

**June 2016**

**CHIEF EXAMINER'S REPORT  
CORPORATE FINANCE STRATEGY & ADVICE**

**INTRODUCTION**

Twenty candidates sat the exam and the overall standard of passing candidates was good with a pass rate of 75%. Six candidates were awarded a merit and one candidate was awarded a distinction.

There were a number of very poor scripts. It was clear to the examiner that the candidates who produced these poor scripts were not yet ready to take the CFSA examination. It is essential that candidates are well prepared for this type of case study, which mimics a real-world situation. A number of scripts were extremely hard to read and candidates should be aware that illegible scripts will not be marked. The examiner is not looking for a perfectly scripted essay, but some attention should be paid to presentation.

Report format was disappointing in some responses; however, there were some very good examples. The average score was 2.7 out of 5 marks.

Turning to the individual questions:

1. Well answered by the better candidates with an average score of 9.7 marks out of 15 marks.

5 marks for valuations; 5 marks for the terms of a share exchange; 5 marks for overall structure.

2. Well answered by the better candidates with an average score of 14.1 marks out of 20 marks. However, weaker candidates provided a very brief financial analysis.

10 marks for the analysis; 10 marks for discussion and conclusions.

3. Well answered by the better candidates with an average score of 9 marks out of 15 marks. Weaker candidates were able to provide a reasonable statement of the assets and liabilities of the enlarged group; however, their analysis and conclusions were lacking.

5 marks for the statement of assets and liabilities; 5 marks for analysis; 5 marks for conclusions.

4. Well answered by the better candidates with an average score of 19.3 marks out of 30 marks. However, weaker candidates provided a very brief SWOT analysis; this was rather surprising given the number of marks awarded for this question.

20 marks for the SWOT analysis; 10 marks for conclusions.

5. Well answered by the better candidates with an average score of 2.9 marks out of 5 marks. Weaker candidates provided very brief responses with little support.

5 marks for a reasonably supported opinion.

6. Disappointing answers with an average score of 4 marks out of 8 marks. The majority of responses only considered the Code. This was surprising since, although this was essentially an M&A scenario, candidates are expected to take a broader regulatory view as they should in real life.

3 marks for the Code; 3 marks for listing rules; 2 marks for competition authorities.

7. Reasonable answers with an average score of 1.3 marks out of 2 marks. The two marks were awarded for any sensible factors mentioned.

Candidates should be aware that they should bring work (real life) experience into their preparation and development and are therefore expected to answer questions that test knowledge and understanding outside of the confines of the course textbook.