qualitative

*Although you recognized the need to review the audit work performed by François on accounts receivable and property, plant and equipment, the majority of your discussion was focused on the presentation of the working paper rather than commenting on the work itself. For example, you said "The work needs to be reviewed and stamp the date of review. PPE -despite it was indicated that Francois completed the work, there is no sign of review from Jason for example. This shows that no review was completed and might reduce the validity of the work." You also said "- Many of the notes says "per management", a proper documentation would show evidences of what the management is saying. " As the presentation issues were more minor in nature your time could have been better spent identifying deficiencies related to the quality and sufficiency of the work or providing additional procedures*

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

*While you attempted to review the audit work performed by François on accounts receivable and property, plant and equipment, your discussion was not in sufficient depth to demonstrate competence on this assessment opportunity.*

### Assessment Opportunity #11 (AS)

The candidate discusses how the Ruby drivers may not be paying the full amount of royalties owed, and recommends internal controls that should be in place.

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

Assess the Situation

You did not identify a sufficient number of ways the Ruby drivers may not be paying the full amount of royalties owed.

Assess the Situation

Your discussion of the ways the Ruby drivers may not be paying the full amount of royalties owed lacked depth.

Analyze Major Issue(s)  
– Qualitative

You did not always provide recommendations that were practical and/or effective to ensure the Ruby drivers pay the full amount of royalties owed.

Conclude and Advise

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

*Your response on this assessment opportunity was sufficient, having discussed how Ruby's drivers may not be paying the full amount of royalties owed and having provided some specific and valid recommendations on the internal controls that should be in place.*

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### Assessment Opportunity #12 (AS)

The candidate describes the procedures that an external auditor would perform to satisfy the requirements of the airport contract.

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

Assess the Situation

You did not provide sufficient coverage of the requirements in the airport contract.

Assess the Situation



**Your discussion of the audit procedures for the requirements in the airport contract lacked depth.**

Analyze Major Issue(s)  
– Qualitative

*You provided some audit procedures for the requirements in the airport contract, but they were not always sufficiently specific. For the procedure to be a useful audit procedure, it should have articulated what document was to be obtained and what the auditor would be looking at it for. For example, related to the procedure to address the requirement that ECI charges passengers the agreed-upon fare, you said "Inquire customers about their experience and the fare that were charged to validate that fare were agreed as in the contract. ". This was not sufficiently specific because your discussion was missing an explanation of the evidence to be obtained. A better response would have explained that the evidence to be obtained would be records from the electronic meters or receipts received by customers and the signed airport contract.*

**You provided audit procedures for the requirements in the airport contract that were not always practical and/or effective.**

Analyze Major Issue(s)  
– Qualitative

*You provided some audit procedures, but they did not always effectively test the requirement in the airport contract you were trying to address and/or were not always practical. For example, related to the procedure to address the minimum number of taxis present at the airport, you said "Observe through the gate entrance and exit log that 20 taxi from ECI have logged in through a card and confirm that 20 taxi have entered the airport parking lot. " This was not a sufficient procedure because the proposed procedure is only to test a sample of one, which is not a reasonable sample size. To obtain sufficient, appropriate audit evidence, the procedure would need test a reasonable sample of the overall population. A better response would have explained that the external auditor could make multiple visits to the airport and count the number of taxis present, to ensure that the company has the required number of taxis located on the airport premises.*

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

*You provided some valid and well explained audit procedures, including procedures related to the insurance coverage of all vehicles and the quarterly safety inspections. However, some of your other procedures were not sufficiently specific and ineffective, and therefore you were unable to demonstrate competence on this assessment opportunity.*

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### **Assessment Opportunity #13 (AS)**

**The candidate discusses whether an external auditor would be able to rely on the work of the QC team and makes recommendations regarding the team to ensure that this is possible going forward.**

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

Assess the Situation

**Your discussion of whether an external auditor would be able to rely on the work of the QC team lacked breadth.**

Assess the Situation

**Your discussion of whether an external auditor would be able to rely on the work of the QC team lacked depth.**

Analyze Major Issue(s)  
– Qualitative

*Although you identified some relevant factors regarding whether an external auditor would be able to rely on the work of the QC team, you did not always adequately explain how these factors impacted external auditor reliance. For example, you said "o Certain of the stocks otions and stock appreciation will be given to employees at ECI. This might encourage employees to increase the profit of the company to have stronger financials and to make the stock price increase to record more gain. " but a better response would have explained why the factor would have led to the external auditors being unable to rely on the work of the QC team. Your discussion focused on the stock options issued to all employees, rather than the specific case facts that were referenced which specifically impacted the QC team's objectivity. You could have explained that the controller approves the team's budget, responds to the team's recommendations, and approves the team's new hires, therefore creating pressure to not raise concerns that reflect negatively on the controller's performance. The QC team's objectivity is impacted by reporting to the controller.*

**You did not always provide recommendations that were practical and/or effective to ensure an external auditor would be able to rely on the work of the QC team.**

Conclude and Advise

*You provided recommendations for the issues you identified that would impact the ability of an external auditor to rely on the work of the QC team. However, some of your recommendations were not effective. For example, when discussing the issues with the objectivity of the team's reporting structure, you said ", I would receommend to remove the compensation of stock option or share appreciation to prevent incentives for emplooyees to overstatement the financials. " This is not effective because the proposed change does not ensure that the QC team has a reporting structure to support their objectivity which is the primary issue with the objectivity of the quality control team. A better recommendation would have been to have the QC team report to Jen or a Board of Directors to ensure the team can maintain objectivity. Also, when discussing concerns regarding the competency of the QC team, you said "The internal department must have competent internal auditors that covers all the risks associated with each and every control ". This is not sufficiently specific because you did not explain who requires additional training and you did not explain what additional training the team members require. A better recommendation would have been to have François immediately enroll in and complete the Certified Internal Auditor program and when hiring additional internal auditors, the individuals hired should have the required education and experience.*

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

*You provided some discussions of the requirements for whether an external auditor would be able to rely on the work of the QC team, along with recommendations to address them. However, you did not explain the deficiencies you identified in sufficient depth to demonstrate that you fully understood the requirements for reliance on the work of the QC team. Also, your recommendations to ensure an external auditor would be able to rely on the work of the QC team were not always sufficiently specific or were ineffective in addressing the deficiency. As a result, you did not demonstrate that you fully understood the requirements for reliance on the QC team and could address it with a valid recommendation. Therefore, you were unable to demonstrate competence on this assessment opportunity.*

### **Overall Comments**

Yes

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

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*For the Assurance 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

*For the Assurance section, you appeared to have understood your role and addressed all the requests appropriately.*

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

No

*Although it did not detract from the overall understanding, the Assurance section of your response contained a number of grammatical errors and typos which made it difficult to read at times. For example, you wrote "at the end of each reporting, if there was an appreciation in stock, this will be a lost to the company". You should take the time to ensure that significant grammatical errors and typos are addressed in your response.*

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

Yes

*For the Assurance 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?**

No

*The Assurance section of your response was heavily weighted on your audit planning memo. This appeared to have limited the time you had to address the other issues. For example, you spent 2.2 pages on your audit planning memo but only .4 pages on the deficiencies and suggested audit procedures on accounts receivables and property, plant, and equipment. There were a lot of issues to cover in this section and good time management was required. It was essential for you to plan your time in order to ensure you were able to address all of the issues in sufficient depth.*

## Day 3-1 Jump

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### Assessment Opportunity #1 (FR)

**The candidate discusses the difference between cash-basis accounting and ASPE, and discusses the impact on the income statement of following ASPE.**

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

Assess the Situation

**You did not discuss the difference between cash-basis accounting and ASPE.**

Assess the Situation

**You did not discuss the impact on the income statement of following ASPE.**

Assess the Situation

**Your discussion of the difference between cash-basis accounting and ASPE lacked depth.**

Analyze Major Issue(s)  
– Qualitative

*Although you attempted a discussion of the difference between cash basis accounting and ASPE, your discussion was limited when you stated, "Under ASPE, the income statement would be measured on an accrual basis and not when cash is received." This response was too general and incomplete because it assumed that Matt would already understand what is meant by "accrual" accounting. It is important to consider who your audience is, and based on this brief statement, he would not have an understanding of how the cash basis differed from ASPE accounting on an accrual basis. In demonstrating your understanding of Financial Reporting concepts, you were expected to make it clear to Matt that cash basis means that revenues and expenses are recognized when an exchange of cash takes place, while accounting under ASPE records transactions reflecting their economic substance, which is when the revenue is earned or when expenses are incurred (used or consumed) rather than when the cash exchange occurs.*

**Your discussion of the impacts on the income statement of following ASPE lacked breadth.**

Analyze Major Issue(s)  
– Qualitative

**Your discussions of the impacts on the income statement of following ASPE lacked depth.**

Analyze Major Issue(s)  
– Qualitative

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

*You were able to identify the cash basis vs ASPE issue in this case and provided Matt with some relevant discussions on the impacts of the change to Jump's income statement. However, you did not provide sufficient depth in your discussion of the difference between cash basis and ASPE. In order to provide Matt with explanations that would help him better understand the difference between cash and ASPE and to demonstrate your understanding of the financial reporting concepts in this case, you were expected to provide a more complete discussion. Therefore, you were unable to demonstrate your competence on this assessment opportunity.*

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**Assessment Opportunity #2 (TAX)**

**The candidate discusses the advantages and disadvantages of paying a dividend instead of a salary, and the tax implications of retaining the money in the company.**

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

Assess the Situation

**You did not identify a sufficient number of the advantages and disadvantages of paying a dividend instead of a salary, and/or the tax implications of retaining the money in the company.**

Assess the Situation

**Your discussion of the advantage and disadvantages of paying a dividend instead of a salary, and the tax implications of retaining the money in the company lacked depth.**

Analyze Major Issue(s)  
– Qualitative

**Your discussion of the advantages and disadvantages of paying a dividend instead of a salary, and retaining the money in the company contained technical errors.**

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 addressed Matt's question regarding whether he should pay himself a dividend instead of a salary or whether he should retain the money in the company, and the tax considerations when making that decision. You provided a good analysis by including a sufficient number of considerations in your response. This provided useful information to Matt to allow him to understand the differences and help him to determine which he should choose.*

### Assessment Opportunity #3 (MA)

The candidate analyzes the variances between budgeted and actual operating income.

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

Assess the Situation

You did not discuss a sufficient number of variances between budgeted and actual operating income.

Assess the Situation

Your discussion of the variances between budgeted and actual operating income lacked depth.

Analyze Major Issue(s)  
– Qualitative

Your discussion of the variances between budgeted and actual operating income contained technical errors.

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 of the variances between budgeted and actual sales and expenses. You included several valid explanations for these variances based on the facts provided in the case. In particular, you did a good job of integrating the control weaknesses in this area, as you provided clear explanations of where and how these may have had an impact on the variances. This would have given Matt the information he would need to understand why his operating income was lower than expected.*

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### Assessment Opportunity #4 (FIN)

The candidate prepares a cash flow forecast for the franchise operations.

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

Assess the Situation

Your cash flow forecast did not include a sufficient number of elements.

Assess the Situation

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*While you included some of the cash flow elements provided on page 1 and in Appendix II, you did not include a sufficient number of them for your analysis to be useful. There were multiple cash flow elements presented in the case and Matt would have required a more complete forecast in order to assess whether there was sufficient financing in the franchise expansion plan. There were many details provided in the case that could have been incorporated into your calculations. Some of the additional elements you could have included were the principal repayment outflows to the bank, interest payment outflows to the bank, the franchisee loan principal repayment inflows to Jump, franchisee loan interest payments inflows to Jump, and the royalty payments on cafeteria sales inflows to Jump. While you were not expected to include every cash flow element, you were expected to provide a more complete analysis in order to sufficiently demonstrate your competence in Finance. A more complete calculation would have provided more useful and accurate information to Matt.*

**Your cash flow forecast contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

*While you included some of the relevant cash flow elements, your calculations included errors. For example, your overall conclusion was based on only year 1. You noted the 5-year cash flow figures for some elements (the royalties and the bank loan interest and principal payments), but you did not use this information to calculate and analyze annual cash flows. In order to determine whether additional funding would be required, you were expected to look at cash flows over multiple years, since the bank loan would be repaid over 5 years and Matt would need to know whether they will have the cash flows for this. As a result, your analysis was incomplete and would not have provided the information Matt needed. This also meant that certain elements were excluded from your analysis because they would not start until year 2, such as the repayments of franchisee loans. In addition, while you correctly calculated the royalty fee on the ticket sales, you included the royalty fee from only one franchise when concluding. Since there would be 10 franchises operating in year 1 and another 10 starting in year 2, you should have multiplied by 10 or 20 franchisees. You concluded, "from Jump perspective, having the loan of 1.2M is not sufficient to give 70 000 per new location, since it will require 1.4M. However, I calculated that the royalties received from the first 10 location and it only bring 17K. Therefore, Jump would need additional financing of 183K to provide the 70K for the next 10 locations." This was not technically correct because the \$17,739 royalty was for one location, not ten. Also, as noted above, you had noted the bank loan interest and principal payments but did not use this information in your calculations. You should note that your interest calculation was incorrect here as you failed to account for the fact that there were principal repayments at the end of each year which would reduce the principal outstanding, and therefore the interest expense would decrease each year. Your annual interest outflow was calculated as  $\$1,200,000 \times 4\% = \$48,000$  per year for each of the five years instead of considering that the \$1,200,000 loan was being repaid over time.*

**You did not provide a supported conclusion on whether or not Jump's franchising operations will require additional funding.**

Conclude and Advise

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

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*You provided a quantitative analysis that included some valid cash flow elements. However, your analysis did not contain a sufficient number of cash flow elements. The case provided many details on cash flow items that you could have included, and a more complete analysis would have provided better information to Matt. This would have helped him in determining whether the franchising operations will require additional funding and would have allowed you to demonstrate your understanding of the Finance concepts in this case. Overall, you did not seem to have a clear plan or understanding of how to address Matt's question. Your exhibit included some calculations for five years (royalties, bank loan principal and interest payments), yet you did not ultimately use this information to come to any total cash flow figures for the five years, instead concluding based on just the initial cash flow items (\$1,200,000 bank loan and \$1,400,000 franchisee loans) plus one year of royalties for one location. Since you had noted and calculated these items, this indicated that you had some awareness that these items were relevant, and that you saw the possibility of a need for a multi-year analysis. If you are unclear about how to analyze the issue, it is worth the time to carefully re-read the request and develop an understanding of what information you will need to answer Matt's request, and then think about what sort of analysis will provide that information. This can help to focus your response on the relevant analysis, to ensure that you provide a sufficiently complete analysis, and to avoid technical errors and spending time on unnecessary calculations. In addition, your calculations contained errors. It is important that you have a good understanding of the Finance concepts so that you can incorporate elements correctly into your analysis. In addition, a careful reading and understanding of the case facts is important so that you can accurately incorporate them in your calculations. Therefore, you were unable to demonstrate competence on this assessment opportunity.*

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

The candidate discusses the risks associated with the draft franchise agreement and suggests revisions.

Assess the Situation

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

You did not identify a sufficient number of relevant risks associated with the draft franchise agreement.

Assess the Situation

Your discussion of the risks associated with the draft agreement lacked depth.

Analyze Major Issue(s)  
– Qualitative

Your suggested revisions to the draft agreement were not always practical and/or effective to improve the risks associated with the draft franchise agreement.

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 identified a sufficient number of risks to Jump from specific clauses in the proposed franchise agreement. You included a good explanation of the implications to Jump of these clauses, and you provided useful, specific recommendations on changes to the agreement. This would have given Matt a clear understanding of what changes were needed, and why.*



### Assessment Opportunity #6 (ASSU)

**The candidate discusses the control weaknesses and provides recommendations to address them.**

**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

**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:

*Overall, your response on this assessment opportunity was well done. You identified several of the control weaknesses based on the details provided of the site visit to Jump. You explained the key implications of these control weaknesses and provided good recommendations to mitigate them. Your response in this area would have given Matt a good understanding of the areas he should be concerned with, as well as useful and practical recommendations to address them.*

**Overall Comments**

Yes

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

*Your response was well organized and easy to follow. You used headings and separated your discussions by assessment opportunity, which was a logical way to respond to this case. In addition, you used an effective structure while responding to the requests. For example, your use of the weakness - implication - recommendation structure when addressing the control weaknesses and the risk analysis of the proposed agreement by the entrepreneur, helped in ensuring that you provided Matt with recommendations to address each issue you identified, as well as explanations of the implications so that he would understand why you were suggesting changes.*

**Did the candidate understand their role?**

No

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*You sometimes used terminology that was not adapted to Matt, the user of your report. For example, you wrote: "Under ASPE, the income statement would be measured on a accrual basis and not when cash is received." This is not appropriate because simply telling Matt that ASPE requires accrual accounting would not give him an understanding of the difference from the cash basis accounting he is using since it is not terminology he would be familiar with. It was important for you to explain concepts in a way that would be relevant to someone with Matt's experience and knowledge.*

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

Yes

*Your response was generally well-written and was easy to read and understand. You used point form but your explanations were complete and clear.*

**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. It was also well-balanced between quantitative and qualitative analysis.*

## Day 3-2 Festival

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### Assessment Opportunity #1 (MA)

The candidate recommends ways to improve the recoverable costs allocation to vendors.

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

Assess the Situation

You did not allocate a sufficient number of recoverable costs in your activity-based costing calculation.

Assess the Situation

You did not calculate the impact of your proposed allocation on both example vendors.

Assess the Situation

Your calculations of the recoverable costs using activity-based costing contained technical errors.

Analyze Major Issue(s)  
- Quantitative

Your allocation of the recoverable costs to both vendors contained technical errors.

Analyze Major Issue(s)  
- Quantitative

You did not explain why your proposed allocation was better than the current allocation, or your explanation 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 reasonable activity-based costing calculation and applied it to both vendors in order to demonstrate how it would improve the recoverable costs allocation without reducing the fees collected by FI. This analysis would provide Juan the information he would require to clearly understand how FI could improve its recoverable cost allocation.*

### Assessment Opportunity #2 (MA)

**The candidate discusses whether a fee structure purely based on a percentage of a vendor's gross sales would be suitable for FI and calculates the percentage that FI would have had to charge in 2019 to get the same revenue as with the current allocation.**

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

Assess the Situation

**You did not calculate the percentage that FI would have had to charge in 2019 to get the same revenue as with the current fee structure.**

Assess the Situation

**You did not discuss whether a fee structure purely based on a percentage of a vendor's gross sales would be suitable for FI.**

Assess the Situation

**Your calculation of the percentage that FI would have had to charge in 2019 to get the same revenue as with the current fee structure contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**Your discussion of whether a fee structure purely based on a percentage of a vendor's gross sales would be suitable for FI lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*While you listed some qualitative points in your assessment on whether a fee structure based only on vendor's gross sales would be suitable for FI, you did not adequately discuss some of the considerations or explain them in the correct context. In your response you stated: "Charging per percentage would be more appropriate because vendor would really be charged based on what they are making. Some stores could demand a higher square feet but wont necessarily generate a lot of revenue. Same conclusion for incidence, where the vendors do not have control over the possibility that there is an incident requiring a security to come." You needed to further explain why the percentage method was more appropriate (i.e. it would decrease the risk for a vendor with low sales as they would not have to pay high fees). You also needed to consider if it is actually fair to charge vendors in this way when it doesn't actually represent their resources used. You are close to this point when you mention vendors not having control over security incidents but it is not clearly explained to Juan. In addition, there were other issues that could be discussed including: how vendors may be inclined to understate revenues, FI may not recover all the costs, vendors would not be enticed to lower costs, it would speed up collections and it would be easier to calculate. While you weren't expected to address all of these issues, discussing more of the relevant factors in sufficient depth would have provided Juan with a better understanding of whether or not this fee structure was suitable for FI.*

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

*You provided a reasonable calculation of the percentage of vendor's gross sales to be charged in order to get the same revenues as 2019. However, you did not provide sufficient depth and breadth in your explanation of whether this fee structure is suitable to Juan. It was important to give Juan a clear understanding of the various qualitative considerations in order to reach an informed decision as to whether the new fee structure would be suitable for FI. As a result, your analysis did not demonstrate a sufficient understanding of the Management Accounting concepts in this case. Therefore, you were unable to demonstrate your competence on this assessment opportunity.*

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**Assessment Opportunity #3 (FIN)**

**The candidate discusses how to better manage cash flows.**

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

Assess the Situation

**You did not provide a sufficient number of relevant cash flow management options.**

Assess the Situation

*Instead of providing Juan with various options to improve FI's cash flow before the festival, your analysis focused solely on discussing the personal line of credit (LOC). You stated: "I wouldn't recommend using a personal loan for the cash flow of the company as it is important to keep the business and personal separate since you incorporated the business in 2019. The incorporation of the entity would prevent you from being personally liable if Juan Rivera goes bankrupt." While this was good advice, a stronger analysis would have discussed more than the personal line of credit and provided Juan with several ways that he could collect cash in advance of the Festival. There were many details included in the case that provided the opportunity to incorporate additional cash flow management options including: weekly cash deposits as a result of using SwiftPay, the use of vendor deposits, offering discounts to vendors, improvements in inventory management and negotiation of supplier terms. While you weren't expected to address them all, in order to provide Juan with more complete information you were expected to go beyond just discussing the line of credit.*

**Your discussion of the cash flow management options lacked depth.**

Analyze Major Issue(s)  
– Qualitative

**Your suggestions to better manage cash flow did not provide a long-term solution, or did not solve the timing issue.**

Analyze Major Issue(s)  
– Qualitative

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

*You were able to identify some valid ways to better manage cash flows at FI. However, your analysis focused only on the personal line of credit from Juan instead of providing other options that addressed the timing issue and the need for cash before the festival began. There were many other methods to improve cash flow that could have been discussed. The case stated, "Juan wants advice on how to better manage cash flows. A friend suggested that he obtain a personal line of credit against the equity in his home." While your feedback on obtaining a personal loan was useful to him, your advice should not have been limited to this single option. A careful reading of the client's request is important to ensure that you have a complete understanding of what is being requested and have the opportunity to completely address it. Therefore, you were unable to demonstrate your competence on this assessment opportunity.*

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#### **Assessment Opportunity #4 (ASSU)**

**The candidate discusses the difference between a compilation and a review engagement, recommends one and discusses whether CPA can perform the work.**

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

Assess the Situation

**Your discussion of the difference between a compilation and a review lacked breadth.**

Assess the Situation

**You did not discuss the independence rules applicable to CPA for a compilation and a review engagement.**

Assess the Situation

**Your discussion of the difference between a compilation and a review lacked depth.**

Analyze Major Issue(s)  
– Qualitative

**Your discussion of the independence rules lacked depth.**

Analyze Major Issue(s)  
– Qualitative

**Your discussion of the difference between a compilation and a review or the independence rules contained technical errors.**

Analyze Major Issue(s)  
– Qualitative

**You did not provide a supported recommendation on whether a compilation or a review engagement should be performed.**

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 sufficient discussion of the differences between a compilation and a review engagement, and you provided a supported recommendation on which option Juan should choose. You also advised him about whether CPA could perform the work based on the independence rules. This provided Juan with the information he needed in both areas.*

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

The candidate discusses business risks and suggests a risk management approach for each.

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

Assess the Situation

You did not identify a sufficient number of business risks.

Assess the Situation

Your discussion of the business risks lacked depth.

Analyze Major Issue(s)  
– Qualitative

Your recommendations of risk management approaches 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:**

*Overall, your response on this assessment opportunity was well done. You provided a reasonable discussion of the business risks to FI and suggested valid risk management approaches to address these risks.*

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**Assessment Opportunity #6 (FR)**

The candidate discusses the accounting treatment for the costs related to SwiftPay.

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

Assess the Situation

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**You did not recognize that there were different components to SwiftPay to which different accounting treatments applied.**

Assess the Situation

**Your discussion of the accounting treatment for the costs related to SwiftPay lacked depth.**

Analyze Major Issue(s)  
– Qualitative

**Your discussion of the accounting treatment for the costs related to SwiftPay contained technical errors.**

Analyze Major Issue(s)  
– Qualitative

**You did not provide a recommendation on the accounting treatment for the costs related to SwiftPay 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 different components related to SwiftPay and concluded on the accounting treatment for the costs.*

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**Assessment Opportunity #7 (TAX)**

**The candidate calculates a revised estimate of corporate taxes payable.**

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

Assess the Situation

**You did not attempt to calculate a revised estimate of corporate taxes payable.**

Assess the Situation

**You did not identify a sufficient number of adjustments in the calculation of FI's taxable income.**

Assess the Situation

*You identified some of the relevant tax adjustments when calculating taxable income including: CCA furniture, depreciation, meals, picnic, fines, and inventory. However, the case highlighted several potential tax adjustments and while you were not expected to discuss all of them, it was important to address a reasonable number of adjustments. You did not identify enough of these adjustments to sufficiently demonstrate your knowledge of the taxation concepts in this case. There were other adjustments that could have been discussed including: the SwiftPay costs, CCA on the license and CCA on the tablets.*



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**You did not identify that FI would be subject to a lower tax rate.**

Assess the Situation

**Your explanations of the adjustments in the calculation of FI's taxable income lacked depth.**

Analyze Major Issue(s)  
– Qualitative

**Your calculation of net income for tax purposes contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**You did not provide an explanation for the tax rate you used in your calculation.**

Analyze Major Issue(s)  
– Qualitative

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

*You identified this request from Juan on page 2 and attempted to address some of the tax adjustments required. You also recognized that FI would be subject to a lower tax rate than the 38% used in Juan's original estimate. However, your response did not provide enough coverage of the adjustments that should have been included. In particular, you did not address any of the tax adjustments resulting from SwiftPay, including the treatment of SwiftPay costs and related CCA. These adjustments had a significant impact on taxes payable; therefore, more focus should have been put on these items. Excluding these key adjustments meant that Juan would not have had an accurate picture of his tax situation. Therefore, you were unable to demonstrate your competence on this assessment opportunity.*

**Overall Comments**

Yes

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

*Your response was well organized and easy to follow. You used headings and separated your discussions by assessment opportunity, which was a logical way to respond to this case.*

**Did the candidate understand their role?**

Yes

*You appeared to have understood your role as a CPA/advisor to Festival Inc. and addressed Juan's requests appropriately.*

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

No

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*Although it did not detract from the overall understanding, your response contained a number of grammatical errors and typos, which sometimes made it difficult to read at times. For example, you wrote: "Recommend to have a better technical support from swiftpay to have the issue resolved asap to prevent understanement of cash from vendor during those periods." "The incorpoatino of the entity would prevent you from being personanlly liable if Juan Rivera goes bankrupt." You should take the time to ensure that significant grammatical errors and typos are omitted from your response.*

**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 Dreamy Donuts

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### Assessment Opportunity #1 (FIN)

The candidate calculates financial ratios and assesses how DD is performing relative to the industry.

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

Assess the Situation

You did not calculate a sufficient number of financial ratios.

Assess the Situation

Your calculation of the financial ratios contained technical errors.

Analyze Major Issue(s)  
- Quantitative

Your interpretation of the financial ratios lacked depth.

Analyze Major Issue(s)  
- Qualitative

Your interpretation of the financial ratios contained technical errors.

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 correct calculation of the financial ratios and told Danielle why DD was performing better or worse than the industry. This would have given Danielle a clear picture as to why her ratios were not the same as the industry benchmarks.*

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### Assessment Opportunity #2 (MA)

The candidate prepares a quantitative analysis of the growth options.

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

Assess the Situation

**You did not provide a quantitative analysis of one, or both, growth options.**

Assess the Situation

**You did not include a sufficient number of elements in your quantitative analysis.**

Analyze Major Issue(s)  
- Quantitative

**Your quantitative analysis contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**Your quantitative analysis of the two options was not internally consistent.**

Analyze Major Issue(s)  
- Integrate Situation

*You provided an analysis incorporating some of the adjusted amounts based on the case facts. For the Permanent Location option, you seemed to be taking an incremental approach by incorporating, increased revenue of \$250,000, lost pop-up sales, increased staffing costs, changes to lease and operating costs. However, for the Gogo option you appeared to include items that suggested you were restating total net income in a full net income analysis, as you began your calculation with current net income of \$28,700 and then adjusted for the new Gogo revenues and COGS with the eliminated Pop-up operations, COGS, annualized fixed fees, variable fees based on revenues, and continuing costs such as Danielle's wages. A stronger response would have compared the two options on the same basis, by consistently using either an incremental or a full net income approach. This would allow for meaningful comparison of the two options to enable Danielle to make an informed decision.*

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

*You attempted to address Danielle's question about whether she should pursue the Permanent Location option or the Gogo option from a quantitative perspective, however, your quantitative analysis was inconsistent as you did not apply the same management accounting tool to the two options. It is important to take the time to consider what information is required and what calculations will provide this information, in order to ensure that the results are valid and useful to their purpose. Because of this inconsistency, a direct comparison between the two options was not possible and the analysis would not have provided Danielle with accurate and useful information in making her decision. Therefore, you were unable to demonstrate your competence on this assessment opportunity.*

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**Assessment Opportunity #3 (STRAT & GOV)**

**The candidate discusses the strategic decision factors and recommends one of the growth options.**

Assess the Situation

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

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**You did not discuss the strategic decision factors for both the growth options.**  Assess the Situation

**You did not identify a sufficient number of relevant strategic decision factors.**  Assess the Situation

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

**You did not provide a supported recommendation on which growth option Danielle should choose.**  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 reasonable qualitative analysis of how the Permanent Location and Gogo options aligned with Danielle's goals. Further, you made a recommendation to Danielle that was consistent and supported by your analysis.*

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**Assessment Opportunity #4 (TAX)**

**The candidate calculates the 2019 personal federal income taxes payable.**

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

**You did not attempt a calculation of taxes payable.**  Assess the Situation

**You did not include a sufficient number of components in your calculation of taxes payable.**  Analyze Major Issue(s)  
– Quantitative

**Your calculation of taxes payable contained technical errors.**  Analyze Major Issue(s)  
– Quantitative

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*While you attempted to provide Danielle with a calculation of her taxes payable, your calculation contained technical errors. For example, you started your calculation with DD's net income of \$28,700, which was not technically correct. Page 1 of the case stated, "Dreamy Donuts Co. (DD) is a private corporation." Because of this, DD's net income would be taxed separately in a corporate tax return instead of being included on Danielle's personal tax return. In addition, DD's financial statements on page 2 noted a wage expense of \$50,000. In the notes to the financial statements on page 4, it was noted by Danielle that "Wages are my salary for the year, including \$2,426 for Canada Pension Plan paid by DD. An equal amount was withheld from my pay for the employee portion. Federal income taxes withheld from my pay were \$3,600." It was expected that you would recognize that DD paid Danielle a salary of \$50,000 and that this would be a starting point of the calculation. An even stronger response would have noted that \$2,426 would be the employer portion of the Canada Pension Plan, and that since this is included in the \$50,000, Danielle's starting salary point would be \$47,574 (\$50,000 - \$2,426). While you correctly identified the fact that RRSP contributions are deductible from taxable income, you did not deduct the RRSP amounts paid in 2020 in your claim of \$6,000, and therefore your RRSP deduction was not technically correct. RRSP contributions made in the first 60 days of the following year may be included in the subject tax year. In addition, it was noted by Danielle on page 8 of the case that "I have always deducted the maximum RRSP amount on my tax returns." Based on this, you should have included 10 months from 2019 (10 x \$500) and 2 months from 2020 (2 x \$600), resulting in an RRSP deduction of \$6,200. In another example, while you correctly included the interest income of \$6,000, you did not include the offsetting deduction of \$500 in broker fees. Per ITA 20(1)(bb), the deduction of management fees incurred to earn investment income is allowed, such as broker fees.*

**Your discussion of the components to your calculation of taxes payable lacked depth.**

Analyze Major Issue(s)  
– Qualitative

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

*You were able to correctly identify some of the items to be included in the calculation of Danielle's 2019 personal federal income taxes payable, however, your treatment of some of the components of the calculation included technical errors and your overall calculation would not have given Danielle an accurate understanding of her 2019 tax situation. It is important to have a good technical understanding of the tax concepts so that you can explain these correctly to the client. Therefore, you were unable to demonstrate your competence on this assessment opportunity.*

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**Assessment Opportunity #5 (ASSU)**

**The candidate provides audit procedures that would be performed on DD's 2019 balance sheet.**

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

Assess the Situation

**You did not provide a sufficient number of relevant audit procedures to be performed on the balance sheet.**

Assess the Situation

**Your procedures were either too general, poorly explained, impractical, or did not provide information that was useful in assessing the underlying account.**

Analyze Major Issue(s)  
– Qualitative

*Although you attempted to provide audit procedures over DD's 2019 balance sheet, your suggestions did not provide sufficient depth or did not successfully assess the underlying account. It is important to identify what the procedure is intended to accomplish, as well as the specific procedure to be performed. Suggested procedures should be specific and complete, and the purpose of the procedure should be clear. Your discussion of the audit procedure for inventory was not useful. In your response, you stated, "Perform a surprise inventory count at the end of the month to ensure that the value of the inventory is equal to the amount reported on the balance sheet" in order to satisfy your identified risk of "Inventory can be spoiled leading to inventory under net realizable value" for a concern over "inventory-valuation." This procedure was not adequate for several reasons: an inventory count alone would support the existence of inventory and not the valuation of inventory, and an inventory count at the end of the month (we are in January 2020) would not be useful in establishing the inventory on hand at December 31 unless rollback procedures were also performed. Examples of valid, complete audit procedures over inventory would be to observe an inventory count and perform rollback procedures to reconcile the items counted after year end to the inventory quantities at year end, to verify the existence of inventory; or vouch to supplier invoices before the year-end date, to verify the cost and accuracy of the value of inventory items. Your discussion of the audit procedure for long-term debt was impractical. In your response, you stated, "obtain a bank statement of the company and validate that there are no uncured liabilities to ensure the completeness of debt" to address your identified risk of "understatement of liabilities to show stronger financial statement" where your concern was "debt-completeness." This procedure was not adequate since a bank statement (unless it was a specific statement for a loan account) would not provide information on the outstanding balance of debt and as such, would not satisfy your concern regarding completeness. A bank confirmation would be a better document to obtain in this case, as that would provide confirmation over a number of balances with the bank, including current accounts (i.e. cash) and loans. Examples of valid, complete audit procedures over long-term debt would be to obtain loan documentation to determine if the amount has been correctly recorded and if it has been correctly classified as long-term debt; calculate any applicable loan covenants to determine whether DD complies; or verify the balance of the loan on the bank confirmation, to see if there are any late payments and to verify the outstanding balance.*

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

*You recognized the need to provide audit procedures over the 2019 balance sheet as requested by Danielle, and you suggested valid procedures for accounts receivable. However, the other procedures you provided were impractical. As a result, you were not able to adequately demonstrate an ability to apply Assurance concepts to this case. Therefore, you were unable to demonstrate your competence on this assessment opportunity.*

**Overall Comments**

Yes

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

*Your response was well organized and easy to follow. You used headings and separated your discussions by assessment opportunity, which was a logical way to respond to this case.*

**Did the candidate understand their role?**

No

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*You did not always provide Danielle, the user, with sufficient information to respond to her requests. For example, you did not provide sufficient depth in your explanations and analysis of the quantitative considerations when deciding between the Permanent Location and Gogo options, the components of Danielle's 2019 taxes payable calculation, and the audit procedures performed in an audit. Your overall role is to provide the user with a sufficient level of information and explanations that will give them an understanding of the issues and allow them to make informed decisions. The lack of depth in these areas of your response meant that you did not fulfill your role.*

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

Yes

*Your response was written efficiently and was easy to read and understand. You used a combination of point form and complete paragraphs which allowed you to provide thoughts that were complete and clear. Your exhibits were also easy to follow. You made good use of notes in your exhibits in order to reference the explanations for your adjustments. This was very helpful in understanding your calculations.*

**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.*



## **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.

### Strategy and Governance

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No weaknesses noted by the reviewers.

### Taxation

#### Festival

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**Assessment Opportunity #7 (TAX)**

You did not identify a sufficient number of adjustments in the calculation of FI's taxable income.



Assess the Situation

#### Dreamy Donuts

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**Assessment Opportunity #4 (TAX)**

Your calculation of taxes payable contained technical errors.



Analyze Major Issue (s) - Quantitative

### Financial Reporting

#### Jump

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**Assessment Opportunity #1 (FR)**

Your discussion of the difference between cash-basis accounting and ASPE lacked depth.



Analyze Major Issue (s) - Qualitative

#### EnviroCab Inc. (ECI)

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**Assessment Opportunity #3 (FR)**

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**Your discussion of the potential impairment of ECI's taxi licences contained technical errors.**

Analyze Major Issue (s) – Qualitative

**Assessment Opportunity #4 (FR)**

**Your discussion of the accounting for ECI's investment in Ruby contained technical errors.**

Analyze Major Issue (s) – Qualitative

**Assessment Opportunity #5 (FR)**

**You did not conclude on the accounting for the electric car leases or your conclusion was not consistent with your analysis.**

Conclude and Advise

**Assessment Opportunity #6 (FR)**

**Your discussion of the convertible debt issue lacked depth.**

Analyze Major Issue (s) – Qualitative

**Assessment Opportunity #1 (FR)**

**Your discussion of the accounting for the stock options and stock appreciation rights lacked depth.**

Analyze Major Issue (s) – Qualitative

**Your discussion of the accounting for the stock options and stock appreciation rights contained technical errors.**

Analyze Major Issue (s) – Qualitative

## **Audit and Assurance**

### **Dreamy Donuts**

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**Assessment Opportunity #5 (AS)**

**Your procedures were either too general, poorly explained, impractical, or did not provide information that was useful in assessing the underlying account.**

Analyze Major Issue (s) – Qualitative

### **EnviroCab Inc. (ECI)**

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**Assessment Opportunity #2 (AS)**

**Your discussion of the audit planning performed by François lacked depth.**

Analyze Major Issue (s) – Qualitative

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**Your discussion of the audit planning performed by François contained technical errors.**

Analyze Major Issue (s) – Qualitative

**Assessment Opportunity #3 (AS)**

**Your discussion of the audit procedures for the financial reporting issues lacked depth.**

Analyze Major Issue (s) – Qualitative

**You provided audit procedures for the financial reporting issues that were not always focused specifically on the most significant risks identified.**

Analyze Major Issue (s) – Integrate Situation

**Assessment Opportunity #4 (AS)**

**Your discussion of the audit work performed by François on accounts receivable and property, plant and equipment lacked depth.**

Analyze Major Issue (s) – Qualitative

**Your discussion of the audit work performed by François on accounts receivable and property, plant and equipment did not always appropriately address the deficiencies presented.**

Analyze Major Issue (s) – Qualitative

**Assessment Opportunity #6 (AS)**

**Your discussion of the audit procedures for the requirements in the airport contract lacked depth.**

Analyze Major Issue (s) – Qualitative

**You provided audit procedures for the requirements in the airport contract that were not always practical and/or effective.**

Analyze Major Issue (s) – Qualitative

**Assessment Opportunity #7 (AS)**

**Your discussion of whether an external auditor would be able to rely on the work of the QC team lacked depth.**

Analyze Major Issue (s) – Qualitative

**You did not always provide recommendations that were practical and/or effective to ensure an external auditor would be able to rely on the work of the QC team.**

Conclude and Advise

## Finance

### Jump

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**Assessment Opportunity #4 (FIN)**

Your cash flow forecast did not include a sufficient number of elements.



Assess the Situation

Your cash flow forecast contained technical errors.



Analyze Major Issue (s) - Quantitative

**Festival**

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**Assessment Opportunity #3 (FIN)**

You did not provide a sufficient number of relevant cash flow management options.



Assess the Situation

**Management Accounting**

**Festival**

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**Assessment Opportunity #2 (MA)**

Your discussion of whether a fee structure purely based on a percentage of a vendor's gross sales would be suitable for FI lacked depth.



Analyze Major Issue (s) – Qualitative

**Dreamy Donuts**

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**Assessment Opportunity #2 (MA)**

Your quantitative analysis of the two options was not internally consistent.



Analyze Major Issue (s) – Integrate Situation

**EnviroCab Inc. (ECI)**

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**Assessment Opportunity #2 (MA)**

You did not discuss the qualitative considerations in sufficient depth.



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?

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**Dreamy Donuts**

Yes

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

**EnviroCab Inc. (ECI)**

No

*The Assurance section of your response was heavily weighted on your audit planning memo. This appeared to have limited the time you had to address the other issues. For example, you spent 2.2 pages on your audit planning memo but only .4 pages on the deficiencies and suggested audit procedures on accounts receivables and property, plant, and equipment. There were a lot of issues to cover in this section and good time management was required. It was essential for you to plan your time in order to ensure you were able to address all of the issues in sufficient depth.*

**EnviroCab Inc. (ECI)**

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.*

**Festival**

Yes

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

**Jump**

Yes

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

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

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**Dreamy Donuts**

Yes

*Your response was written efficiently and was easy to read and understand. You used a combination of point form and complete paragraphs which allowed you to provide thoughts that were complete and clear. Your exhibits were also easy to follow. You made good use of notes in your exhibits in order to reference the explanations for your adjustments. This was very helpful in understanding your calculations.*

**EnviroCab Inc. (ECI)**

No

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Although it did not detract from the overall understanding, the Assurance section of your response contained a number of grammatical errors and typos which made it difficult to read at times. For example, you wrote "at the end of each reporting, if there was an appreciation in stock, this will be a lost to the company". You should take the time to ensure that significant grammatical errors and typos are addressed in your response.

**EnviroCab Inc. (ECI)**

No

For the Common section of your response, point form was used and this sometimes limited the depth of your discussions. For example, you wrote for the assessment opportunity #4: "Option to account - Cost -> just investment with no significance influence -> NO - Equity -> significance influence with shares above 20% and decision making policy -> NO - Consolidated -> full acquisition of shares and full ownership -> YES" However, since you paraphrased the Handbook, and used too much point form, your analysis missed important elements in order to be able to show depth. You should ensure that you always provide a complete discussion to clearly present your thoughts, even when using point form.

**Festival**

No

Although it did not detract from the overall understanding, your response contained a number of grammatical errors and typos, which sometimes made it difficult to read at times. For example, you wrote: "Recommend to have a better technical support from swiftpay to have the issue resolved asap to prevent understatement of cash from vendor during those periods." "The incorporation of the entity would prevent you from being personally liable if Juan Rivera goes bankrupt." You should take the time to ensure that significant grammatical errors and typos are omitted from your response.

**Jump**

Yes

Your response was generally well-written and was easy to read and understand. You used point form but your explanations were complete and clear.

## Overall Comments

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

**Dreamy Donuts**

Yes

Your response was well organized and easy to follow. You used headings and separated your discussions by assessment opportunity, which was a logical way to respond to this case.

**EnviroCab Inc. (ECI)**

Yes

For the Assurance 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.

**EnviroCab Inc. (ECI)**

Yes



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*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.*

**Festival**

Yes

*Your response was well organized and easy to follow. You used headings and separated your discussions by assessment opportunity, which was a logical way to respond to this case.*

**Jump**

Yes

*Your response was well organized and easy to follow. You used headings and separated your discussions by assessment opportunity, which was a logical way to respond to this case. In addition, you used an effective structure while responding to the requests. For example, your use of the weakness - implication - recommendation structure when addressing the control weaknesses and the risk analysis of the proposed agreement by the entrepreneur, helped in ensuring that you provided Matt with recommendations to address each issue you identified, as well as explanations of the implications so that he would understand why you were suggesting changes.*

## Did the candidate understand their role?

**Dreamy Donuts**

No

*You did not always provide Danielle, the user, with sufficient information to respond to her requests. For example, you did not provide sufficient depth in your explanations and analysis of the quantitative considerations when deciding between the Permanent Location and Gogo options, the components of Danielle's 2019 taxes payable calculation, and the audit procedures performed in an audit. Your overall role is to provide the user with a sufficient level of information and explanations that will give them an understanding of the issues and allow them to make informed decisions. The lack of depth in these areas of your response meant that you did not fulfill your role.*

**EnviroCab Inc. (ECI)**

Yes

*For the Assurance section, you appeared to have understood your role and addressed all the requests appropriately.*

**EnviroCab Inc. (ECI)**

Yes

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

**Festival**

Yes

*You appeared to have understood your role as a CPA/advisor to Festival Inc. and addressed Juan's requests appropriately.*

**Jump**

No

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*You sometimes used terminology that was not adapted to Matt, the user of your report. For example, you wrote: "Under ASPE, the income statement would be measured on a accrual basis and not when cash is received." This is not appropriate because simply telling Matt that ASPE requires accrual accounting would not give him an understanding of the difference from the cash basis accounting he is using since it is not terminology he would be familiar with. It was important for you to explain concepts in a way that would be relevant to someone with Matt's experience and knowledge.*

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

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**Dreamy Donuts**

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.*

**EnviroCab Inc. (ECI)**

Yes

*For the Assurance 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.*

**EnviroCab Inc. (ECI)**

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.*

**Festival**

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.*

**Jump**

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.*

## CPA Enabling Skills

### Assess the Situation

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**You did not identify a sufficient number of adjustments in the calculation of FI's taxable income.**

Festival  
AO #7  
TAX

**Your cash flow forecast did not include a sufficient number of elements.**

Jump  
AO #4  
FIN

**You did not provide a sufficient number of relevant cash flow management options.**

Festival  
AO #3  
FIN

### Analyze Major Issue(s) - Quantitative

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

Dreamy Donuts  
AO #4  
TAX

**Your cash flow forecast contained technical errors.**

Jump  
AO #4  
FIN

### Analyze Major Issue(s) – Qualitative

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**Your discussion of the accounting for the stock options and stock appreciation rights lacked depth.**

EnviroCab Inc. (ECI)  
AO #1  
FR

**Your discussion of the accounting for the stock options and stock appreciation rights contained technical errors.**

EnviroCab Inc. (ECI)  
AO #1  
FR

**Your discussion of the potential impairment of ECI's taxi licences contained technical errors.**

EnviroCab Inc. (ECI)  
AO #3  
FR

**Your discussion of the accounting for ECI's investment in Ruby contained technical errors.**

EnviroCab Inc. (ECI)  
AO #4  
FR

**Your discussion of the convertible debt issue lacked depth.**

EnviroCab Inc. (ECI)  
AO #6  
FR

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<b>Your discussion of the difference between cash-basis accounting and ASPE lacked depth.</b>	<input checked="" type="checkbox"/>	Jump AO #1 FR
<b>Your discussion of the audit planning performed by François lacked depth.</b>	<input checked="" type="checkbox"/>	EnviroCab Inc. (ECI) AO #2 AS
<b>Your discussion of the audit planning performed by François contained technical errors.</b>	<input checked="" type="checkbox"/>	EnviroCab Inc. (ECI) AO #2 AS
<b>Your discussion of the audit procedures for the financial reporting issues lacked depth.</b>	<input checked="" type="checkbox"/>	EnviroCab Inc. (ECI) AO #3 AS
<b>Your discussion of the audit work performed by François on accounts receivable and property, plant and equipment lacked depth.</b>	<input checked="" type="checkbox"/>	EnviroCab Inc. (ECI) AO #4 AS
<b>Your discussion of the audit work performed by François on accounts receivable and property, plant and equipment did not always appropriately address the deficiencies presented.</b>	<input checked="" type="checkbox"/>	EnviroCab Inc. (ECI) AO #4 AS
<b>Your discussion of the audit procedures for the requirements in the airport contract lacked depth.</b>	<input checked="" type="checkbox"/>	EnviroCab Inc. (ECI) AO #6 AS
<b>You provided audit procedures for the requirements in the airport contract that were not always practical and/or effective.</b>	<input checked="" type="checkbox"/>	EnviroCab Inc. (ECI) AO #6 AS
<b>Your discussion of whether an external auditor would be able to rely on the work of the QC team lacked depth.</b>	<input checked="" type="checkbox"/>	EnviroCab Inc. (ECI) AO #7 AS
<b>Your procedures were either too general, poorly explained, impractical, or did not provide information that was useful in assessing the underlying account.</b>	<input checked="" type="checkbox"/>	Dreamy Donuts AO #5 AS
<b>You did not discuss the qualitative considerations in sufficient depth.</b>	<input checked="" type="checkbox"/>	EnviroCab Inc. (ECI) AO #2 MA
<b>Your discussion of whether a fee structure purely based on a percentage of a vendor's gross sales would be suitable for FI lacked depth.</b>	<input checked="" type="checkbox"/>	Festival AO #2 MA

## Analyze Major Issue(s) – Integrate Situation

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**You provided audit procedures for the financial reporting issues that were not always focused specifically on the most significant risks identified.**

EnviroCab Inc. (ECI)  
AO #3  
AS

**Your quantitative analysis of the two options was not internally consistent.**

Dreamy Donuts  
AO #2  
MA

## Conclude and Advise

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**You did not conclude on the accounting for the electric car leases or your conclusion was not consistent with your analysis.**

EnviroCab Inc. (ECI)  
AO #5  
FR

**You did not always provide recommendations that were practical and/or effective to ensure an external auditor would be able to rely on the work of the QC team.**

EnviroCab Inc. (ECI)  
AO #7  
AS