



Financial Management

Tutor Conference 2019

WORKSHOP NOTES

Q. If say the cost of equity comes out at 50-60%, do you still offer follow through marks?

A. If we are convinced the student knows what they are doing, yes we offer follow through marking.

Q. Regarding irredeemable debt. If they use the coupon interest payment as the cost and they do that after tax, do they get any marks?

A. They would get 1 mark for the tax adjustment, but nothing for using the coupon. Unless the market price of the debenture is at par, however this is unlikely.

Q. If students pick the wrong forex option, would you offer follow through marks?

A. Yes, as long as they follow it through so if it should be a call that is exercised and they choose a put, that should be abandoned.

Q. Will the contract size for a traded option always be in GBP and an OTC be in other currencies?

A. Yes, the traded option contract size is always in GBP. OTC options could be in any currency including GBP.

Q. In terms of CBE, during the exam if there are any IT issues, does this come through on their script?

A. The team have only come across one script where a student typed "IT issues, see below" and the marker had to scroll down to obtain the response. IT issues that prevent a student answering are dealt with by a separate reporting mechanism at the exam centre.

Q. On the point where students type A2 + B2, if a student says A2 means x and B2 means y, is that ok?

A. Markers can't see any formulae so these won't be marked as stated on the front of the exam paper.

Q. If it is a forex question, is it best that they analyse, add a summary table and then talk about the issues?

A. Often students do that on forex questions and they talk about it which is good practice.

Q. We notice that Sept & Dec 2018 exams didn't have a company valuations question, how do you decide on NPV v valuation?

A. Valuations are in approximately 1 in 4 exams on average, however there is no set pattern.

Q. You mention that the volume of written answers has reduced recently. How much of this would you contribute to poor typing skills?

A. None really, students just appear to write less instead of waffling and typing makes the scripts more compact and readable.