

**YOUR PERFORMANCE ANALYSIS REPORT**  
**September 2022 Common Final**  
**Examination (CFE)**

DAY 2 AND DAY 3

## September 2022 Common Final Examination (CFE)- Day 2 and Day 3

### Candidate Number

Enclosed is your performance analysis report for the September 2022 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 2022 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.

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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 Tasty Meal Baskets Limited (TMB)**

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**Assessment Opportunity #1 (FR)**

The candidate discusses the accounting treatment for the new discount offer.

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

Assess the Situation

Your discussion of the revenue recognition for the new discount offer lacked depth.

Analyze Major Issue(s) - Qualitative

Your discussion of the revenue recognition for the new discount offer contained technical errors.

Analyze Major Issue(s) - Qualitative

You did not provide a conclusion on the revenue recognition for the new discount offer that was consistent with your analysis.

Conclude and Advise

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

*Your response on this assessment opportunity was sufficient, having discussed the accounting treatment for the revenue for the new discount offer.*

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**Assessment Opportunity #2 (FR)**

The candidate discusses the accounting treatment for the agreement with Chef Arlene.

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

Assess the Situation

Your discussion of the accounting treatment of the agreement with Chef Arlene contained technical errors.

Analyze Major Issue(s) - Qualitative

Your discussion of the accounting treatment of the agreement with Chef Arlene lacked depth.

Analyze Major Issue(s)  
- Qualitative

You did not provide a conclusion on the accounting treatment of the agreement with Chef Arlene that was consistent with your analysis.

Conclude and Advise

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

*Your response on this assessment opportunity was sufficient, having appropriately discussed the accounting treatment of the agreement with Chef Arlene.*

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**Assessment Opportunity #3 (FR)**

The candidate discusses the accounting treatment for the costs related to the renovation of the fulfillment centre in Montreal.

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

Assess the Situation

Your discussion of the accounting treatment for the renovation costs lacked breadth.

Analyze Major Issue(s)  
- Qualitative

Your discussion of the accounting treatment for the renovation costs lacked depth.

Analyze Major Issue(s)  
- Qualitative

*While you attempted to address the accounting treatment for the costs related to the renovation of the Montreal fulfillment centre using CPA Canada Handbook, Part I, IAS 16 – Property, plant and equipment, you did not address the various components in sufficient depth. You were expected to analyze a number of the renovation components using the appropriate sections of CPA Canada Handbook, Part I, IAS 16 – Property, plant and equipment. You provided a superficial analysis as you simply stated whether the cost should be capitalized without providing any justification. For example, you said: "complete replacement of heating: capitalised of \$1.3m, depreciation after the recognition \*11/12 months for 2021." This is not sufficient because each of the costs had unique circumstances that required a specific application of IAS 16. You may find it helpful to address each of the costs individually by stating clearly the appropriate accounting treatment and stating the case facts that support this conclusion.*

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

*While you attempted to discuss the accounting treatment for the renovation costs for the Montreal fulfillment centre, your discussion was not in sufficient depth to demonstrate competence on this assessment opportunity.*

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### Assessment Opportunity #4 (MA)

**The candidate discusses the possible causes for the significant variances.**

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

Assess the Situation

**Your discussion of the possible causes for the significant variances lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*While you attempted to address the causes for the significant variances in the Chef Dashim meal kits, your analysis did not provide enough detail to be useful to Bradley. You provided generic reasons for the variances that were not tied to specific case facts. For example, you said: "the unfavourable of food costs means that they may use the higher quality materials" This is not sufficient because it did not explain clearly why the variance occurred, using the case facts provided in the simulation, such as noting that more meal kits included added protein than was budgeted and these have higher costs than other ingredients. When analyzing the causes of the variances, it is not enough to simply state whether the variance is favourable or unfavourable or provide generic reasons for the variance. You also need to link the variance to case facts to provide a cause for it. While it was not expected that you discuss all of the variances in significant detail, it was required that you describe those analyzed in sufficient depth in order to identify a likely cause.*

**Your discussion of the possible causes for the significant variances lacked breadth.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the possible causes for the significant variances contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

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

*While you attempted to analyze the variances for the Chef Dashim meal kits, your analysis was not in sufficient depth to demonstrate competence on this assessment opportunity.*

**Assessment Opportunity #5 (MA)**

**The candidate prepares the spending budgets, explains whether the Chef Rita meal kits are expected to exceed the spending target, and explains the factors that impact meeting the target.**

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

Assess the Situation

Your calculation of the spending budgets contained technical errors.

Analyze Major Issue(s)  
- Quantitative

Your explanation of the factors impacting the spending target lacked depth.

Analyze Major Issue(s)  
- Qualitative

Your explanation of the factors impacting the spending target lacked breadth.

Analyze Major Issue(s)  
- Qualitative

You did not provide a conclusion on whether the spending target would be exceeded.

Conclude and Advise

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

*On the requirements page for each role, you were told "Ara also wants assistance with the requests from Bradley and Fatima". Further, in Appendix VI, you are provided with the quantitative and qualitative information related to the spending budget for the Chef Rita meals, and you were asked to "finalize the spending budgets for April, May and June for the Chef Rita meals... Please explain what factors impact whether we are likely to meet our target." It is not clear if you missed this issue or lacked the technical knowledge to address it. Ensure that you read the simulation carefully and highlight any key requirements that you identify so that you have the opportunity to address them.*

### Assessment Opportunity #6 (MA)

The candidate provides comments on the revenues per customer, customer retention, and the various marketing initiatives that have been used.

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

Assess the Situation

Your comments on TMB's revenue trends lacked breadth.

Analyze Major Issue(s)  
- Qualitative

*While you recognized the need to perform a qualitative analysis of the revenues per customer, customer retention and marketing initiatives, your analysis did not discuss enough relevant points to be considered useful. Your discussion focused only on revenues per customer. This was not sufficient because you failed to analyze the information provided on customer retention and marketing initiatives even though this was explicitly requested.*

Your comments on TMB's revenue trends lacked depth.

Analyze Major Issue(s)  
- Qualitative

*While you recognized the need to perform a qualitative analysis of the revenues per customer, customer retention and marketing initiatives, your discussion did not sufficiently explain the data observed or include sufficient case facts in your analysis. You were expected to interpret the data in the graphs and provide an analysis of the reason for the trends observed. For example, in discussing one of the items, you said: "in addition, they discount could be a reason why the sales prices are lower than industry." This was not sufficiently discussed because your interpretation lacked specific case facts and detail. While it was not expected that you discuss all the information provided in detail, you were expected to describe those you addressed in sufficient depth to produce a useful recommendation.*

**You did not provide a conclusion or recommendation to address the issues identified by the data provided.**

Conclude and Advise

*In responding to Fatima's email request, you did not provide a recommendation on how to improve revenues per customer, customer retention or the marketing initiatives. Your analysis would have been more useful if you provided relevant recommendations on how to address the issues identified.*

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

*While you attempted to discuss the revenues per customer, customer retention and marketing initiatives, your analysis lacked depth and breadth and you did not provide recommendations that were consistent with your analysis. 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 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. For the Common section, you provided good structure while responding to the requests. For example, your structure of listing the Handbook criteria, applying case facts to each of the criteria and forming a conclusion ensured you had a good format for achieving sufficient depth in your discussions.*

**Did the candidate understand their role?**

Yes

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

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

Yes

*For the Common section, your response was written efficiently and was easy to read and understand. You used complete paragraphs which allowed you to provide thoughts that were complete and clear.*

**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?**

No

*The Common section of your response was heavily weighted on financial reporting issues. This appeared to have limited the time you had to address the other issues. For example, you spent nine pages on financial reporting issues but only one page on management accounting issues. Additionally, you did not attempt the calculation of the revised spending budget. This prevented you from addressing all of the requirements in the case and obtaining sufficient depth in the management accounting competency. It is important to plan your time on each case and ensure you allocate sufficient time to each of the significant issues.*

## Day 2 Tasty Meal Baskets Limited (TMB)

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### Assessment Opportunity #7 (AS)

The candidate discusses which geographic regions should be disclosed separately by TMB.

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

Assess the Situation

Your discussion of the geographic regions was not focused on the financial statement disclosure.

Analyze Major Issue(s)  
- Integrate Situation

*While you attempted to discuss the disclosure by geographic region, your discussion was not focused on requirements for disclosure in TMB's annual financial statements. Instead, your analysis attempted to discuss the issue using a strategy perspective. For example, you said "· to list each of the asset, liability and revenues and expenses under BC, AB and BC, since they are based on the acquisition of PVM. and then list the total of all three regions in FS and to show specifically from these regions." As a result, your response was more from a strategy perspective, and did not address the relevant accounting standards from CPA Canada Handbook, Part 1, IFRS 8 Operating Segments.*

Your discussion of the disclosure by geographic region lacked depth.

Analyze Major Issue(s)  
- Qualitative

Your discussion of the disclosure by geographic region contained technical errors.

Analyze Major Issue(s)  
- Qualitative

You did not provide a conclusion in your discussion of the disclosure by geographic region 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 disclosure by geographic region, your discussion was not focused on requirements for disclosure in TMB's annual financial statements. Instead, your response was from a strategy perspective. Therefore, you were unable to demonstrate competence on this assessment opportunity as you did not address the specific request from Frances.*

**Assessment Opportunity #8 (AS)**

**The candidate recommends audit procedures to be performed for the financial reporting issues, including the disclosure by geographic region.**

**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

**The audit procedures you provided for the financial reporting issues were not always effective.**

Analyze Major Issue(s)  
- Qualitative

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

Analyze Major Issue(s)  
- Integrate Situation

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

*Your response on this assessment opportunity was sufficient, having included a reasonable range of relevant and specific audit procedures for the financial reporting issues identified.*

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**Assessment Opportunity #9 (AS)**

**The candidate provides recommendations that can be implemented for similar system conversions in the future, and discusses issues identified in the converted sales system data**

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

Assess the Situation

**Your discussion of future system conversions and the converted sales system data lacked breadth.**



Assess the Situation

*Your response discussed some valid items related to the PVM sales system conversion, including discussing running the systems in parallel for a period of time, and ensuring there are adequate resources in IT to support the required testing for future system conversion. However, you did not attempt to address a sufficient number of items. There were several other issues in the converted sales system data that you could have commented on, including the report including customers living outside of Nanaimo, a customer with no credit card expiry information, a sale by a customer who is listed as inactive, two customers who share the same address, a customer who has two different addresses, and a reversal of a sale for an active customer. Candidates were not expected to comment on every element of the PVM sales system conversion, but they were expected to address a reasonable number of items.*

**Your discussion of future system conversions and the converted sales system data lacked depth.**



Analyze Major Issue(s)  
- Qualitative

*Although you recognized the need to review the converted sales system data, you did not always adequately explain the issues you identified. For example, you said "I: from the sales report, some information are missing, e.g: the address information of the Anup Misara is missing", but a better response would have explained why this is a concern for TMB. You could have explained that the delivery company will be unable to deliver the meal kit to the customer with a missing address, which could result in spoiled meal kits and/or dissatisfied customers.*

**Your discussion of future system conversions and the converted sales system data did not always appropriately address the significant risks and/or issues presented.**



Analyze Major Issue(s)  
- Qualitative

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

*You provided a discussion of recommendations for future systems conversions including running the systems in parallel for a period of time and ensuring there are adequate resources in IT to support the required testing for future system conversions. However, some of your other discussions were not in sufficient depth, and you also did not address a sufficient amount of issues in the converted data. Therefore, you were unable to demonstrate competence on this assessment opportunity.*

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### **Assessment Opportunity #10 (AS)**

**The candidate recommends due diligence procedures to minimize the risks related to the proposed acquisition of Sweet Tooth Ltd.**

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



Assess the Situation

**You did not provide sufficient coverage of the risks related to the proposed acquisition of Sweet Tooth Ltd.**

Assess the Situation

**Your discussion of due diligence procedures related to the proposed acquisition of Sweet Tooth Ltd. lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*You provided some due diligence 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 procedures to address the existence and completeness of inventory, you said "to obtain the backup for inventories and physically check for the inventories if necessary." 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 inventory listing and inventory count sheets, and the work to be performed would be to perform a sheet to floor and floor to sheet count to establish that inventories are complete and exist. In addition, you should look at the expiry dates and condition of the desserts to ensure that the inventories are able to be used and/or sold. Also, related to procedures to address going concern, you said "To obtain the last three years audited FS(if not, then the unaudited FS)." This was not sufficiently specific because your discussion was missing an explanation of the work to be performed. A better response would have explained that the work to be performed would be to perform horizontal, vertical, and trend analysis on the last three years of audited FS, to determine whether revenues and profits are declining, which would cause a going concern issue.*

**The due diligence procedures you provided related to the proposed acquisition of Sweet Tooth Ltd. were not always effective.**

Analyze Major Issue(s)  
- Qualitative

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

*You provided some valid and well explained due diligence procedures, including procedures related to the existence and accuracy of the cash balance and potential covenants or other critical loan terms. However, some of your other procedures were not sufficiently specific, and therefore you were unable to demonstrate competence on this assessment opportunity.*

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**Assessment Opportunity #11 (AS)**

**The candidate discusses weaknesses in STL's production processes, and recommends additional controls that TMB should implement, to ensure that STL's nut-free products are nut-free.**

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

Assess the Situation

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

Assess the Situation

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

Analyze Major Issue(s)  
- Qualitative

*You discussed some internal control weaknesses, but your discussions sometimes lacked depth as you did not always sufficiently explain the repercussions of the deficiency in internal control. For example, when discussing that new suppliers are required to provide a written confirmation that their products are nut-free and no additional verification will be performed, you said "the quality may not reach our standard or not as confirmed in written." This is not sufficient because you did not explain why it would not be of the correct quality. A better response would have explained that suppliers could lie on their written confirmations and STL would not know that the ingredients contain nuts. Also, when discussing that ingredients containing nuts and ingredients that are nut-free will be grouped together for storage, you said "it will hard to separate afterwards and may use the nuts for nut-free products." This is not sufficient because you did not explain why they would use nuts for nut-free products. A better response would have explained that with the ingredients being stored together, it could be easy for ingredients containing nuts to be selected by employees by mistake and used in nut-free products, causing a contamination of the nut-free product line.*

**You did not always provide recommendations to address the internal control weaknesses that were practical and/or effective.**

Analyze Major Issue(s)  
- Qualitative

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

*You discussed some valid internal control weaknesses, along with appropriate recommendations to address them, for the fact that baking staff only receive training about the seriousness of nut allergies at their orientation. However, you did not explain the implication of some of the other internal control weaknesses you identified in sufficient depth to demonstrate that you fully understood the deficiency. As a result, you were unable to demonstrate competence on this assessment opportunity.*

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### **Assessment Opportunity #12 (AS)**

**The candidate recommends audit procedures to ensure compliance with the requirements set out in the supplier contract.**

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

Assess the Situation

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

Assess the Situation

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



Analyze Major Issue(s)  
- Qualitative

*You provided some audit procedures for the requirements in the supplier 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 universal bar codes must be attached to packaged greens and when scanned, the bar code must indicate that the greens were grown by ATG and provide the date and time harvested and best-before date, you said "we should test with other bar code to test whether the scanner are working properly." This was not sufficiently specific because your discussion was missing a clearer explanation of the work to be performed. A better response would have explained that the work to be performed would be to visit the farm when greens are being harvested and scan the bar codes on a sample of packaged greens, to ensure that the details are correct, including that the date harvested is the current date. Also, related to the procedure to address the requirement that all greens must be certified to Canadian Organic Standards by a verification body designated by the Canadian Food Inspection Agency, you said "obtain the profile of the agency to check his/her competency." This was not sufficiently specific because your discussion was missing a clearer explanation of the work to be performed. A better response would have explained that the work to be performed would be to ensure that the verification body per the certification documents has been designated by the Canadian Food Inspection Agency on its website and that the date of the certification was recent.*

**The audit procedures you provided for the requirements in the supplier contract 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 supplier contract you were trying to address. For example, related to the procedure to address the requirement that greens must be grown on ATG's farm and cannot be purchased from other farms, you said, "we should physically inspect the farm, to see how does it perform for the capacity for the last few years to see whether it can afford the usage " This was not an effective procedure because you did not explain how you would verify that the greens received were not purchased from other farms. A better response would have explained that the auditor could examine ATG's accounting records, select a sample of purchase invoices, and inspect the invoice to determine if the purchase was for greens. Also, related to the procedure to address the requirement that greens must be placed into temperature-controlled storage and that the storage must be equipped with a system that maintains a record of any instances of temperatures that fall outside the range of 1°C to 4°C, you said "we should assign the expertise for check whether it is keeping the temperatures until shipped to TMB even during the shipping by using their special equipment." 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 to ensure that the greens are being stored in a temperature-controlled facility, the auditor should request access to the temperature reports and examine the reports for any exceptions to the temperature range of 1°C to 4°C.*

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

*You provided some attempts at audit procedures. However, your procedures were not sufficiently specific or ineffective, and therefore, you were unable to demonstrate competence on this assessment opportunity.*

### Assessment Opportunity #13 (AS)

**The candidate identifies which material account balances would likely be included in the key audit matters section of the auditors' report, and explains why.**

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

Assess the Situation

**Your discussion of material account balances that would likely be included in the key audit matters section of the auditors' report lacked breadth.**

Assess the Situation

**Your discussion of material account balances that would likely be included in the key audit matters section of the auditors' report lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*You recognized the need to discuss material account balances that would likely be included in the key audit matters section of the auditor's report. Your response should have included a reasonable discussion of relevant criteria from CAS 701 – Communicating Key Audit Matters in the Independent Auditor's Report; however, you concluded on the material account balances to be included in the key audit matters section without discussing the relevant criteria from the Handbook. For example, you said: "The high risk: sales, since it has been wrong calculated, there must be other errors". This is not sufficient because you did not link your discussion to the relevant criteria which would determine whether this would be included as a key audit matter in the auditors' report (an area of higher assessed risk of material misstatement, an area requiring significant auditor judgement, or an account where a significant event or transaction occurred during the period). Specific guidance is provided to determine which account balances would likely be included in the key audit matters section. You were expected to recognize this and then apply case facts to reach a supported conclusion.*

**Your discussion of material account balances that would likely be included in the key audit matters section of the auditors' report contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not provide a conclusion on which material account balances would likely be included in the key audit matters section of the auditors' report that was consistent with your analysis.**

Conclude and Advise

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

*You provided an attempt at discussing why certain material balances would likely be included in the key audit matters section of the auditors' report. However, your discussion was not in sufficient depth and not linked to the relevant Handbook criteria, and therefore, you were unable to demonstrate competence on this assessment opportunity.*

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**Overall Comments**

Yes

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

*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?**

No

*For the Assurance section, you did not appear to have understood your role as an audit manager, working in TMB's internal audit department. For example, you said "to list each of the asset, liability and revenues and expenses under BC, AB and BC, since they are based on the acquisition of PVM. and then list the total of all three regions in FS and to show specifically from these regions." This was not appropriate because you did not address this requirement from the perspective of an audit manager, but rather from a strategy perspective.*

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

No

*For the Assurance section of your response, point form was used and this sometimes limited the depth of your discussions. For example, you wrote: "to obtain the backup for inventories and physically check for the inventories if necessary." This was an insufficient discussion because you did not provide both the evidence to be obtained and the work to be performed. 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 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?**

Yes

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

## Day 3-1 STH Inc. (STH)

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### Assessment Opportunity #1 (FR)

The candidate discusses the accounting treatment for the investment property.

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

Assess the Situation

Your discussion of the investment property lacked depth.

Analyze Major Issue(s)  
- Qualitative

*Although you attempted an analysis of the accounting treatment for STH's investment property, your discussion did not explain the financial reporting issue in enough depth. For example, you recognized that IAS 40 was the appropriate handbook guidance to analyze this issue and you applied the definition of an investment property as well as the recognition criteria. However, this was not sufficient because it did not always integrate enough case facts. For example, you wrote: "(b) the cost of the investment property can be measured reliably. MET 16 b: the cost of the investment can be measured reliably." A stronger analysis would have integrated case facts to support your conclusion that costs can be measured reliably. For example, you could have explained that the \$457,000 cost is known based on the recent purchase that has occurred: \$350,000 for the building, \$100,000 for the land, \$5,000 for the building inspection and \$2,000 for the lawyer's fees.*

Your discussion of the investment property contained technical errors.

Analyze Major Issue(s)  
- Qualitative

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

Conclude and Advise

*You provided an analysis of the accounting treatment for the investment property; however, you did not provide a recommendation on how to subsequently record the property. In any financial reporting analysis, and especially when there is an accounting policy choice to be made that will affect subsequent measurement, you should clearly recommend the accounting policy to use. This recommendation should be supported with case facts so that the user understands why you are providing this recommendation. An example of a valid supported recommendation would be to suggest using the fair value model because the building is expected to appreciate in value, and given the potential upcoming IPO, the gains to income and the fair value increases to the asset will make the financial statements stronger.*

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

*You attempted to discuss the accounting treatment for STH's investment property, and you provided some analysis in this area including correctly applying IAS 40 guidelines. However, your analysis lacked depth because you did not always sufficiently incorporate the relevant case facts as support for the accounting treatment. In order to provide Rafael with an adequate understanding of the accounting treatment, and to demonstrate your understanding of the financial reporting concepts in this case, you were expected to provide a more complete and supported discussion. In addition, you did not provide a recommendation of which accounting method STH should use. As there is an accounting policy choice under IAS 40, it was important to recommend to Rafael which policy STH should choose, and to explain why you would select one model over the other.*

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## Assessment Opportunity #2 (MA)

**The candidate provides a quantitative analysis of order #178 and the 10 additional orders.**

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

Assess the Situation

**You did not address both the full absorption cost and the minimum acceptable price for the 10 additional orders.**

Assess the Situation

**You did not consider both the variable and the overhead costs in your calculation of the absorption cost.**

Analyze Major Issue(s)  
- Quantitative

**You did not exclude fixed costs from your calculation of the minimum acceptable price for the 10 additional orders.**

Analyze Major Issue(s)  
- Quantitative

**Your quantitative analysis contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

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

*Overall, your response on this assessment opportunity was well done. You provided a reasonable quantitative analysis of order #178, which included a calculation of the full absorption price and the minimum acceptable price for the 10 additional orders. This information would have provided Claudia with useful information in determining how to price the additional orders.*

**Assessment Opportunity #3 (MA)**

**The candidate discusses the operational weaknesses in the ordering and delivery processes and provides recommendations.**

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

Assess the Situation

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

Assess the Situation

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

Analyze Major Issue(s)  
- Qualitative

**You did not always identify the root cause of the weaknesses addressed.**

Analyze Major Issue(s)  
- Integrate Situation

**You did not always provide recommendations that were practical, effective, or linked to the weaknesses 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 some of the operational weaknesses in the ordering and delivery process, explained the key implications of those weaknesses, and provided useful recommendations to improve the processes. You also demonstrated good integration by identifying the root cause of some of these operational weaknesses. This information would have been useful to Rafael in addressing the concerns noted by CVC about the processes at STH.*

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

**The candidate discusses the current audit committee composition and the appropriateness of its current mandate, and provides recommendations.**

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

Assess the Situation

**You did not address a sufficient number of audit committee issues.**

Assess the Situation

*Although you briefly noted the independence issue with the current audit committee, the case highlighted several other areas that could have been discussed. You could have also addressed the issues related to the financial literacy and strategic fit for Renata, Rafael and Lilian. You could have also discussed the following issues related to the mandate: the reporting of whistleblowers complaints directly to the CEO, whistleblower complaints only being reviewed periodically, the future IPO considerations and how this would affect the audit committee mandate and composition and the audit committee's responsibility for oversight of STH activities. While you were not expected to discuss all of these issues, you were expected to provide a more complete analysis in order to sufficiently demonstrate your understanding of these strategy and governance concepts. In addition, it is important to consider the user, and Rafael would have required a more complete analysis in order to better understand the current audit committee composition and mandate, and how to improve these areas.*

**Your discussion did not provide sufficient coverage of the areas to be discussed.**

Assess the Situation

**Your discussion of the audit committee issues lacked depth.**

Analyze Major Issue(s)  
- Qualitative

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*You identified one of the issues with the composition of the current audit committee, but you did not provide any depth in explaining why this was an issue of concern for STH. Rafael stated: "CVC said we need a strong audit committee. Please review the current audit committee composition and the appropriateness of its current mandate, and provide recommendations." In addition to requiring a recommendation to address the issue, he would first require an understanding of why there was an issue with the current audit committee structure. Your analysis was very brief and incomplete as you only stated: "There are some potential independent treat issue Intimidation: Advocacy familiarity." This was not sufficient because it was too brief and you did not explain how there was an independence issue with any of the specific members. For example, you could have noted that there is an issue with Renata as the chair of the audit committee because Renata is Rafael's sister, therefore there is an independence issue. Even though she is independent from the company, she could potentially be biased in support of her brother's activities and decisions. It was important to explain how there was an independence issue, and additional depth could have been provided by discussing how it could be corrected. For example, you could have suggested having her replaced as chair of the audit committee. You could have also addressed that because Rafael is the CEO and owner, he is not independent of management. This creates a risk, as he would be responsible for oversight of his own work and decisions. Additional depth could have been provided by suggesting to replace Rafael on the audit committee in order to correct the situation, as he would need recommendations on how to address the issue.*

**Your discussion of the audit committee contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

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

*You attempted to discuss the current audit committee composition at STH. However, your discussion lacked breadth as it did not address a sufficient number of audit committee issues. The case provided detailed information that allowed you to identify and discuss several other areas, and addressing more of these would have provided Rafael with more complete information on how to ensure that STH has a strong and effective audit committee and mandate. In addition, you did not provide sufficient depth when discussing the audit committee composition. It is important to consider your user, and in this case, it was important to provide complete explanations of the issues to help Claudia and Rafael understand how these were issues to STH, and where appropriate, how they should be corrected.*

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**Assessment Opportunity #5 (FIN)**

**The candidate discusses compliance with the new bank covenants.**

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

Assess the Situation

**You did not analyze a sufficient number of covenants.**

Assess the Situation

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**You did not analyze both the financial and non-financial covenants.**

Assess the Situation

*You provided an analysis of some of the bank covenants, but your analysis focused solely on the financial covenants. Appendix V provided details relating to both financial and non-financial covenants. Specifically, there were non-financial covenants related to cybersecurity breaches, the 90-day audit report timeline and the requirement to have an unmodified audit report. To provide Rafael with a better understanding of STH's compliance with the covenants, you were expected to address both of these areas.*

**Your calculation of the financial covenants contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

*You provided a calculation of STH's bank covenants, but your calculation included a technical error. As a result, you would not have provided Rafael with accurate information regarding STH's compliance with the covenants. For example, the bank requires that STH have a bank loan to EBITDA ratio not exceeding 4:1. To correctly calculate this ratio, EBITDA should have been determined using the income statement information provided in Appendices V and VI. In this case, EBITDA was \$299,000 (net income of \$240,000 plus interest of \$24,000 plus depreciation of \$35,000). Using the bank loan amount of \$600,000 and EBITDA of \$299,000, the ratio would be 2.01 (\$600,000 / \$299,000). In your response, you divided the bank loan by the total assets resulting in an incorrect ratio of 0.26 (\$600,000 / \$2,250,000).*

**You did not provide a conclusion on whether the financial covenants were in breach that was consistent with your calculation.**

Conclude and Advise

**Your analysis of the non-financial covenants lacked depth.**

Analyze Major Issue(s)  
- Qualitative

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

*You recognized the requirement to discuss STH's compliance with the new bank covenants and you correctly calculated the working capital and the debt to equity ratios. However, your calculation of the bank covenants included a technical error, and therefore provided Rafael with inaccurate information. It is important to have a good technical understanding of the finance concepts, as well as a clear understanding of the case facts, so that you can incorporate these correctly in your calculations. In addition, you did not discuss both the financial and non-financial bank covenants. By only addressing one of these areas, you did not completely answer Rafael's question or provide him with adequate information in understanding whether STH was in compliance with the covenants.*

**Assessment Opportunity #6 (ASSU)**

**The candidate provides audit procedures for the revenue, inventory (i.e. raw materials, work-in-progress, and finished goods) and the bank loan.**

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

Assess the Situation

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

Assess the Situation

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

Assess the Situation

**Your audit 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

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

*Overall, your response on this assessment opportunity was well done. You provided a sufficient analysis of the audit procedures that would be performed in the areas Claudia requested. This would have provided her with a good understanding of the audit procedures STH could expect in its first-year audit.*

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**Assessment Opportunity #7 (TAX)**

**The candidate calculates STH's taxable income.**

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

Assess the Situation

**You did not include a sufficient number of elements in your calculation of STH's taxable income.**

Assess the Situation

**Your calculation of STH'S taxable income contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

*You attempted to calculate STH's taxable income, but some of your analysis contained technical errors. For example, appendix VI noted that STH purchased manufacturing equipment in the amount of \$120,000. The appropriate class for manufacturing equipment is class 53. With the All (accelerated investment incentive), Class 53 is allowed a full deduction in the year of acquisition. As there was no opening UCC balance in this class, the correct CCA claim for class 53 was the full \$120,000. In your response, you did not allocate the \$120,000 to class 53 and instead included it in class 8 and applied the half year rule. This resulted in an incorrect CCA calculation of \$12,000 ( $\$120,000 \times 20\% \times 50\%$ ). You should note, you did not label your classes in your analysis. It is assumed you were using class 8 due to the rate. You should always clearly indicate the class numbers in your analysis. Class 50 had an opening balance of \$25,000 and there were additions of \$16,000 during the year. Class 50 is subject to All (accelerated investment incentive) on the addition, which means the company can claim 1.5 times the CCA on the addition in 2021. The correct CCA for class 50 was therefore \$26,950, based on the 55% rate for class 50 ( $(\$25,000 \times 55\%) + (\$16,000 \times 1.5 \times 55\%)$ ). In your response, you applied the half year rule instead of All and you used an incorrect CCA rate of 45%. In addition, you did not consider CCA on the opening balance. This resulted in an incorrect CCA amount of \$3,600 for this class: ( $\$16,000 \times 45\% \times 50\%$ ). You also made the same mistake in class 8, where you did not take CCA on the opening balance and applied the half year rule to the addition instead of All.*

**Your calculation of STH's taxable income did not incorporate enough CCA elements.**

Analyze Major Issue(s)  
- Quantitative

*In your calculation of STH's taxable income, you did not incorporate enough of the CCA elements. Appendix VI provided a lot of information including several straightforward addbacks, as well as information for more detailed calculations of CCA. To adequately demonstrate your tax knowledge in this area, and to provide Claudia with more accurate information, you were expected to correctly address several of the CCA elements. Even when these are more time-consuming and require more detailed calculations, you should ensure that you allow sufficient time to provide a complete analysis. You correctly incorporated the addition of furniture only. You could have also incorporated the opening UCC calculations, the disposals of the delivery trucks and the passenger vehicle, the terminal loss in class 10, the denial of terminal loss class 10.1 and applied the accelerated investment rates.*

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

*You attempted a calculation of STH's taxable income and provided some correct adjustments. However, your analysis contained technical errors and therefore did not provide Claudia with accurate information regarding STH's taxable income amount. It is important to have a good technical understanding of the taxation concepts, as well as a clear understanding of the case facts, so that you can provide the user with accurate information. In addition, you did not incorporate enough of the CCA elements presented in the case. In order to demonstrate your competence in taxation and provide more useful information to Claudia, more of these elements requiring specific knowledge and time-consuming calculations should have been addressed in your calculation.*

**Overall Comments**

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

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*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. You also used an effective structure when you discussed the operational weaknesses in STH's ordering and delivery processes. Here, you applied a weakness, implication and recommendation format, which was useful as it ensured that you provided sufficient depth in your explanations, and that you included recommendations to address those weaknesses.*

**Did the candidate understand their role?**

No

*You did not always appear to have understood your role when addressing the requests made by Rafael and Claudia. For example, you addressed only one part of the request when asked to review the current audit committee composition and the appropriateness of the mandate. Taking time to carefully read the case is important in ensuring that you have a complete understanding of what the user is looking for and for you to fully and accurately grasp your role. Omitting one of the requests eliminated an opportunity to demonstrate an understanding of the strategy and governance issues in this case. You also did not address the non-financial covenants and therefore you did not fully address Rafael's request.*

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

Yes

*Your response was written efficiently and was easy to read and understand. You used complete paragraphs which allowed you to provide thoughts that were complete and clear. Your exhibits were reasonably well done and easy to follow. You made good use of notes in your exhibits 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?**

No

*Your response was well balanced, and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities for the most part. One exception to note, was that your discussion of the audit committee structure was very brief and incomplete. It is important to plan your time on each case and ensure you allocate a sufficient amount of time to each of the significant issues.*

**Day 3-2 TFS Ltd. (TFS)**

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**Assessment Opportunity #1 (TAX)**

The candidate explains the lifetime capital gains deduction (LCGD), whether it could be used, and what could be done to ensure that Tamara's shares are qualified small business corporation (QSBC) shares.

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

Assess the Situation

You did not identify a sufficient number of the relevant LCGD and QSBC discussion points.

Assess the Situation

Your discussion of the LCGD and/or QSBC criteria lacked depth.

Analyze Major Issue(s)  
- Qualitative

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*Although you attempted to address the taxation issues in the case, you did not always explain the concepts sufficiently to give Tamara a clear understanding of the LCGD. To meet the needs of the user, it is important to consider their level of knowledge, and therefore your discussion should have been accompanied by clear explanations in sufficient depth and detail for each of the areas discussed. For example, when attempting to discuss the QSBC criteria, you wrote: "condition of QSBC: - a small business that its must owns >90% of its FMV are carried from active business and >50% in Canada." Your analysis seemingly attempted to highlight the 90% fair market value test but this was incomplete and unclear, and was only one of the many QSBC criteria needed. There were additional criteria to meet in order to be classified as a QSBC, and you could have provided greater depth by also analyzing the criteria requiring that the company must be a CCPC, the shares must have been owned by the shareholder or a related person during the 24 months prior to the sale, and that over 50% of the fair value of assets must have been used primarily in an active business in Canada during the 24 months prior to the sale. Discussing more of these criteria would have provided a more complete analysis and a better support for your conclusion. In regard to your analysis noted above, the complete criteria requires that 90% of the fair value of assets must be used primarily (50% or more) in an active business carried on in Canada at the time of sale. Your statement seemed to suggest this criterion but it was not quite clear from your wording and Tamara would have wanted a complete statement of the criterion to fully understand it. In addition, your analysis noted: "we see that the company are in active business operation, in addition, it is incorporated and located in Ontario, Therefore, it is considered as the SBC." This did not provide enough depth because you did not incorporate sufficient case facts to support that they have met this criterion. Information had been provided in the case relating to TFS's assets, its cash position, and where they operate. You were expected to utilize this information to go beyond the "active business in Canada" portion of the criterion, and determine whether they met the 90% active fair market value test and the 50% in Canada test. A better response would have reviewed the assets presented on the balance sheet and noted that they were all used in the active business, except for the short-term investments. You could have provided further depth by discussing the high cash balance and whether it would be considered active, noting that they plan to use it to pay large supplier deposits. Even greater depth could have been provided by performing the calculation to determine whether the 90% test was currently met by TFS.*

**Your discussion of the LCDG and/or QSBC criteria contained technical errors.**



Analyze Major Issue(s)  
- Qualitative

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

*You attempted to discuss the tax issues in this case, providing a discussion of what the LCGD is and attempting an analysis of the QSBC criteria. However, you did not always provide sufficient depth in your explanations of the tax issues and concepts. In order to demonstrate your understanding of the taxation concepts in this case, you were expected to identify additional QSBC criteria, explain them clearly and completely and then demonstrate how the facts in this specific case would apply when assessing these criteria. Tamara would have required more complete information to understand the LCGD and whether she could use it in her specific situation. You should also note that you did not address all questions posed by Tamara. Tamara had also asked what could be done to ensure that her shares qualify for the LCGD at the time of sale, and you did not address this question. This would have given you an additional opportunity where you could have further demonstrated your knowledge in taxation.*

## Assessment Opportunity #2 (STRAT & GOV)

**The candidate discusses the broader considerations that Tamara should factor in, when deciding whether to sell shares to John and Scott.**

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

Assess the Situation

**You did not identify a sufficient number of considerations in the decision.**

Assess the Situation

*You did not seem to have a clear understanding of what Tamara was requesting. Tamara asked, "Are there any broader considerations that I should factor in, when deciding whether to sell shares to John and Scott." As such, your analysis should have focused specifically on points that related to the sale of shares to these two individuals. Instead, your response focused on the value of her shares vs. the final selling price and various taxation implications related to these scenarios. These points were not relevant to the request from Tamara. For example, you wrote: "AO: broader consideration for operating business together and sells shares -we should first consider the selling price to prevent the double taxation and set up the agreement between each other - the sale's agreed-upon prices > FMV: · will be taxable at the POD-ACB - disposal costs = CG. · the tax is 50% of the CG for seller. · and the new ACB of the shares for Scott and John is POD." You then added: "the sale's agreed-upon prices = FMV: · will be taxable at the FMV -ACB - disposal costs = CG. · the tax is 50% of the CG for seller. · and the new ACB of the shares for Scott and John is FMV." Finally, you wrote: "the sale's agreed-upon prices < FMV: · will be taxable at the FMV -ACB - disposal costs = CG. · the tax is 50% of the CG for seller. · and the new ACB of the shares for Scott and John is the purchase price not the ACB. · this will cause the double taxation." None of these points were relevant to the request and there were no case facts available to support this type of a discussion. As a result, your analysis was not useful in answering Tamara's question relating to considerations when deciding whether to sell shares to John and Scott specifically. Based on the many details provided in Appendix II, you could have instead discussed John and Scott's views on customer interaction, automation and payment type, time involvement from owners, and shutting down the Feed division. You could have also addressed some overall considerations such as Tamara having to share control of TFS, the modernization of TFS, and John and Scott's experience. While you were not expected to discuss all of these decision factors, identifying some of them would have provided Tamara with some relevant analysis to help her in making her decision. There were many details provided in the case to guide you towards this type of an analysis, rather than a taxation discussion.*

**Your discussion of the considerations Tamara should factor in lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion focused on the minor considerations in the decision.**

Analyze Major Issue(s)  
- Qualitative

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

*You attempted to address Tamara's request for considerations that she should factor in when deciding whether to sell shares to John and Scott. However, you provided a general discussion of taxation implications on a sale of shares at various values, which was not relevant. You seemed to have misunderstood your role, and instead of identifying points that related to selling shares to John and Scott specifically, and the potential concerns that could arise from this, you provided a discussion of some taxation issues. A key factor in the decision related to the differing vision of John and Scott, as the case noted several specific areas of misalignment that would have an impact on TFS. There were also additional points specific to John and Scott that could have been addressed, such as their experience. As a result of this misinterpretation of Tamara's request, your points were not useful to her, and you did not identify enough of the points that were relevant to the decision. Ensure that you read the case carefully to ensure that you have a clear understanding of the key requirements and of what is being asked, so that you have the opportunity to address the request appropriately.*

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**Assessment Opportunity #3 (FIN)**

**The candidate recommends improvements to the financing proposal.**

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

Assess the Situation

**You did not identify a sufficient number of relevant improvements to the financing proposal.**

Assess the Situation

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*You discussed the financing proposal for the sale of shares to John and Scott, but you did not identify enough of the areas of improvement that Tamara should consider. There were many details noted in Appendix II, providing the opportunity to identify many potential improvements. You did attempt to discuss the lack of security and the differing interest rates. However, you could have also discussed the long 20-year term of the loan, and the repayment of the loan using bonuses and dividends. While you were not expected to discuss all of these areas, it was important to provide Tamara with a sufficient number of them so that she would have a more complete understanding of the deficiencies in the proposal and where it could be improved, and to demonstrate your knowledge of the finance concepts in this case. You should note that although you attempted to discuss other areas not noted above, your analysis was not always considered valid or relevant based on the case facts provided. For example, you discussed many items from a tax perspective instead of a finance perspective. Your role was to discuss improvements to the financing proposal for Tamara, and there were no tax issues that were relevant when addressing Tamara's request. An example of this was when you wrote: "Higher interest rate: - can be lower than bank loan, but it is 3% lesser than bank loan, which is a bit too less - considering to make sure them to payback the loan on time to prevent the loan tax consequence - since the interest rate is less than bank loan, the difference will be taxed on the receiver." Tamara had directly stated: "I am considering personally loaning each of them a portion of the selling price." Your point was not relevant in this case, as there would be no taxable benefit for John and Scott since they are obtaining the loan from Tamara personally, and not from TFS. In addition, you also added the points: "-the loan is allowable, but to prevent the tax consequence, should make sure that John and Scott and you have the agreement and then the repayment term - Scoot and John must payback your loan in time, not later than 30 days of the following year - otherwise, there will be considered as the income attribution rule to lender for considering as the taxable income for the lend amount." Again, these were focused on taxation implications that were not valid to this scenario and not relevant to the request from Tamara.*

**Your discussion of the improvements to the financing proposal lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*You attempted to provide improvements to the financing proposal presented in Appendix II, but your discussion lacked depth. Tamara had specifically asked you to "suggest improvements," and she would first require an understanding of how the point would impact her and why those changes should be made, before incorporating your suggested improvements. For example, when discussing the lack of security on the loan, you wrote: "Security: - even though it is a long-term relationship, it is still better to add the security to protect Tamara." This was not sufficient because it did not adequately explain what the risk was to Tamara. A better response would have further explained that there is no security on the loan as proposed, and although Tamara trusts John and Scott, there are uncertainties in both their future financial situation, that of TFS, and in their relationship. As the financing proposal stands, Tamara will have no recourse if they are unable to repay the loan.*

**Your recommendations to improve the financing proposal were not always practical, effective, or specific.**

Conclude and Advise

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

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*You attempted to provide a discussion of where the financing proposal could be improved. However, there were several details relating to the proposal, as well as additional information relating to the financing, presented in Appendix II. You were expected to identify and address more of the areas of concern in order to provide Tamara with a more complete and accurate understanding of the impact of the proposal and where it should be changed. Your focus was on non-existent taxation implications that were not relevant and did not help to address Tamara's request. In addition, your analysis lacked depth since you did not adequately explain why the terms of the proposal should change. It is important to consider the user and their needs. Providing sufficient information to Tamara involved presenting not only a list of areas of concern or proposed changes, but also giving her an understanding of why they were a concern. Before incorporating your suggested changes to the proposal, she would need to understand why they are required.*

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**Assessment Opportunity #4 (MA)**

**The candidate prepares revised divisional income statements and advises Tamara on the profitability of the Farm Supplies division.**

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

Assess the Situation

**You did not perform a sufficient number of revisions to the divisional income statement.**

Assess the Situation

**Your revisions to the divisional income statement were not always complete.**

Analyze Major Issue(s)  
- Quantitative

**Your revisions to the divisional income statement contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**You did not provide a conclusion on whether the Farm Supplies division was as profitable as the other divisions 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 provided a revised divisional income statement that included a sufficient number of the relevant allocations. You demonstrated a good technical understanding of how to reallocate the various sales and expense items. This analysis would have provided Tamara with useful information in understanding whether the Farm Supplies division was the least profitable.*

**Assessment Opportunity #5 (ASSU)**

**The candidate discusses the control weaknesses identified, and provides recommendations.**

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

Assess the Situation

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

Assess the Situation

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

Analyze Major Issue(s)  
- Qualitative

**Your recommendations of the controls that should be in place were not always practical, effective, or linked to the weaknesses 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 some of the control weaknesses specified in the case, addressed the key implications of those weaknesses, and provided useful recommendations to address them. This information would have been useful to Tamara in improving the controls in TFS's accounting processes.*

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**Assessment Opportunity #6 (FR)**

**The candidate discusses the inventory issues and recommends the appropriate accounting treatment.**

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

Assess the Situation

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

Assess the Situation

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**Your discussions of the accounting treatment for the inventory issues lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Your discussions of the accounting treatment for the inventory issues contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not provide recommendations on the accounting treatment for the inventory issues that were consistent with your analysis.**

Conclude and Advise

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

*You did not address this assessment opportunity. The requirement was provided on the first page of the case, where it was noted: "Lastly, Tamara tells you about some inventory issues, and asks whether the inventory balance needs to be adjusted in the October 31, 2022, financial statements (Appendix V)." Appendix V contained detailed information relating to TFS's inventory issues. This should have further alerted you to the need to utilize this information in your response to this case. In this case, it did seem that you had identified this request because you included the following heading: "AO: inventory issues." It was unclear whether your lack of response was due to time management issues or to a lack of technical knowledge in how to respond. If it was the former, ensure you allocate enough time to address the key requirements of the case. If it was the latter, it is essential to have a good understanding of financial reporting concepts so that you can provide a useful analysis in response to the requests made in the case.*

**Overall Comments**

Yes

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

*Your response was well organized and easy to follow. You structured your response using headings and subheadings, which served to organize your response and to clearly indicate what you were addressing. You also separated your discussions by assessment opportunity, which was a logical way to respond to this case. You also used an effective structure when you discussed the control weaknesses in TFS's accounting processes. Here, you applied a weakness, implication and recommendation format, which was useful in this case as it ensured that you provided sufficient depth in your explanations, and that you included recommendations to address those weaknesses.*

**Did the candidate understand their role?**

No

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*You did not always appear to have understood your role when addressing the requests made by Tamara. For example, although you recognized the need to provide considerations in the sale of Tamara's shares, you did not seem to have a clear understanding of what was being asked. Tamara was specifically contemplating selling her shares to John and Scott, and therefore asked for "broader considerations that I should factor in, when deciding whether to sell shares to John and Scott." There were many facts provided about John as Scott, and you were expected to focus your analysis on points that were especially relevant to selling to the two of them. Instead, you provided a tax-focused general discussion of implications of selling shares for more and less than fair market value, which was not relevant for Tamara's request. Ensure that you read the case carefully so that you have a clear and complete understanding of what is being asked, and that you focus on a response that is aimed at providing the type of information requested. In addition, you did not always provide Tamara, the user, with sufficient information to respond to her requests. Specifically, you did not provide sufficient depth in your explanations of whether Tamara can use her LCGD and the improvements to the financing proposal. 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, and you should focus on providing more complete analyses in order to sufficiently demonstrate your knowledge in these competency areas, as well as to meet the needs of the users. Finally, you did not address all of the assessment opportunities, specifically the issues in accounting for inventory. Ensure that you carefully read the case and highlight key information so that you have a good understanding of your role and have the opportunity to address all of the requests made in the case. Omitting any of the requests eliminates an opportunity for you to demonstrate your knowledge in that competency area. Overall, it did seem that you had identified this request and your lack of response may have been instead due to time management issues, or to a lack of clarity in how to respond or analyze the issue.*

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

Yes

*Your response was written efficiently and was easy to read and understand. You applied an effective writing style as you used point form, which allowed you to be concise while your thoughts were generally still complete and clear. In addition, your exhibit was well laid-out and organized, and you structured it in a way that made it easy to follow. You made good use of notes in order to reference the explanations for your figures and adjustments. This was very helpful in understanding and following your calculations.*

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

No

*For the most part, you did a good job focusing your response on the significant requests and issues in this case. However, you seemed to have an overall focus on irrelevant taxation issues in some areas rather than focusing on the specific requests from Tamara, including a lengthy analysis of selling shares at a price that was below, above or equal to the fair market value of the shares. This was not appropriate as no request had been made in the case to discuss this and there is no available information about the selling price of her shares, or the fair market value of her shares. The time spent on this could have been better spent addressing the actual requests and issues. A careful reading of the case is essential to ensure that you focus your response on providing only the required information, and do not spend time on unnecessary discussions or analysis.*

**Did the response appear balanced?**

No

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*Your response was not well-balanced as you did not address all of the requests made by Tamara. Specifically, you did not address the issues in accounting for inventory. By contrast, you provided a lengthy analysis of the control weaknesses in TFS's accounting processes, covering this issue over one entire page of your three page response. There were a lot of issues to cover in this case 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 requests made in the case.*

## Day 3-3 Brokers Inc. (Brokers)

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### Assessment Opportunity #1 (FR)

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

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

Assess the Situation

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

Analyze Major Issue(s)  
- Qualitative

*You attempted to provide Ann with advice on how to account for the costs related to the software, but you did not always provide sufficient depth in your analysis. You allocated the software costs between which could or could not be capitalized, stating: "the cost of the researching can not be capitalised, \$3,000." and "the following only meet the above 6 criteria, and then should be capitalised: design \$5,600, software implementation \$24300, documentation 5800, testring \$24000." However, you did not support your allocation through reference to the relevant handbook sections and technical criteria under ASPE 3064. A better response would have analyzed the software costs under some of the relevant handbook sections relating to intangible assets, such as the definition and recognition criteria and the development phase criteria for internally generated intangible asset, applying case facts to these criteria to explain how they were met in this case, in order to support your conclusion about their ability to capitalize the costs.*

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

Analyze Major Issue(s)  
- Qualitative

You did not provide a recommendation on the accounting treatment for the cost related to the software that was consistent with your analysis.

Conclude and Advise

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

*You attempted to address Ann's request for advice on how to account for the costs related to the software. However, when discussing how to record the software as an internally generated intangible asset, there was additional relevant handbook guidance that could have been discussed. You were expected to discuss this in more depth in order to provide Ann with sufficient information to understand the accounting issue, and to provide adequate support for your recommended accounting treatment. Ensure you allocate enough time to address the key requirements of the case, in order to demonstrate your understanding of the issues presented in the case.*

**Assessment Opportunity #2 (FIN)**

**The candidate performs a quantitative and qualitative analysis of the financing options for the equipment and provides a recommendation.**

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

Assess the Situation

**You did not provide a quantitative and/or qualitative analysis of the financing options for the equipment.**

Assess the Situation

*While you identified the request to assess which financing option is preferable for acquiring the new equipment, your analysis was limited to a qualitative discussion, and you did not perform a quantitative comparison of the financing options. The case provided details on the bank loan and the capital lease options, and it was important to quantitatively compare the options in order to provide Janine and Ann with more complete information when making their decision, and to demonstrate your understanding of finance concepts.*

**You did not discuss a sufficient number of qualitative factors to consider when choosing an appropriate financing option for the equipment.**

Assess the Situation

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

Assess the Situation

**Your quantitative analysis was not internally consistent.**

Analyze Major Issue(s)  
- Quantitative

**Your quantitative analysis contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**Your discussion of the qualitative factors lacked depth.**

Analyze Major Issue(s)  
- Qualitative

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*Although you attempted to address some of the qualitative factors to be considered when choosing between the two financing options, your analysis did not always provide sufficient depth. For example, when addressing the security for the bank loan, you stated: "a security over all the asset is required." This was not sufficient because it did not go beyond case facts to explain why this would impact Brokers and why it is a factor in the decision. A stronger response would have pointed out that the bank requires security over all of Brokers' assets, and this could cause issues if Brokers needs more financing in the future or is a significant amount of collateral that could impact their overall business should they default. Also, when discussing that the capital lease vendor provides for routine maintenance costs (which will be required by Brokers in either option), you stated: "there are some routine maintenance services by the vendor." This was not sufficient because it did not accurately explain the implications in this case, since Brokers would need the maintenance regardless of the option. A stronger response would have further explained that the capital lease vendor provides maintenance as part of the cost of the lease, and this is likely an advantage since the capital lease vendor will know their equipment better than a third-party provider or Brokers would not have to spend time or be concerned about finding a proper maintenance provider if they select the capital lease option.*

**You did not provide a recommendation on which financing option to choose for the equipment that was consistent with your analysis.**

Conclude and Advise

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

*You provided some analysis of the financing options for the equipment. However, your analysis did not contain a quantitative analysis of the bank loan and capital lease. A more balanced analysis considering both qualitative and quantitative aspects of each financing option would have provided better information to Janine and Ann. This would have helped them in determining which financing option to select and would have allowed you to demonstrate your understanding of the finance concepts in this case. In addition, your analysis lacked depth since you did not always adequately or accurately explain or support why your points were relevant to Brokers' decision. It is important to consider the users, and in this case, Janine and Ann would require an understanding of why the factors you identified should be considered, in order to effectively weigh that information when evaluating which financing option to select.*

---

**Assessment Opportunity #3 (MA)**

**The candidate determines the selling price for Brokers' beer during the "stock market crash".**

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

Assess the Situation

**You did not include a sufficient number of elements in your calculation of the minimum selling price.**

Assess the Situation

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*Your analysis of the minimum selling price during the "stock market crash" did not include a sufficient number of valid elements. While you did attempt to address this request, there were many variable and fixed costs to consider when analyzing the full production costs, and you did not include enough of them in your analysis. Some additional variables you could have included were: rent, exclusion of marketing and general and administrative costs, indirect brewing labour, insurance, depreciation and maintenance. In order to provide Janine and Ann with a more complete and useful analysis, more of the costs should have been included.*

**You did not include both variable and fixed costs in your calculation of the minimum selling price.**

Analyze Major Issue(s)  
- Quantitative

**Your calculation of the minimum selling price contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**You did not provide a minimum selling price for the "stock market crash".**

Conclude and Advise

*Although you attempted to provide a calculation, you did not provide a conclusion on the minimum selling price based on total production costs as your analysis calculated individual production costs only. The case stated, "They also need help determining what the selling price for a pint of beer should be during the "stock market crash." Brokers will only brew and sell its own beer and does not want to sell at a price lower than its full production cost at any time." As such, to meet the needs of Janice and Ann, your analysis should have provided a conclusion as to the minimum price per pint based on total production costs.*

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

*You provided a calculation of some variable and fixed costs. You also considered the number of kegs produced. However, your analysis did not contain a sufficient number of production costs overall. There were several variable and fixed costs that needed to be included, and a more complete analysis would have provided better information to Janine and Ann. This would have helped them in more accurately determining the minimum selling price based on total production costs, and would have allowed you to better demonstrate your understanding of the management accounting concepts in this case. In addition, you did not provide a recommendation on the minimum selling price per pint based on total production costs to Janine and Ann for the minimum selling price of the beer. In order to meet their needs and answer their direct question, you should have provided them with clear guidance, instead of leaving it up to them to interpret your quantitative analysis and determine this themselves.*

### Assessment Opportunity #4 (ASSU)

**The candidate discusses audit procedures that the auditor will likely perform on the software, new equipment, and capital lease.**

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

Assess the Situation

You did not provide a sufficient number of relevant audit procedures to be performed.

Assess the Situation

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

Assess the Situation

Your audit 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

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

*Overall, your response on this assessment opportunity was well done. You provided audit procedures within the areas mentioned by Ann.*

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### Assessment Opportunity #5 (TAX)

**The candidate discusses ways to get cash out of the company from a tax perspective, and discusses the tax treatment for the software components and equipment (whether it is either purchased or leased).**

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

Assess the Situation

You did not address both the ways to get cash out of the company and the tax treatment for the software components and equipment.

Assess the Situation

**You did not identify a sufficient number of relevant tax considerations.**

Assess the Situation

**Your discussion of the tax issues lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*Although you attempted to discuss some of the ways to get cash out of the company and the impact from both a personal and corporate tax perspective and the tax treatment for the software components and equipment, you did not always explain the concepts sufficiently to allow Janine and Ann to understand the implications of the tax issues. It is important not only to correctly identify the taxation concept or consideration, but also to demonstrate your technical understanding through clear explanations for each of the areas discussed. For example, when addressing the software development costs, you should have explained that the internally generated software costs would be included in class 12. You discussed the software costs but stated only: "Software: tax CCA deduction is allowed." This discussion was not sufficient to explain the underlying taxation concept because there are many CCA classes and Janine and Ann would require specific information about CCA for the software to assess the impact on taxes payable.*

**Your discussion of the tax issues contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

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

*You attempted to provide a discussion of some of the ways to get cash out of the company and the impact from both a personal and corporate tax perspective and the tax treatments for the software components and equipment. However, you did not provide sufficient depth in some of your discussions. You were expected to provide a more complete discussion in order to demonstrate your understanding of the taxation concepts in this case. More complete explanations would have provided Janine and Ann with useful information in understanding the tax implications on the software components and equipment.*

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**Assessment Opportunity #6 (STRAT & GOV)**

**The candidate evaluates the opportunities and risks related to the new business venture.**

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

Assess the Situation

**You did not identify a sufficient number of relevant opportunities and risks.**

Assess the Situation

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**You did not address both the opportunities and risks.**

Assess the Situation

**Your discussion of the opportunities and risks lacked depth.**

Analyze Major Issue(s)  
- Qualitative

*You attempted to address some of the opportunities and risks, but your analysis did not always provide sufficient depth. For example, for the risk relating to the lack of specific experience, you stated: “increase the complexity of the management.” This was not sufficient because your analysis was too generic and did not explain why this is a risk. A stronger response would have explained that because neither Janine or Ann have experience in the bar industry, it may be difficult to successfully run the business as the bar industry is a very specific market and is very different from what Janine and Ann have done in the past.*

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

*You attempted to address Janine’s and Ann’s request for an objective assessment of the opportunities and risks of their business venture, and you provided some opportunities and risks. However, your analysis lacked depth as your discussions did not always explain why the opportunities and risks were relevant to their new business venture). It is important to consider your audience, and Janine and Ann would require not just an identification of the opportunities and risks, but also an explanation of how these opportunities and risks impact Brokers. You should also note that you spent some time discussing opportunities and risks that were not relevant points in this case. Some of these examples included: “need to increase the professional fees for audited FS that may need from the investor.” Ensure that you manage your time effectively by only covering points that are relevant and important in the situation.*

**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

*You did not always appear to have had a complete understanding of your role. For example, you did not always provide Janine and Ann, the users, with sufficient information to respond to their requests. For example, you did not provide sufficient depth in your explanations of the accounting treatment for the software costs, the qualitative factors when assessing the financing options for the equipment, the tax considerations for the software and equipment, and the opportunities and risks of the business venture. 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 entirely fulfill your role.*

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

Yes

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*Point form was used throughout your response, and although this made your response concise and easy to read, this sometimes limited the depth of your discussions. For example, you wrote: "- no interest needed" as a pro to the capital lease. 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?**

No

*You spent time discussing irrelevant opportunities and risks to the business venture. For example, you stated "after the business venture, it may lose the control of the business." This was not appropriate since the project is at the beginning and there were no case facts indicating a possible loss of control. This time could have been spent addressing other, more significant, requests and issues. Ensure that you read the case carefully and have a clear understanding of the requests made and how your analysis will be useful in addressing those requests, before investing the time.*

**Did the response appear balanced?**

No

*You appear to have spent a significant amount of time on your qualitative analysis. Although this was important, the level of detail you provided was not necessary. It was possible to explain the tax implications on the options to withdraw funds and the opportunities and risks of the business venture with less detail. For example, you could have listed less elements in your analysis, and better explained them. You should also note that you did not present a quantitative analysis of the financing options and that the quantitative analysis to determine the selling price of the beer was short and incomplete.*

## **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.

### Taxation

#### Day 3-1 STH Inc. (STH)

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**Assessment Opportunity #7 (TAX)**

Your calculation of STH'S taxable income contained technical errors.



Analyze Major Issue  
(s) - Quantitative

Your calculation of STH's taxable income did not incorporate enough CCA elements.



Analyze Major Issue  
(s) - Quantitative

#### Day 3-2 TFS Ltd. (TFS)

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**Assessment Opportunity #1 (TAX)**

Your discussion of the LCGD and/or QSBC criteria lacked depth.



Analyze Major Issue  
(s) - Qualitative

#### Day 3-3 Brokers Inc. (Brokers)

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**Assessment Opportunity #5 (TAX)**

Your discussion of the tax issues lacked depth.



Analyze Major Issue  
(s) - Qualitative

### Financial Reporting

#### Day 2 Tasty Meal Baskets Limited (TMB)

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**Assessment Opportunity #3 (FR)**

Your discussion of the accounting treatment for the renovation costs lacked depth.



Analyze Major Issue  
(s) - Qualitative

**Day 3-1 STH Inc. (STH)**

---

**Assessment Opportunity #1 (FR)**

Your discussion of the investment property lacked depth.

Analyze Major Issue (s) - Qualitative

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

Conclude and Advise

**Day 3-2 TFS Ltd. (TFS)**

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**Assessment Opportunity #6 (FR)**

The candidate discusses the inventory issues and recommends the appropriate accounting treatment.

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

Assess the Situation

**Day 3-3 Brokers Inc. (Brokers)**

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**Assessment Opportunity #1 (FR)**

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

Analyze Major Issue (s) - Qualitative

**Audit and Assurance**

**Day 2 Tasty Meal Baskets Limited (TMB)**

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**Assessment Opportunity #1 (AS)**

Your discussion of the geographic regions was not focused on the financial statement disclosure.

Analyze Major Issue (s) - Integrate Situation

**Assessment Opportunity #3 (AS)**

Your discussion of future system conversions and the converted sales system data lacked breadth.

Assess the Situation

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Your discussion of future system conversions and the converted sales system data lacked depth.  Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #4 (AS)**

Your discussion of due diligence procedures related to the proposed acquisition of Sweet Tooth Ltd. lacked depth.  Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #5 (AS)**

Your discussion of the internal control weaknesses lacked depth.  Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #6 (AS)**

Your discussion of audit procedures for the requirements in the supplier contract lacked depth.  Analyze Major Issue (s) - Qualitative

The audit procedures you provided for the requirements in the supplier contract were not always practical and/or effective.  Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #7 (AS)**

Your discussion of material account balances that would likely be included in the key audit matters section of the auditors' report lacked depth.  Analyze Major Issue (s) - Qualitative

## Finance

### Day 3-1 STH Inc. (STH)

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**Assessment Opportunity #5 (FIN)**

You did not analyze both the financial and non-financial covenants.  Assess the Situation

Your calculation of the financial covenants contained technical errors.  Analyze Major Issue (s) - Quantitative

### Day 3-2 TFS Ltd. (TFS)

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**Assessment Opportunity #3 (FIN)**

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**You did not identify a sufficient number of relevant improvements to the financing proposal.**



Assess the Situation

**Your discussion of the improvements to the financing proposal lacked depth.**



Analyze Major Issue (s) - Qualitative

**Day 3-3 Brokers Inc. (Brokers)**

---

**Assessment Opportunity #2 (FIN)**

**You did not provide a quantitative and/or qualitative analysis of the financing options for the equipment.**



Assess the Situation

**Your discussion of the qualitative factors lacked depth.**



Analyze Major Issue (s) - Qualitative

## **Strategy and Governance**

**Day 3-1 STH Inc. (STH)**

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**Assessment Opportunity #4 (GOV)**

**You did not address a sufficient number of audit committee issues.**



Assess the Situation

**Your discussion of the audit committee issues lacked depth.**



Analyze Major Issue (s) - Qualitative

**Day 3-2 TFS Ltd. (TFS)**

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**Assessment Opportunity #2 (GOV)**

**You did not identify a sufficient number of considerations in the decision.**



Assess the Situation

**Day 3-3 Brokers Inc. (Brokers)**

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**Assessment Opportunity #6 (GOV)**

**Your discussion of the opportunities and risks lacked depth.**



Analyze Major Issue (s) - Qualitative

## Management Accounting

### Day 2 Tasty Meal Baskets Limited (TMB)

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#### Assessment Opportunity #4 (MA)

Your discussion of the possible causes for the significant variances lacked depth.



Analyze Major Issue (s) - Qualitative

#### Assessment Opportunity #5 (MA)

The candidate prepares the spending budgets, explains whether the Chef Rita meal kits are expected to exceed the spending target, and explains the factors that impact meeting the target.

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



Assess the Situation

#### Assessment Opportunity #6 (MA)

Your comments on TMB's revenue trends lacked breadth.



Analyze Major Issue (s) - Qualitative

Your comments on TMB's revenue trends lacked depth.



Analyze Major Issue (s) - Qualitative

You did not provide a conclusion or recommendation to address the issues identified by the data provided.



Conclude and Advise

### Day 3-3 Brokers Inc. (Brokers)

---

#### Assessment Opportunity #3 (MA)

You did not include a sufficient number of elements in your calculation of the minimum selling price.



Assess the Situation

You did not provide a minimum selling price for the "stock market crash".



Conclude and Advise

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

## Section C: General Findings and CPA Enabling Skills

### Did the response appear balanced?

Day 2 Tasty Meal Baskets Limited (TMB)

Yes

*The Assurance 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 Tasty Meal Baskets Limited (TMB)

No

*The Common section of your response was heavily weighted on financial reporting issues. This appeared to have limited the time you had to address the other issues. For example, you spent nine pages on financial reporting issues but only one page on management accounting issues. Additionally, you did not attempt the calculation of the revised spending budget. This prevented you from addressing all of the requirements in the case and obtaining sufficient depth in the management accounting competency. It is important to plan your time on each case and ensure you allocate sufficient time to each of the significant issues.*

Day 3-1 STH Inc. (STH)

No

*Your response was well balanced, and you seemed to have allocated an appropriate amount of time to each of the assessment opportunities for the most part. One exception to note, was that your discussion of the audit committee structure was very brief and incomplete. It is important to plan your time on each case and ensure you allocate a sufficient amount of time to each of the significant issues.*

Day 3-2 TFS Ltd. (TFS)

No

*Your response was not well-balanced as you did not address all of the requests made by Tamara. Specifically, you did not address the issues in accounting for inventory. By contrast, you provided a lengthy analysis of the control weaknesses in TFS's accounting processes, covering this issue over one entire page of your three page response. There were a lot of issues to cover in this case 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 requests made in the case.*

Day 3-3 Brokers Inc. (Brokers)

No

*You appear to have spent a significant amount of time on your qualitative analysis. Although this was important, the level of detail you provided was not necessary. It was possible to explain the tax implications on the options to withdraw funds and the opportunities and risks of the business venture with less detail. For example, you could have listed less elements in your analysis, and better explained them. You should also note that you did not present a quantitative analysis of the financing options and that the quantitative analysis to determine the selling price of the beer was short and incomplete.*

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

Day 2 Tasty Meal Baskets Limited (TMB)

No

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*For the Assurance section of your response, point form was used and this sometimes limited the depth of your discussions. For example, you wrote: "to obtain the backup for inventories and physically check for the inventories if necessary." This was an insufficient discussion because you did not provide both the evidence to be obtained and the work to be performed. You should ensure that you always provide a complete discussion to clearly present your thoughts, even when using point form.*

### Day 2 Tasty Meal Baskets Limited (TMB)

Yes

*For the Common section, your response was written efficiently and was easy to read and understand. You used complete paragraphs which allowed you to provide thoughts that were complete and clear.*

### Day 3-1 STH Inc. (STH)

Yes

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

### Day 3-2 TFS Ltd. (TFS)

Yes

*Your response was written efficiently and was easy to read and understand. You applied an effective writing style as you used point form, which allowed you to be concise while your thoughts were generally still complete and clear. In addition, your exhibit was well laid-out and organized, and you structured it in a way that made it easy to follow. You made good use of notes in order to reference the explanations for your figures and adjustments. This was very helpful in understanding and following your calculations.*

### Day 3-3 Brokers Inc. (Brokers)

Yes

*Point form was used throughout your response, and although this made your response concise and easy to read, this sometimes limited the depth of your discussions. For example, you wrote: "- no interest needed" as a pro to the capital lease. You should ensure that you always provide a complete discussion to clearly present your thoughts, even when using point form.*

## Overall Comments

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

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#### Day 2 Tasty Meal Baskets Limited (TMB)

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.*

#### Day 2 Tasty Meal Baskets Limited (TMB)

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. For the Common section, you provided good structure while responding to the requests. For example, your structure of listing the Handbook criteria, applying case facts to each of the criteria and forming a conclusion ensured you had a good format for achieving sufficient depth in your discussions.*

**Day 3-1 STH Inc. (STH)**

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. You also used an effective structure when you discussed the operational weaknesses in STH's ordering and delivery processes. Here, you applied a weakness, implication and recommendation format, which was useful as it ensured that you provided sufficient depth in your explanations, and that you included recommendations to address those weaknesses.*

**Day 3-2 TFS Ltd. (TFS)**

Yes

*Your response was well organized and easy to follow. You structured your response using headings and subheadings, which served to organize your response and to clearly indicate what you were addressing. You also separated your discussions by assessment opportunity, which was a logical way to respond to this case. You also used an effective structure when you discussed the control weaknesses in TFS's accounting processes. Here, you applied a weakness, implication and recommendation format, which was useful in this case as it ensured that you provided sufficient depth in your explanations, and that you included recommendations to address those weaknesses.*

**Day 3-3 Brokers Inc. (Brokers)**

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.*

**Did the candidate understand their role?**

**Day 2 Tasty Meal Baskets Limited (TMB)**

No

*For the Assurance section, you did not appear to have understood your role as an audit manager, working in TMB's internal audit department. For example, you said "to list each of the asset, liability and revenues and expenses under BC, AB and BC, since they are based on the acquisition of PVM. and then list the total of all three regions in FS and to show specifically from these regions." This was not appropriate because you did not address this requirement from the perspective of an audit manager, but rather from a strategy perspective.*

**Day 2 Tasty Meal Baskets Limited (TMB)**

Yes

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

**Day 3-1 STH Inc. (STH)**

No

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*You did not always appear to have understood your role when addressing the requests made by Rafael and Claudia. For example, you addressed only one part of the request when asked to review the current audit committee composition and the appropriateness of the mandate. Taking time to carefully read the case is important in ensuring that you have a complete understanding of what the user is looking for and for you to fully and accurately grasp your role. Omitting one of the requests eliminated an opportunity to demonstrate an understanding of the strategy and governance issues in this case. You also did not address the non-financial covenants and therefore you did not fully address Rafael's request.*

**Day 3-2 TFS Ltd. (TFS)**

No

*You did not always appear to have understood your role when addressing the requests made by Tamara. For example, although you recognized the need to provide considerations in the sale of Tamara's shares, you did not seem to have a clear understanding of what was being asked. Tamara was specifically contemplating selling her shares to John and Scott, and therefore asked for "broader considerations that I should factor in, when deciding whether to sell shares to John and Scott." There were many facts provided about John as Scott, and you were expected to focus your analysis on points that were especially relevant to selling to the two of them. Instead, you provided a tax-focused general discussion of implications of selling shares for more and less than fair market value, which was not relevant for Tamara's request. Ensure that you read the case carefully so that you have a clear and complete understanding of what is being asked, and that you focus on a response that is aimed at providing the type of information requested. In addition, you did not always provide Tamara, the user, with sufficient information to respond to her requests. Specifically, you did not provide sufficient depth in your explanations of whether Tamara can use her LCGD and the improvements to the financing proposal. 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, and you should focus on providing more complete analyses in order to sufficiently demonstrate your knowledge in these competency areas, as well as to meet the needs of the users. Finally, you did not address all of the assessment opportunities, specifically the issues in accounting for inventory. Ensure that you carefully read the case and highlight key information so that you have a good understanding of your role and have the opportunity to address all of the requests made in the case. Omitting any of the requests eliminates an opportunity for you to demonstrate your knowledge in that competency area. Overall, it did seem that you had identified this request and your lack of response may have been instead due to time management issues, or to a lack of clarity in how to respond or analyze the issue.*

**Day 3-3 Brokers Inc. (Brokers)**

No

*You did not always appear to have had a complete understanding of your role. For example, you did not always provide Janine and Ann, the users, with sufficient information to respond to their requests. For example, you did not provide sufficient depth in your explanations of the accounting treatment for the software costs, the qualitative factors when assessing the financing options for the equipment, the tax considerations for the software and equipment, and the opportunities and risks of the business venture. 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 entirely fulfill your role.*

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

**Day 2 Tasty Meal Baskets Limited (TMB)**

Yes

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*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.*

**Day 2 Tasty Meal Baskets Limited (TMB)**

Yes

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

**Day 3-1 STH Inc. (STH)**

Yes

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

**Day 3-2 TFS Ltd. (TFS)**

No

*For the most part, you did a good job focusing your response on the significant requests and issues in this case. However, you seemed to have an overall focus on irrelevant taxation issues in some areas rather than focusing on the specific requests from Tamara, including a lengthy analysis of selling shares at a price that was below, above or equal to the fair market value of the shares. This was not appropriate as no request had been made in the case to discuss this and there is no available information about the selling price of her shares, or the fair market value of her shares. The time spent on this could have been better spent addressing the actual requests and issues. A careful reading of the case is essential to ensure that you focus your response on providing only the required information, and do not spend time on unnecessary discussions or analysis.*

**Day 3-3 Brokers Inc. (Brokers)**

No

*You spent time discussing irrelevant opportunities and risks to the business venture. For example, you stated "after the business venture, it may lose the control of the business." This was not appropriate since the project is at the beginning and there were no case facts indicating a possible loss of control. This time could have been spent addressing other, more significant, requests and issues. Ensure that you read the case carefully and have a clear understanding of the requests made and how your analysis will be useful in addressing those requests, before investing the time.*

## CPA Enabling Skills

### Assess the Situation

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#### Assessment Opportunity #6 (FR)

The candidate discusses the inventory issues and recommends the appropriate accounting treatment.

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



Day 3-2 TFS Ltd.  
(TFS)  
AO #6  
FR

You did not analyze both the financial and non-financial covenants.



Day 3-1 STH Inc.  
(STH)  
AO #5  
FIN

You did not identify a sufficient number of relevant improvements to the financing proposal.



Day 3-2 TFS Ltd.  
(TFS)  
AO #3  
FIN

You did not provide a quantitative and/or qualitative analysis of the financing options for the equipment.



Day 3-3 Brokers Inc.  
(Brokers)  
AO #2  
FIN

You did not address a sufficient number of audit committee issues.



Day 3-1 STH Inc.  
(STH)  
AO #4  
GOV

You did not identify a sufficient number of considerations in the decision.



Day 3-2 TFS Ltd.  
(TFS)  
AO #2  
GOV

### Assessment Opportunity #5 (MA)

The candidate prepares the spending budgets, explains whether the Chef Rita meal kits are expected to exceed the spending target, and explains the factors that impact meeting the target.

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

You did not include a sufficient number of elements in your calculation of the minimum selling price.

Day 2 Tasty Meal  
Baskets Limited (TMB)

AO #5  
MA

Day 3-3 Brokers Inc.  
(Brokers)

AO #3  
MA

### Assess the Situation

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Your discussion of future system conversions and the converted sales system data lacked breadth.

Day 2 Tasty Meal  
Baskets Limited (TMB)

AO #3  
AS

### Analyze Major Issue(s) - Quantitative

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Your calculation of STH'S taxable income contained technical errors.

Day 3-1 STH Inc.  
(STH)  
AO #7  
TAX

Your calculation of STH's taxable income did not incorporate enough CCA elements.

Day 3-1 STH Inc.  
(STH)  
AO #7  
TAX

Your calculation of the financial covenants contained technical errors.

Day 3-1 STH Inc.  
(STH)  
AO #5  
FIN

### Analyze Major Issue(s) - Qualitative

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Your discussion of the LCGD and/or QSBC criteria lacked depth.

Day 3-2 TFS Ltd.  
(TFS)  
AO #1  
TAX

September 2022 Common Final Examination (CFE)- Day 2 and Day 3

<b>Your discussion of the tax issues lacked depth.</b>	<input checked="" type="checkbox"/>	Day 3-3 Brokers Inc. (Brokers) AO #5 TAX
<b>Your discussion of the accounting treatment for the renovation costs lacked depth.</b>	<input checked="" type="checkbox"/>	Day 2 Tasty Meal Baskets Limited (TMB)  AO #3 FR
<b>Your discussion of the investment property lacked depth.</b>	<input checked="" type="checkbox"/>	Day 3-1 STH Inc. (STH) AO #1 FR
<b>Your discussion of the accounting treatment for the costs related to the software lacked depth.</b>	<input checked="" type="checkbox"/>	Day 3-3 Brokers Inc. (Brokers) AO #1 FR
<b>Your discussion of future system conversions and the converted sales system data lacked depth.</b>	<input checked="" type="checkbox"/>	Day 2 Tasty Meal Baskets Limited (TMB)  AO #3 AS
<b>Your discussion of due diligence procedures related to the proposed acquisition of Sweet Tooth Ltd. lacked depth.</b>	<input checked="" type="checkbox"/>	Day 2 Tasty Meal Baskets Limited (TMB)  AO #4 AS
<b>Your discussion of the internal control weaknesses lacked depth.</b>	<input checked="" type="checkbox"/>	Day 2 Tasty Meal Baskets Limited (TMB)  AO #5 AS
<b>Your discussion of audit procedures for the requirements in the supplier contract lacked depth.</b>	<input checked="" type="checkbox"/>	Day 2 Tasty Meal Baskets Limited (TMB)  AO #6 AS
<b>The audit procedures you provided for the requirements in the supplier contract were not always practical and/or effective.</b>	<input checked="" type="checkbox"/>	Day 2 Tasty Meal Baskets Limited (TMB)  AO #6 AS

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<b>Your discussion of material account balances that would likely be included in the key audit matters section of the auditors' report lacked depth.</b>	<input checked="" type="checkbox"/> X	Day 2 Tasty Meal Baskets Limited (TMB) AO #7 AS
<b>Your discussion of the improvements to the financing proposal lacked depth.</b>	<input checked="" type="checkbox"/> X	Day 3-2 TFS Ltd. (TFS) AO #3 FIN
<b>Your discussion of the qualitative factors lacked depth.</b>	<input checked="" type="checkbox"/> X	Day 3-3 Brokers Inc. (Brokers) AO #2 FIN
<b>Your discussion of the audit committee issues lacked depth.</b>	<input checked="" type="checkbox"/> X	Day 3-1 STH Inc. (STH) AO #4 GOV
<b>Your discussion of the opportunities and risks lacked depth.</b>	<input checked="" type="checkbox"/> X	Day 3-3 Brokers Inc. (Brokers) AO #6 GOV
<b>Your discussion of the possible causes for the significant variances lacked depth.</b>	<input checked="" type="checkbox"/> X	Day 2 Tasty Meal Baskets Limited (TMB) AO #4 MA
<b>Your comments on TMB's revenue trends lacked breadth.</b>	<input checked="" type="checkbox"/> X	Day 2 Tasty Meal Baskets Limited (TMB) AO #6 MA
<b>Your comments on TMB's revenue trends lacked depth.</b>	<input checked="" type="checkbox"/> X	Day 2 Tasty Meal Baskets Limited (TMB) AO #6 MA

**Analyze Major Issue(s) - Integrate Situation**

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September 2022 Common Final Examination (CFE)- Day 2 and Day 3

**Your discussion of the geographic regions was not focused on the financial statement disclosure.**

Day 2 Tasty Meal  
Baskets Limited (TMB)

AO #1  
AS

## Conclude and Advise

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

Day 3-1 STH Inc.  
(STH)  
AO #1  
FR

**You did not provide a conclusion or recommendation to address the issues identified by the data provided.**

Day 2 Tasty Meal  
Baskets Limited (TMB)

AO #6  
MA

**You did not provide a minimum selling price for the "stock market crash".**

Day 3-3 Brokers Inc.  
(Brokers)  
AO #3  
MA