

**YOUR PERFORMANCE ANALYSIS REPORT**  
**2017 Common Final Examination (CFE)**

DAY 2 AND DAY 3

## 2017 Common Final Examination (CFE)- Day 2 and Day 3

Candidate Number XXX

Enclosed is your performance analysis report for the September 2017 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 2017 CFE.

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

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

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

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

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

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

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

## Section C: General Findings and CPA Enabling Skills

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

For the General Findings sub-section, each of the reviewers has answered the same general questions, and their findings are summarized for you. Any questions that have a “NO” response are highlighted. These are the general areas in which you demonstrated weakness. The CPA Enabling Skills sub-section is a re-sorting of the reviewers’ specific AO-by-AO comments from Section A by CPA enabling skills grouping (following the CPA Way). Each grouping is clearly defined so that you know in which of the essential CPA enabling skills that underlie a professional response you require further development. The groupings used consist of the following:

### 1. Assess the Situation

1. Define the issues correctly
2. Identify any underlying issues
3. Rank the issues (i.e., identify the mission-critical issues)

### 2. Analyze Major Issue(s) - Qualitative

1. Technical (applies *CPA Handbook* or *Tax Act* correctly, uses correct techniques i.e. cash flow, net present value, etc.)
2. Link theory to case facts (i.e., go beyond just stating the rules and consider the particular case facts in the analysis)
3. Evaluate the alternatives (pros and cons, implications of different options, validity of options, etc.)

### 3. Analyze Major Issue(s) - Quantitative

1. Applies the technique correctly
2. Calculates accurately
3. Explain assumptions clearly

### 4. Analyze Major Issue(s) - Integrate situation

1. Integrate the situational assessment into analyses
2. Integrate analysis of one issue into another, from one competency area to another, etc.

### 5. Conclude and Advise

1. Make a logical/practical choice – one that flows from the analysis
2. Display good judgment considering the decision factors identified
3. See the bigger picture and consider impact of one analysis on the overall conclusion

### 6. Communication: Provide clear explanations (viewpoint and “thinking pattern” are evident)

### 7. Ethics: Exhibit professionalism, identify the need for a specialist; know professional limitations and responsibilities

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

## Section A: Assessment By Simulation

### Day 2 Ferguson Real Estate Inc. (FRE)

---

#### Assessment Opportunity #1 (MA)

The candidate provides an analysis of the rent-to-own (RTO) program.

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

You did not provide an analysis of both the 10% and 7.5% requirements.

Assess the Situation

You did not include a sufficient number of elements in your analysis of whether the program objective would be met.

Analyze Major Issue(s)  
- Quantitative

The assumptions you used to determine whether the program objective would be met were inappropriate or unsupported.

Analyze Major Issue(s)  
- Quantitative

Your analysis of whether the objective would be met contained technical errors.

Analyze Major Issue(s)  
- Quantitative

*In Appendix II, you were told that the "board's objective is to have 50% of the units owned by tenants by December 31, 2018"; in addition, on the requirements page for each role, you were asked to determine whether it will be met "with the current minimum purchase credit requirement of 10%, and ... if the minimum were reduced to 7.5%". Your analysis, however, compared credits attained as at August 31, 2017 (from the report in Appendix II) to credits accumulated by December 31, 2018 without performing a comparison to the amount of credits actually required. As a result, the number of units you thought would be purchased was not realistic or consistent with the case facts. Read and plan your response carefully, and refer back to the case booklet if you are unsure of the information presented. Remember to review your calculations to ensure they are consistent with case facts before drawing your conclusions.*

You did not conclude on whether the program objective will be met under the 10% or 7.5% requirements or your conclusion was not consistent with your analysis.

Conclude and Advise

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

2017 Common Final Examination (CFE)- Day 2 and Day 3

*While you attempted to address the request from the board to assess the rent-to-own program, your analysis overcomplicated the issue and took an approach that was much too intricate and complex than was being asked for or necessary in the circumstances. Furthermore, you applied that approach incorrectly. Specifically, you performed a calculation attempting to determine a percentage at a point in time and this resulted in you not providing a useful response as well as concluding incorrectly.*

---

**Assessment Opportunity #2 (MA)**

**The candidate calculates what rent amount to charge in order to generate the target monthly net cash flow for the proposed luxury apartment venture (Ole Tower).**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not include a sufficient number of elements in your calculation of the rent to charge.**

Analyze Major Issue(s)  
- Quantitative

**The assumptions you used to calculate the rent to charge were inappropriate or unsupported.**

Analyze Major Issue(s)  
- Quantitative

**Your calculation of the rent to charge contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**You did not conclude on what rent to charge the tenants or your conclusion suggested a rent that was unreasonable or your conclusion was not consistent with your analysis.**

Conclude and Advise

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

*Your response on this assessment opportunity was sufficient, having included a reasonable calculation and a valid conclusion on the rent to charge to meet the targeted cash flow.*

---

**Assessment Opportunity #3 (FR)**

**The candidate discusses the revenue recognition with respect to the Build-Operate-Transfer (BOT) contract.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You addressed this assessment opportunity, but your discussion focused entirely on the operating component of the contract.**

Assess the Situation

2017 Common Final Examination (CFE)- Day 2 and Day 3

**Your discussion of the revenue recognition issue lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the revenue recognition issue contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

*After recognizing that Gloria asking about recording revenue related to the Build-Operate-Transfer project this year required a discussion and analysis of the revenue recognition and recommending an accounting treatment, you attempted to calculate and provide an adjustment to the financial statements. Your suggestion was as follows: "Therefore, revenue should not be recorded until October 2017, when the risks and rewards have been transferred. There is tree planting services to be done in November 2017, however this is due to the species, and the risk is low therefore revenue should continue to be recognized in October 2017. This is not in line with the objective of Gloria to record the revenue at YE and increase profitability for year ended 2017.". This treatment demonstrated that you did not understand how to properly record this transaction. The correct way to perform the adjustment would have been to increase A/R and revenue for the amount of the contract, set up a deferred liability with respect to the warranty and tree planting costs, increase revenue for the amount of operating costs to be recovered, determine the percentage of completion of the project by taking the costs incurred to date and dividing it by the total estimated costs of the project, and then applying that percentage to the total contract amount to calculate the appropriate amount of revenue to be recognized. Deferring all of the revenue until the title transfer when the percentage of completion methodology to revenue recognition should have been applied was not appropriate in the circumstances you were presented with.*

**You did not conclude on the revenue recognition issue or your conclusion was not consistent with your analysis.**

Conclude and Advise

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

*While you attempted to discuss the revenue recognition of the Build-Operate-Transfer project, your analysis contained technical errors and therefore you were unable to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #4 (FR)**

**The candidate discusses the appropriate accounting treatment for the Welzer property exchange.**

Assess the Situation

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

**Your discussion of the non-monetary issue lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

2017 Common Final Examination (CFE)- Day 2 and Day 3

**You discussion of the non-monetary issue contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude on the non-monetary issue or your conclusion was not consistent with your analysis.**

Conclude and Advise

*Although you provided a discussion of the non-monetary transaction, your conclusion was inconsistent with your analysis. In your analysis, you said that the transaction LACKS commercial substance because "No, the configuration of the cashflows from asset given up are going to be the same as the rent from the Blair property will decrease from 10%-12% to be similar to asset given up." and "No, the entity specific values are similar as both properties are apartment buildings and result in similar cashflows.", but in your conclusion, you said the transaction should be recorded at fair value per "Thereofre, all conditions are met and FRE shall measure an asset at the more reliable measure of the fair value of the asset given up and the fair value of the asset received.". But you yourself noted that "An entity shall measure an asset exchanged or transferred in a non-monetary transaction at the more reliably measurable of the fair value of the asset given up and the fair value of the asset received, unless (a) the transaction lacks commercial substance;". You proved that it lacks commercial substance - and this would mean it would NOT be recorded at fair value. It is difficult to tell whether you understood the proper application of the Handbook or the analysis that you presented when your conclusion isn't supported by your discussion of the issue.*

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

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

---

**Assessment Opportunity #5 (FR)**

**The candidate discusses the potential impairment related to the real estate valuation issues.**

Assess the Situation

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

**You addressed this assessment opportunity, but you did not recognize that there were potential impairment issues related to some of the properties.**

Assess the Situation



2017 Common Final Examination (CFE)- Day 2 and Day 3

*While you acknowledged that there were various issues that occurred in the fiscal year at the Largent, Tangletree, and Atman properties, you did not recognize that there was potential impairment at any of these properties. There were several indications of impairment including: a recent appraisal for the Largent property coming in at a low value, increased crime and decreased occupancy at Tangletree, and a large foundation crack at Atman. You only talked about whether each property should be recorded at cost, less accumulated amortization, concluding: "The amortization method and estimates of the life and useful life of an item of property, plant and equipment shall be reviewed on a regular basis. For example, as the Atman building has had some cracks, perhaps the useful life is now lower therefore amortization has to be considered.". Since there were multiple factors presented in Appendix III to trigger an impairment discussion, candidates were expected to recognize and correctly conclude on the possible impairment at these properties. These were issues wholly separate from amortizations and needed in-depth discussions of impairment indicators, determinations of fair value, and considerations of other facts and circumstances. You should read and plan your response carefully, and refer back to the case if you are unsure about the case facts that are being presented.*

**Your discussion of the potential impairment issues lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the potential impairment issues lacked breadth.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the potential impairment issues contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude on the potential impairment issues or your conclusions were not consistent with your analysis.**

Conclude and Advise

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

*While you attempted to discuss the treatment of the various properties, your analysis focused on amortization instead of impairment and therefore you were unable to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #6 (FR)**

**The candidate discusses the appropriate accounting treatment for the lawsuit.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**Your discussion of the contingent liability issue lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

2017 Common Final Examination (CFE)- Day 2 and Day 3

**Your discussion of the contingent liability issue contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude on the contingent liability issue or your conclusion was not consistent with your analysis/case facts.**

Conclude and Advise

*Although you discussed the lawsuit and whether it should be accrued and/or disclosed, you did not definitively conclude on how the contingency should be treated. You concluded to "As there is no likelihood of the lawsuit to happen, there is no contingent liability to record.", but this was inconsistent with what you suggested when you said "However, the lawsuit will be \$1.8M if it is to occur. The \$400,000 settlement should be taken and expensed before Sept 30 YE as this would result in much less money owing to the customer. Therefore a journal entry should be made: Dr. Lawsuit expense Cr. Cash/AP". Also, in your analysis you said the criterion requiring accrual not met via "• Not met, the lawyer can't determine on the likley outcome until more information is provided, these details will follow in two weeks, after the Sept 30 YE.". It is very difficult to tell whether you understood the proper application of the Handbook or the analysis that you presented when your conclusion isn't supported by your discussion of the issue.*

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

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

---

**Assessment Opportunity #7 (Enabling - Ethics)**

**The candidate discusses the potential conflict of interest issue regarding Andy's role with Halloran.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**Your discussion of the conflict of interest issue lacked depth (i.e. use of case facts, impact, etc.).**

Analyze Major Issue(s)  
- Integrate Situation

2017 Common Final Examination (CFE)- Day 2 and Day 3

*While you hinted at the fact that Andy's behaviour could be considered suspicious, you did not sufficiently explain your assessment or attempt to support it with case facts. You wrote: "There are additional independence threats such as Andy working at Holloran construction and being on their board. Holloran construction is the same company FRE hired to construct the BOT project. Therefore BOT might've gotten a discount, or Holloran paid a higher price tag, depending on who Andy is most loyal to". There were many case facts available that you could have used to present a comprehensive discussion of the conflict of interest issue. For example, in Appendix III, you were informed that five months after Halloran finished building the Atman property, a large crack was found in the foundation. You were also informed that Andy "maintains an active role on Halloran's board of directors" and that he "told the VP Acquisitions, Construction & Maintenance not to investigate the crack, stating it is not a significant problem". More issues were observed with Halloran during the Build-Operate-Transfer project where the initial inspection by the City was passed after 17 inspection deficiencies were corrected. A better response would have used these case facts to support a discussion of Andy's lack of independence with respect to working with Halloran.*

**Your discussion of the conflict of interest issue did not adequately consider the broader implications of the conflict.**

Analyze Major Issue(s)  
– Integrate Situation

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

*While you attempted to discuss the conflict of interest issue, your discussion was not in sufficient depth to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #8 (AS)**

**The candidate discusses the relevant independence rules and the potential threats involved with performing the additional work.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**Your discussion of the independence rules and potential threats lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

*While you recognized the requirement to identify and discuss any potential threats to independence, you did not utilize enough case facts to support your discussion. You only superficially discussed threats in your response when you said "FF shall establish policies and procedures designed to provide it with reasonable assurance that it is notified of breaches of independence requirements, and to enable it to take appropriate actions to resolve such situations. The policies and procedures shall include requirements for:". However, your response was very generic and there were multiple case facts available to further extend your analysis. For example, for the self-review threat, you could have mentioned that the work would not be utilized as part of the financial statement preparation process, you could have also mentioned that management's use of our analysis could impact their future decisions and impact the financial statements in this way, and that the board will use our analysis in assessing strategic decisions. Also for the self-interest threat, you could have mentioned that we would need to assess the size of the non-audit fee in relation to the audit fee and to the firm's revenue, and whether the service that was contemplated was material enough to us to not challenge management to a sufficient level. While candidates were not expected to analyze every possible independence threat in detail, they were expected to integrate a sufficient number of case facts in their discussions.*

2017 Common Final Examination (CFE)- Day 2 and Day 3

**Your discussion of the independence rules and potential threats contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You discussed the independence rules and potential threats, but one or more of your recommendations were not appropriate.**

Conclude and Advise

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

*While you attempted to address the independence issues, you did not achieve sufficient depth in your analysis. As a result, you were unable to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #9 (FR)**

**The candidate discusses the appropriate accounting treatment for the Rent-to-Own purchase credits, including any forfeited credits to date, and any potential reporting implications.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**Your discussion of the purchase credit accounting issue lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the purchase credit accounting issue contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude on the purchase credit accounting issue or your conclusion was not consistent with your analysis.**

Conclude and Advise

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

*Your response on this assessment opportunity was sufficient, having included a reasonable discussion of the purchase credits accounting issue, which included identifying the relevant ASPE standards and applying them to case facts, along with an appropriate and supported conclusion.*

**Assessment Opportunity #10 (AS)**

**The candidate assesses the overall financial statement risk for the 2017 FRE audit.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not identify a sufficient number of relevant risk factors.**

Assess the Situation

**Your discussion of the risk factors was not balanced.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the risk factors lacked depth (i.e. use of case facts, impact, etc.).**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude on an appropriate overall financial statement risk level for the engagement, or your conclusion was inappropriate.**

Conclude and Advise

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

*Your response on this assessment opportunity was sufficient, having identified and discussed a sufficient number of the relevant risk factors and reached an appropriate conclusion.*

---

**Assessment Opportunity #11 (AS)**

**The candidate discusses materiality for the 2017 FRE audit.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**Your discussion of materiality lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

2017 Common Final Examination (CFE)- Day 2 and Day 3

*You recognized the need to discuss materiality for the 2017 FRE audit. However, you did not identify a sufficient number of users of the financial statements. Your discussion was limited to Gloria and the staff (who aren't users of the financial statements because employees don't normally receive financial statements of a private company nor was anything of the sort mentioned in the case). You said "The main user of the FS is Gloria, the CEO and president of FRE. Her main objective is for FRE to be profitable as she's structured FRE a for-profit entity as one of her target's is 3% return on pre-tax income. Another user is the staff of FRE. There is low employee turnover and they want to ensure FRE is going to continue to be profitable in order to staff to keep their jobs.". There were more users of the FRE financial statements that needed to be considered, including the Board of Directors, the Bates Foundation of America, FRE's current lenders, and the two non-bank lenders with which financing discussions are taking place. The users are a critical consideration when determining both the basis for your materiality calculation and the percentage to apply to the chosen basis. While candidates were not expected to address all of the users, they were expected to address a sufficient number of them.*

**Your discussion of materiality contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude on the overall materiality for the engagement or your conclusion was not consistent with your analysis.**

Conclude and Advise

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

*While you attempted to discuss materiality, your discussion was not in sufficient depth to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #12 (AS)**

**The candidate discusses audit procedures for the relevant accounting issues.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not provide a sufficient number of audit procedures.**

Assess the Situation

**You provided several audit procedures but your response lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

**You recommended several audit procedures but they were not always focused specifically on the accounting errors identified.**

Analyze Major Issue(s)  
- Integrate Situation

2017 Common Final Examination (CFE)- Day 2 and Day 3

*You attempted to provide some audit procedures, but they were not always specific enough to the areas where accounting errors had been identified. For example, you provided a procedure on the Largent property valuation and said "We should request to see a report of PPE from FRE. From this report, we should then ask for the purchase documents of Largent and look specifically at the date and amount it was purchased for. Once we determine the date and amount agrees with the value on the FS, we can be assured that PPE is valued correctly.". This area, however, was not an area where an accounting error had explicitly been identified. In this case, Largent had an impairment issue. The original purchase price (sometime in the past) would not have been helpful in ascertaining valuation in light of an impairment issue as at year-end.*

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

*While you attempted to provide some audit procedures, your procedures were not always sufficiently specific or effective to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #13 (AS)**

**The candidate prepares a management letter discussing the control weaknesses identified along with recommendations to improve these.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

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

Assess the Situation

**Your discussion of the internal control deficiencies lacked depth (i.e. use of case facts, impact, etc.).**

Analyze Major Issue(s)  
- Qualitative

**Your recommendations to address the internal control deficiencies were not always appropriate.**

Conclude and Advise

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

*Your response on this assessment opportunity was sufficient, with several of the internal control weaknesses discussed and addressed with a valid recommendation.*

---

**Assessment Opportunity #14 (AS)**

**The candidate discusses what reporting options are available to meet the Declaration requirements related to the Carter apartment funding.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not identify a sufficient number of valid reporting options.**

Assess the Situation

**Your discussion of the valid reporting options lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

*While you identified a few appropriate reports, your response focused on very generic considerations, such as the cost of the report, the time to complete, the level of assurance, and the type of opinion. For example, you said "9100 provides guidance to a public accountant engaged to report the results of applying specified auditing procedures to financial information other than financial statements when such procedures are not intended to enable the accountant to express an audit opinion or provide negative assurance on the financial information. Therefore, no assurance is given in this report. It should be noted as there is less assurance, this will also be a less costly option.". A stronger response would have explained why this report would apply in the current situation, showing a good understanding of what this report was. You could have noted that the Section 9100 report presents the results of applying specified auditing procedures to financial information other than financial statements and provides no assurance. This report might be helpful for the funding ministries as they could provide input on the types of procedures they would be interested in. However, given the funding ministries wanted "certification", they should be consulted to determine whether they can accept such a report. Also, you said "Reports on compliance are different from the more usual type of reports on financial statements or other financial information. Engagements to report on compliance would be accepted only when the provisions of the agreement, statute or regulation to be reported on deal with matters within the auditor's professional competence. This is the case with FRE as this is an agreement with the ministry.". A stronger response would have explained why this report would apply in the current situation, showing a good understanding of what this report was. You could have noted that the Section 5815 report is a valid option as the requirements of the grant are laid out in the agreement, we would be providing the ministries with an audit opinion on FRE's compliance with them, and it would include a conclusion with respect to compliance with the requirements.*

**You either did not recommend a report that would meet the Declaration requirements or your recommendation was inappropriate or inconsistent with your analysis.**

Conclude and Advise

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

*While you attempted to discuss the reporting options, your discussions were not in sufficient depth to demonstrate that you fully understood the different types of reports and could explain them in a meaningful fashion. As a result, you were unable to demonstrate competence on this assessment opportunity.*

---

**Assessment Opportunity #15 (AS)**

**The candidate discusses what procedures should be performed in relation to the Declaration and identifies areas in which definitions and other issues may require clarification from the funding ministries in order to perform the work.**

Assess the Situation

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.



2017 Common Final Examination (CFE)- Day 2 and Day 3

**You did not provide a sufficient number of procedures or clarifications.**

Assess the Situation

*While you attempted to provide clarifications for the restriction on the use of the \$200,000, saying "Clarification will be needed for: • Why is the amount of grant funding \$200,000 and what will this amount be used for? This will help us determine audit procedures to complete. • Construction", you did not attempt a sufficient number of procedures and clarifications. There were several other conditions requiring procedures and clarifications including the bid requirement, the occupancy requirement, and the Status First Nation occupancy minimum. Candidates were not expected to provide procedures and clarifications for all of these areas, but were expected to address a sufficient number of them.*

**Your discussion of procedures or clarifications lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

**Your proposed procedures or clarifications were not always focused specifically on the agreement conditions that you were attempting to address.**

Analyze Major Issue(s)  
- Integrate Situation

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

*While you attempted to provide a clarification, you did not provide a sufficient number of procedures and clarifications to demonstrate competence on this assessment opportunity.*

**Overall Comments**

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

Yes

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

**Did the candidate understand their role?**

Yes

*You appeared to have understood your role and addressed Judy's and the partner's requests appropriately.*

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

No

*Your exhibits were not always easy to follow as you did not provide notes referencing your adjustments and took an unorthodox approach to certain issues and did not apply it appropriately / correctly. This was not effective because you did not end up answering Judy's questions and also seemed to have confused yourself in the process. You should instead consider referencing your calculations in a straightforward manner and ensuring that you understand what's being asked and the process you're going to take to respond before you actually start attempting the exhibit. However, your written response was easy to read and understand.*

2017 Common Final Examination (CFE)- Day 2 and Day 3

**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 any unrelated issues.*

**Did the response appear balanced?**

No

*You appear to have run out of time on this case since you provided minimal discussion for the last portion of your response. This prevented you from addressing all of the requirements in the case. 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 3-1 Elder Care Centre and Spa Inc. (ECCS)

---

### Assessment Opportunity #1 (MA)

**The candidate provides a cash flow projection for the next three years.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not provide a three-year cash flow projection.**

Assess the Situation

**You did not include a sufficient number of value-added adjustments in your cash flow projection.**

Assess the Situation

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

Analyze Major Issue(s)  
- Quantitative

2017 Common Final Examination (CFE)- Day 2 and Day 3

Although you provided a cash flow projection, your adjustments were not always accurate and included technical errors. For the Membership revenue, Appendix II of the case mentioned that due to the completion of the renovations in December 2017, the full-time spots would increase from 20 to 25, resulting in a yearly revenue of \$300,000 ( $\$12,000 * 25$ ) starting in 2018. Your calculation was not correct as you considered \$1,000 per spot yearly when it was \$1,000 a spot monthly ( $\$12,000$  yearly). For the Drop-in revenue, Appendix II of the case mentioned that due to the completion of the renovations in December 2017, the drop-in spots would increase from 10 to 15. In addition, it was highlighted that drop-in spaces were approximately 60% utilized in 2016 and were expected to be 80% utilized in 2017 and going forward. This resulted in expected revenue of \$104,000 in 2017 ( $\$78,000$  divided by 60% times 80%) to reflect the increase in utilization, and of \$156,000 in 2018 and 2019 ( $\$104,000 / 10 * 15$ ) to reflect to increase in number of spots available. Your calculation was not correct as you adjusted for an increase of 15 spots while the increase was 5 spots. For the Spa services revenue, Appendix II of the case mentioned that the spa use was expected to increase by 3% per year going forward, which would result in revenue of \$98,880 in 2017 ( $\$96,000 * 1.03$ ), \$101,846 in 2018 ( $\$98,880 * 1.03$ ), and \$104,902 in 2019 ( $\$101,846 * 1.03$ ). Your calculation was not correct as you included revenue of \$2,080 for 2016 while the case indicated that the revenue was \$96,000. Since you used this as the basis for the 3% increase, your calculated revenue for 2017 and 2018 was incorrect. For the spa wages, Appendix II of the case stated that spa services were charged at a rate of \$80/hour, and that spa employees earn \$40 per hour, resulting in a 50% margin. The case also stated that spa use was expected to increase by 3% per year going forward. Based on this information, you should have adjusted the spa wages expense based on 50% of your calculated projected spa revenue, or to increase the wages by 3% a year, based on the projected increase in spa use. Your calculation was not correct as you did not consider any increase from 2016 to 2018, in addition, the wages were not consistent with the 50% margin that was stated in the case. Finally, the case was asking for a three-year projection cash-flow from 2017 to 2019. In addition, based on your headings, it was unclear if you were trying to attempt these years or 2016 to 2018 or if you were really trying to provide an analysis of 2017-2019, as requested. Appendix II of the case stated that the total wages for part-time staff were expected to increase by 25% in 2018, and remain at that level. This results in an expense of \$71,000 in 2017 (no change from 2016) and \$88,750 in 2018 and 2019 ( $\$71,000 * 1.25$ ). Your calculation was not correct as you increased the wages for part-time staff by 25% in EACH year. The same error applied to your calculation of utilities and property taxes, which were expected to increase in 2018 but then remain at that level. You also incorrectly included some of your tax adjustments, though these would not have had an impact on cash flows. For example, if the company spends \$1,500 on meals and entertainment, this would be a cash outflow of \$1,500 regardless of whether they can fully deduct that amount for tax purposes.

**Your projection did not demonstrate a recognition of the cash flow context.**

Analyze Major Issue(s)  
- Quantitative

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

*You attempted to incorporate several elements into your quantitative analysis but overall, your analysis contained too many errors to provide the Greens with an accurate understanding of the expected before-tax cash flows for the next three years. It is important that you read the case carefully and incorporate the appropriate case facts so that you can demonstrate a clear understanding of the Management Accounting concepts.*

**Assessment Opportunity #2 (FR)**

**The candidate discusses accounting for the crowdfunding contributions.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not address the accounting issue relating to the \$200 crowdfunding contributions.**

Assess the Situation

**Your discussion of the crowdfunding contributions issue lacked depth (i.e. use of case facts, technical knowledge, etc.)**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the crowdfunding contributions issue contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

*Although you addressed the \$20 and \$200 contributions, some of your analyses contained technical errors. For the \$20 contribution, you should have explained that since the \$20 contributions have no benefit attached, there is no further service to be provided and the amount could be recorded into income when received. You stated, "An unrestricted contribution is a contribution that is neither a restricted contribution nor an endowment contribution. Met, in the case of ECCS, this \$20 contribution has no restrictions as there's no benefit received by the contributor." You applied the same discussion to the \$200 contributions. It was not valid to assess the NPO standards, as this is a for-profit entity. You were expected to recognize that this was revenue recognition issue, and therefore you should have applied the criteria relating to performance, collectibility, and measurement.*

**You did not provide a recommendation on how to record the crowdfunding contributions that was consistent with your analysis.**

Conclude and Advise

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

*Overall, you attempted to explain the accounting treatment for the crowdfunding contribution, but you did not provide correct identify the issue in this case, and therefore you were unable to demonstrate your understanding of the underlying financial reporting concepts. It is important to use case facts and apply these to the relevant handbook standards and criteria in order to provide the manager with useful information. In this case, a more careful reading of the case may have alerted you to the fact that this was not an NPO.*

---

**Assessment Opportunity #3 (FIN)**

**The candidate calculates whether the grant will be subject to a claw-back.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

2017 Common Final Examination (CFE)- Day 2 and Day 3

**You did not address a sufficient number of grant agreement restrictions in your analysis.**

Assess the Situation

**You did not address whether the grant will be subject to a claw-back for 2016 and subsequent years.**

Assess the Situation

*Although you addressed the Revenue, Income, and Capital Expenditure grant restrictions for 2016, you did not assess the subsequent years. The case stated that "The Greens would like to know if ECCS will need to repay any of the 2016 grant amount and whether any subsequent grant amounts may need to be repaid." In order to meet their needs and fulfill your role, you were required to provide an analysis of both 2016 and subsequent years.*

**Your analysis to determine whether the grant will be subject to a claw-back contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

*Although you addressed the restrictions for 2016, your discussion contained technical errors. Due to these errors, your resulting analysis would not have provided the Greens with an accurate basis to establish whether the grants would need to be repaid. Specifically, you did not deduct the grant in your revenue calculation. Appendix III provided details on the thresholds, and this threshold was defined as "If all sources of revenue and other income, excluding this grant, exceed \$500,000." As a result, the grant should have been removed. In addition, you incorrectly included the grant owners' salaries in your income calculation. Appendix III provided details on the thresholds, and this threshold was defined as "If income before taxes, excluding this grant and owners' salaries, exceeds \$160,000." As a result, both the grant and owners' salaries should have been excluded from the calculation. Finally, you did not incorporate case facts correctly, and therefore you did not recognize the capital expenditures in the correct years. Based on case facts, there was no capital expenditure in 2016. However, you stated that there were \$600,000, which were the capital expenditure from 2015.*

**Your conclusions on whether the grant will be subject to claw-back were not clearly tied to supporting calculations.**

Conclude and Advise

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

*Although you attempted calculations for the grant restrictions, your calculations contained technical errors, which affected your conclusions. This resulted in an analysis that would not have provided the Greens with good information in assessing whether the grant amounts would have to be repaid. Ensure that you read case facts carefully and incorporate them into your analysis.*

---

**Assessment Opportunity #4 (ASSU)**

**The candidate prepares a review engagement planning memorandum.**

Assess the Situation

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

2017 Common Final Examination (CFE)- Day 2 and Day 3

Your review engagement planning memo did not include a materiality discussion and/or calculation.  Assess the Situation

You did not identify a sufficient number of relevant general considerations or areas of focus for the review engagement.  Assess the Situation

Your discussion of the general considerations or areas of focus for the review engagement lacked depth (i.e. use of case facts, impact, etc.).  Analyze Major Issue(s) - Qualitative

Your discussion of materiality was either too general, poorly supported or not consistent with the users interests.  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 sufficient depth in your discussion of the general review considerations and significant aspects that the review should focus on. In addition, you provided a good discussion of the materiality for the ECCS review. Your memo would have provided the manager, David, with the information he required in planning the review engagement.*

---

**Assessment Opportunity #5 (ASSU)**

The candidate provides review procedures.  Assess the Situation  
YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

You did not identify a sufficient number of relevant review procedures to be performed.  Assess the Situation

Your review procedures were either too general, poorly explained, impractical, or did not provide information that was useful in assessing the underlying account.  Analyze Major Issue(s) - Qualitative

*Although you attempted to address David's request for specific review procedures, some of your suggested procedures were not considered valid as they were too general. For example, you suggested, "We should also inquire that the accounting principles are being followed with management as we've found discrepancies in this report." This was not considered valid because it was too general, it was not aimed at specific accounts or balances, and it did not indicate how this would be helpful in assessing the plausibility of the financial statements. A better procedure would have been to discuss with management how and when they were accounting for the membership revenue in order to ensure proper cut-off.*

**You did not provide a balanced discussion between procedures over the income statement and procedures over the balance sheet.**

Analyze Major Issue(s)  
- Qualitative

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

*Although you attempted to provide procedures, you spent some time providing generic procedures that were not specific to case facts. Ensure that you incorporate case facts into your discussions so that the procedures are relevant to the specific circumstances of the case, as this will provide a better demonstration of your understanding of Assurance concepts.*

---

**Assessment Opportunity #6 (TAX)**

**The candidate calculates net income for tax purposes.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not identify a sufficient number of adjustments in the calculation of ECCS's net income for tax purposes.**

Assess the Situation

*You attempted to address the Greens' request for "help calculating ECCS's net income for tax purposes for the 2016 corporate tax return." However, your calculation did not include a sufficient number of the required adjustments. Your calculation included adjustments for Meals and Entertainment, Golf Dues, and Political Contribution. The case highlighted a number of potential taxation adjustments and it was important to identify a reasonable number of the issues in order to demonstrate your understanding of Taxation concepts. Other adjustments that could have been discussed were the Depreciation, CCA, Crowdfunding Reserve, and Café Meals.*

**You did not explain the adjustments made in the calculation of ECCS's net income for tax purposes.**

Analyze Major Issue(s)  
- Qualitative

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

Analyze Major Issue(s)  
- Qualitative

*Although you attempted the calculation of net income for tax purposes, in some cases either your calculated adjustment or the reason you provided for the adjustment were not technically correct. The golf dues are not deductible. Therefore, 100% of these costs (\$500) should have been added back to income. Although you stated, "Gold dues explicitly not allowable under ITA," you did not actually adjust taxable income for the \$500 in dues. For the political contributions adjustment, you should have explained that the political contributions are not deductible per the Tax Act. You explained the adjustment by stating, "Political party allowable deduction," which was not technically correct. Finally, the meals and entertainment (part of advertising and promotion) are only deductible at 50%. Therefore, 50% of these costs (\$1,500 \* 50% = \$750) should have been added back to income. Your calculation deducted the \$750 meals and entertainment instead of adding it back.*



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

*Overall, your response was lacking in both depth and breadth. There were a large number of taxation adjustments and it was critical that you correctly adjusted a reasonable number of these items with adequate depth of analysis. This would have helped the Greens in understanding and determining ECCS's net income for tax purposes, as was requested in the case.*

---

**Assessment Opportunity #7 (GOV)**

**The candidate discusses performance measures for this type of business.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

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

Assess the Situation

**Your performance measures were either too general, poorly explained, impractical, or not useful as a measure of whether ECCS is meeting its mission and values.**

Analyze Major Issue(s)  
- Qualitative

**Your performance measures were not clearly tied to the mission and/or values of ECCS.**

Analyze Major Issue(s)  
- Integrate Situation

**Your performance measures were not consistent with the stated mission and/or values.**

Analyze Major Issue(s)  
- Integrate Situation

**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 number of valid performance measures that directly linked to the stated mission and values. This would have provided the Greens with useful measures to allow them to determine how well ECCS is meeting its mission and values.*

**Overall Comments**

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

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.*

2017 Common Final Examination (CFE)- Day 2 and Day 3

**Did the candidate understand their role?**

No

*You did not always provide David, the user, with sufficient information or explanations to respond to his requests for the Greens. For example, in your review planning memo, you wrote, "consider consistency in the application of interpretations that have been made of the applicable provisions of the agreement or regulation." This discussion was not in sufficient depth because it was unclear what point you were trying to make and how this impacted the review planning.*

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

No

*Point form was used throughout your response and this sometimes limited the depth of your discussions. For example, in your review procedures, you wrote, "We should also inquire that the accounting principles are being followed with management as we've found discrepancies in this report." This did not provide the manager with an understanding of the area of concern, or a specific procedure to assess the plausibility of a specific account or balance. 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 the accounting treatment of the government grant when you wrote, "Therefore, the liability to repay government assistance shall be accounted for in the period in which conditions arise that will cause government assistance to be repayable." This was not appropriate as this was not part of your role. The case did not highlight the grant accounting treatment as an issue, and did not request a discussion of the accounting for the grant. This appears to have limited the time you had to address the other, more significant, requests and issues.*

**Did the response appear balanced?**

No

*Based on the extensive calculations and narratives you completed, you may have allocated excess time to this case, particularly since you unnecessarily discussed accounting for the grant. Your written response was over 8 pages long, plus exhibits. This may have prevented you from having the necessary time remaining to complete the other two cases. If that was the case, ensure that you plan your time on each case and ensure you allocate a sufficient amount of time to each of the significant issues.*

## Day 3-2 Roxanne Kalpert (KALPERT)

---

### Assessment Opportunity #1 (MA)

The candidate calculates the profit for the printed book and e-book options.

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

You did not provide an analysis of all three options presented.

Assess the Situation

You did not include a sufficient number of elements in your calculation of the book profit.

Assess the Situation

Your calculation of the book profit 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 profit calculations for all three options which contained no significant errors. This helped Roxanne in determining which option was most profitable as requested in the case.*

---

### Assessment Opportunity #2 (GOV)

The candidate analyzes factors to be considered in the choice between the printed book and e-book options.

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

You did not include a sufficient number of relevant factors to be considered in the decision between the printed and e-book options.

Assess the Situation

Your discussion of the factors that needed to be considered in the decision between the printed and e-book options lacked depth (i.e. use of case facts, impact, etc.).

Analyze Major Issue(s)  
- Qualitative

You did not provide a recommendation on which option would be best for Roxanne.

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 qualitative analysis of the printed and e-book options with sufficient breadth and depth of factors and provided a final recommendation. This analysis would be helpful to Roxanne in determining which option she should select.*

---

**Assessment Opportunity #3 (FIN)**

**The candidate evaluates whether the price offered by John for 40% of the viewing channel's profit is fair.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not perform multiple valuation techniques to value the business.**

Assess the Situation

**You did not include a sufficient number of normalizing adjustments in your calculation of the EBITDA valuation.**

Assess the Situation

**Your explanations of the normalizing adjustments in determining the EBITDA valuation lacked depth (i.e. use of case facts, impact, etc.).**

Analyze Major Issue(s)  
- Qualitative

*Although you identified some normalizing adjustments in your EBITDA valuation such as the Vehicle and/or Painting Costs, Normalized Video Income, and GM Salary, some of your explanations lacked depth as they did not identify why the normalization was required, and the explanations did not integrate with case facts. It is important to not only include accurate adjustments in your calculation, but to also demonstrate your understanding of why these adjustments are required. For example, you should have explained that Roxanne spends a considerable amount of her time managing the channel but does not pay herself a salary. As such, in order to properly normalize for her time and efforts, the general manager salary of \$75,000 (as stated in Appendix III) should have been included as a normalizing item in order to get a more accurate EBITDA calculation and should have been explained as such. Your explanation of "Salary for the general manager of 75K...is not contributing to the success of the operations of the channel and therefore excluded" lacked depth because it excluded instead of including the salary on the basis of a fact that did not appear in the case. You can be assured that the case will provide you all the facts you need to draw your conclusions, thus, by making up further case facts, you prevented yourself from demonstrating depth of knowledge.*

**Your valuation of the business contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

2017 Common Final Examination (CFE)- Day 2 and Day 3

**You did not perform an appropriate calculation of the value of the company based on the number of subscribers.**

Analyze Major Issue(s)  
- Quantitative

**You did not provide a conclusion on whether or not the offer for 40% of the viewing channel's profit is fair.**

Conclude and Advise

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

*Overall, you provided a number of normalizing adjustments but did not have enough depth of analysis to demonstrate your understanding of the underlying finance concepts. It is important to provide explanations to your calculations. Remember to utilize case facts as much as possible, but do not assume facts not presented in the case as they will likely lead you to the wrong conclusion.*

---

**Assessment Opportunity #4 (GOV)**

**The candidate discusses the opportunities presented, considering how they fit with Roxanne's values and goals.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not discuss the book or investment opportunity and how it fit with Roxanne's values and goals.**

Assess the Situation

**You did not identify a sufficient number of relevant factors when considering how the opportunities fit with Roxanne's values and goals.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the factors when considering how the opportunities fit with Roxanne's values and goals lacked depth (i.e. use of case facts, impact, etc.).**

Analyze Major Issue(s)  
- Qualitative

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

*Overall, your response on this assessment opportunity was well done. You discussed several valid factors when considering how the opportunities fit with Roxanne's values and goals. Your response was well balanced, and successfully integrated case facts to make it relevant to Roxanne and her situation.*

**Assessment Opportunity #5 (ASSU)**

**The candidate explains the objectives of the Canada Revenue Agency audit and provides examples of procedures that will likely be performed by the Canada Revenue Agency for the 2015 tax year.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not explain the objectives of the Canada Revenue Agency in performing the audit.**

Assess the Situation

**You did not provide a sufficient number of relevant procedures that will likely be performed by the Canada Revenue Agency.**

Assess the Situation

**Your discussion of the objectives of the Canada Revenue Agency lacked depth.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the procedures lacked depth.**

Analyze Major Issue(s)  
- Qualitative

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

*Overall, your response on this assessment opportunity was well done. You identified what the Canada Revenue Agency was likely worried about, and you provided relevant audit procedures tied to risks. Your response was well balanced, and you integrated case facts to make it relevant to Roxanne and her situation.*

---

**Assessment Opportunity #6 (TAX)**

**The candidate calculates the estimated federal taxes payable for the 2016 tax year.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not attempt a calculation of taxes payable.**

Assess the Situation

**You did not include a sufficient number of components in your taxable income calculation.**

Assess the Situation

2017 Common Final Examination (CFE)- Day 2 and Day 3

*While you performed a calculation of federal taxes payable, you did not include enough of the relevant components in this calculation. Based on the information provided in the case, there were many components that could have been incorporated into your analysis to provide a more accurate and complete calculation. You correctly included only home office expenses and travel expenses, and you omitted revenue, the video editor salary, the administrative assistant salary, vehicle and painting cost, CCA for the video equipment, CCA for the video camera, and employer's portion of CPP expense. Appendix 2 provided most of this information, including information that revenue for the year had been \$270,000, instead you used the hypothetical GM salary of \$75,000 as your revenue which was not correct.*

**You did not explain the adjustments you made to the taxable income calculation.**

Analyze Major Issue(s)  
- Qualitative

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

Analyze Major Issue(s)  
- Quantitative

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

*Although you attempted to calculate Roxanne's federal taxes payable, your analysis lacked breadth. There were many elements of federal taxes payable that you were expected to correctly incorporate into your analysis. As you did not include a sufficient number of these elements, your analysis lacked sufficient breadth to be useful to Roxanne. In situational assessments of taxation, you are expected to recognize a sufficient number of the relevant aspects of federal taxes payable based on the information provided, regardless of whether you are including or excluding them from your overall analysis.*

---

**Assessment Opportunity #7 (TAX)**

**The candidate discusses the factors that affect residency status and how the income earned in the U.S. is taxed in Canada.**

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

**You did not identify a sufficient number of relevant factors that affect residency status.**

Assess the Situation

*In your response you did not identify any factors that influence residency in Canada, you simply stated the incorrect conclusion that he is not a resident. There are many other factors influencing residency, and while you were not required to list every possible factor, you were expected to provide more of these factors in order to provide Roxanne with a better understanding of the situation. For example, you could have also noted factors such as having a home in Canada, having a spouse in Canada, having dependents in Canada, leaving personal-use property in Canada, retaining social ties in Canada, retaining a Canadian passport, maintaining health insurance in a Canadian province or territory Canada, maintaining economic ties in Canada, and retaining a Canadian driver's license. Roxanne also noted that she and her sons will not be moving with her husband to the U.S., which provided further opportunity to address factors that would apply in that specific situation. By simply stating a conclusion with no analysis, you have not given yourself the opportunity to demonstrate depth of knowledge in taxation.*

**You did not discuss how the income earned in the U.S. is taxed in Canada.**

Assess the Situation

**Your discussion of relevant factors that affect residency status contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of how the income earned in the U.S. is taxed in Canada contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

*In your response, you should have concluded that as a Canadian resident, Roxanne's husband would be taxed on his worldwide income, including the income earned in the U.S. You erroneously concluded that "He will be not be taxed in Canada as he is not a resident". This was not technically correct and did not reflect the information provided in the case. But even if this were the correct conclusion, you have not explained how you got to this result, what the differences are between a resident and non-resident and how each is taxed in Canada, because even non-residents can be taxed in Canada. You need to support each conclusion you make in your response with case facts and correct analysis. Knowledge can be demonstrated in your analysis even if you end up at the wrong conclusions. However, an incorrect conclusion on its own has no merit.*

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

*You did not provide any analysis for this assessment opportunity. The requirement was provided on page 2 of the case, which stated, "Can you explain to me some of the factors that will impact the determination of his residency status for Canadian tax purposes? I would also like to know how the income he earns in the U.S. will be taxed in Canada." Ensure that you read the case carefully and highlight any key requirements that you identify so that you have the opportunity to provide analysis before you draw your conclusions.*

**Overall Comments**

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

 Yes

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

**Did the candidate understand their role?**

 Yes

*You appeared to have understood your role as an advisor for Roxanne and addressed her requests appropriately.*

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

 Yes



2017 Common Final Examination (CFE)- Day 2 and Day 3

*Your response was written efficiently and was easy to read and understand. You used (point form but your thoughts were complete and clear.*

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

Yes

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

**Did the response appear balanced?**

Yes

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

## Day 3-3 World Wide Windows Inc. (W3)

---

### Assessment Opportunity #1 (GOV)

The candidate provides a SWOT analysis and discusses the factors that are the most important to ensuring the long-term success of W3.

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

You did not provide a SWOT analysis or you did not address the factors that are the most important to ensuring the long-term success of W3.

Assess the Situation

You did not identify a sufficient number of relevant SWOT factors.

Assess the Situation

You did not provide a balanced SWOT analysis.

Analyze Major Issue(s)  
- Qualitative

Your SWOT analysis lacked depth (i.e. use of case facts, impact, etc.).

Analyze Major Issue(s)  
- Qualitative

Your discussion of the factors that are the most important to ensuring the long-term success of W3 lacked depth (i.e. use of case facts, technical knowledge, etc.).

Analyze Major Issue(s)  
- Qualitative

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

*Overall, your response on this assessment opportunity was well done. You discussed several valid strengths, weaknesses, opportunities and threats of the business strategy and environment. You also addressed the key success factors, which are important to ensuring the long-term success of W3. Your response was well balanced, integrated case facts, and described to William the impact to the company to make it relevant to his situation.*

---

### Assessment Opportunity #2 (MA)

The candidate analyzes the variances in both Eli's and Beth's divisions.

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Assess the Situation

2017 Common Final Examination (CFE)- Day 2 and Day 3

**You did not address a significant number of variances.**

Assess the Situation

**Your discussion of the significant variances lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Analyze Major Issue(s)  
- Qualitative

**Your discussion of the variances contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

**You did not provide a balanced variance analysis, focusing more on one division than the other.**

Analyze Major Issue(s)  
- Qualitative

**You did not conclude that the reason for the poor performance in Beth's division is due to Eli's actions.**

Analyze Major Issue(s)  
- Integrate Situation

*The case mentioned that William is "puzzled by how one division can be doing well while the other division is not". Your analysis did not address this question by the client. As part of your analysis, you should have realized that Eli is making decisions that are having a negative impact on the performance of the installation division. To provide value to the client, you should have explicitly linked the negative results in the installation division to Eli's actions. This link was not made in your analysis. In Appendix II, it states that Eli found another supplier at the beginning of 2017, who offered wood at a significantly reduced price, and that the quality of the wood is lower. It further goes on to state that, in 2017, Beth's workers in the installation division have had more trouble installing the windows, as the frames are cracking during the installation process. As a result, they have had to use more materials, and her workers have often had to work overtime to ensure they can meet the promised installation timelines. This should have triggered you to link Eli's decisions to the negative results in the installation division.*

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

*Although you provided a sufficient analysis of the significant variances in both the manufacturing and installation divisions, you did not explicitly link the poor performance in Beth's division to Eli's actions. As William had directly asked, "how one division can be doing well while the other division is not," you were expected to explain this to him.*

---

**Assessment Opportunity #3 (MA)**

**The candidate discusses the current responsibility centre structure and the transfer pricing policy.**

Assess the Situation

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

2017 Common Final Examination (CFE)- Day 2 and Day 3

**You did not discuss both the responsibility centres for each division, and the transfer pricing policy.**  Assess the Situation

**Your discussion of the responsibility centres for each division lacked depth (i.e. use of case facts, technical knowledge, etc.).**  Analyze Major Issue(s)  
- Qualitative

**Your discussion of the responsibility centres for each division contained technical errors.**  Analyze Major Issue(s)  
- Qualitative

**Your discussion of the transfer pricing policy used by W3 lacked depth (i.e. use of case facts, technical knowledge, etc.).**  Analyze Major Issue(s)  
- Qualitative

**Your discussion of the transfer pricing policy contained technical errors.**  Analyze Major Issue(s)  
- Qualitative

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

*Overall, your response on this assessment opportunity was well done. You responded to William's request by providing an analysis of the responsibility centre structure and the transfer pricing policy using a sufficient breadth of discussion, and you included an overall recommendation. Good work!*

---

**Assessment Opportunity #4 (FR)**

**The candidate performs a ratio analysis and comments on W3's financial performance.**  Assess the Situation  
YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

**You did not address a sufficient number of relevant financial ratios based on period-over-period financial results and industry averages.**  Assess the Situation

**Your discussion of the financial ratios lacked depth (i.e. use of case facts, technical knowledge, etc.).**  Analyze Major Issue(s)  
- Qualitative

**Your discussion of the financial ratios contained technical errors.**

Analyze Major Issue(s)  
- Qualitative

*You attempted the analysis of the current year's activity, but you seem to have misinterpreted the results. For example, you stated: "You are turning over inventory at a much higher rate than industry. This is unfavorable as your want your inventory to turn so that you can continue to build products to sell at a faster rate. If you have inventory sitting, this may mean that you have inefficiencies from the warehouse to getting on the shelves for people to buy." Rather, an inventory turnover ratio shows the number of times inventory is sold and replaced over a year. Having a high inventory turnover ratio is an indication that raw materials and work-in-process are being used up more quickly, which is positive for W3.*

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

*Although you attempted to analyze three of W3's ratios, technical errors in the activity explanation reduced the usefulness of this analysis. Ensure that you understand the mechanics of the more common financial ratios so that you are able to perform an accurate calculation to arrive at a relevant analysis.*

---

**Assessment Opportunity #5 (FIN)**

**The candidate discusses whether to acquire the new equipment and the financing/leasing options available.**

Assess the Situation

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

**You did not attempt a quantitative analysis to assess the decision to invest in the new equipment.**

Assess the Situation

**You did not discuss the qualitative factors to consider when choosing an appropriate financing/leasing option to acquire the equipment.**

Assess the Situation

**You did not prepare comparable quantitative analyses to assess the decision to invest in the new equipment.**

Analyze Major Issue(s)  
- Quantitative

**Your calculation for the acquisition of the new equipment contained technical errors.**

Analyze Major Issue(s)  
- Quantitative

**You did not address a sufficient number of relevant qualitative factors to consider when choosing an appropriate financing/leasing option.**

Analyze Major Issue(s)  
- Qualitative

2017 Common Final Examination (CFE)- Day 2 and Day 3

**Overall Comments**

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

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?**

Yes

*You appeared to have understood your role as an external consultant and addressed the client's requests appropriately.*

**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.*

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

No

*Although you provided a balanced analysis of the cost variances of the two divisions, you spent time analyzing the fixed indirect cost variance. This was not a significant issue, while your role was to explain "the significant variances" as requested by William. This appears to have limited the time you had to address the other, more significant, requests and issues.*

**Did the response appear balanced?**

Yes

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

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

## Section B: Assessment By Competency Area

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

### Day 2 Ferguson Real Estate Inc. (FRE)

---

#### Assessment Opportunity #7 ()

Your discussion of the conflict of interest issue lacked depth (i.e. use of case facts, impact, etc.).



Analyze Major Issue (s) – Integrate Situation

---

No weaknesses noted by the reviewers.

## Taxation

### Day 3-2 Roxanne Kalpert (KALPERT)

---

#### Assessment Opportunity #6 (TAX)

You did not include a sufficient number of components in your taxable income calculation.



Assess the Situation

#### Assessment Opportunity #7 (TAX)

You did not identify a sufficient number of relevant factors that affect residency status.



Assess the Situation

Your discussion of how the income earned in the U.S. is taxed in Canada contained technical errors.



Analyze Major Issue (s) - Qualitative

## Financial Reporting

### Day 3-1 Elder Care Centre and Spa Inc. (ECCS)

---



2017 Common Final Examination (CFE)- Day 2 and Day 3

**Assessment Opportunity #2 (FR)**

Your discussion of the crowdfunding contributions issue contained technical errors.



Analyze Major Issue  
(s) - Qualitative

---

**Day 3-3 World Wide Windows Inc. (W3)**

**Assessment Opportunity #4 (FR)**

Your discussion of the financial ratios contained technical errors.



Analyze Major Issue  
(s) - Qualitative

---

**Day 2 Ferguson Real Estate Inc. (FRE)**

**Assessment Opportunity #3 (FR)**

Your discussion of the revenue recognition issue contained technical errors.



Analyze Major Issue  
(s) - Qualitative

**Assessment Opportunity #4 (FR)**

You did not conclude on the non-monetary issue or your conclusion was not consistent with your analysis.



Conclude and Advise

**Assessment Opportunity #5 (FR)**

You addressed this assessment opportunity, but you did not recognize that there were potential impairment issues related to some of the properties.



Assess the Situation

**Assessment Opportunity #6 (FR)**

You did not conclude on the contingent liability issue or your conclusion was not consistent with your analysis/case facts.



Conclude and Advise

## **Audit and Assurance**

---

**Day 3-1 Elder Care Centre and Spa Inc. (ECCS)**

**Assessment Opportunity #5 (AS)**

Your review 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

---

**Day 2 Ferguson Real Estate Inc. (FRE)**

2017 Common Final Examination (CFE)- Day 2 and Day 3

**Assessment Opportunity #8 (AS)**

Your discussion of the independence rules and potential threats lacked depth (i.e. use of case facts, technical knowledge, etc.).



Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #11 (AS)**

Your discussion of materiality lacked depth (i.e. use of case facts, technical knowledge, etc.).



Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #12 (AS)**

You recommended several audit procedures but they were not always focused specifically on the accounting errors identified.



Analyze Major Issue (s) – Integrate Situation

**Assessment Opportunity #14 (AS)**

Your discussion of the valid reporting options lacked depth (i.e. use of case facts, technical knowledge, etc.).



Analyze Major Issue (s) - Qualitative

**Assessment Opportunity #15 (AS)**

You did not provide a sufficient number of procedures or clarifications.



Assess the Situation

## Finance

### Day 3-1 Elder Care Centre and Spa Inc. (ECCS)

---

**Assessment Opportunity #3 (FIN)**

You did not address whether the grant will be subject to a claw-back for 2016 and subsequent years.



Assess the Situation

Your analysis to determine whether the grant will be subject to a claw-back contained technical errors.



Analyze Major Issue (s) - Quantitative

**Assessment Opportunity #6 (FIN)**

You did not identify a sufficient number of adjustments in the calculation of ECCS's net income for tax purposes.



Assess the Situation

2017 Common Final Examination (CFE)- Day 2 and Day 3

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



Analyze Major Issue  
(s) - Qualitative

**Day 3-2 Roxanne Kalpert (KALPERT)**

---

Assessment Opportunity #3 (FIN)

Your explanations of the normalizing adjustments in determining the EBITDA valuation lacked depth (i.e. use of case facts, impact, etc.).



Analyze Major Issue  
(s) - Qualitative

## Management Accounting

**Day 3-1 Elder Care Centre and Spa Inc. (ECCS)**

---

Assessment Opportunity #1 (MA)

Your cash flow projection contained technical errors.



Analyze Major Issue  
(s) - Quantitative

**Day 3-3 World Wide Windows Inc. (W3)**

---

Assessment Opportunity #2 (MA)

You did not conclude that the reason for the poor performance in Beth's division is due to Eli's actions.



Analyze Major Issue  
(s) - Integrate  
Situation

**Day 2 Ferguson Real Estate Inc. (FRE)**

---

Assessment Opportunity #1 (MA)

Your analysis of whether the objective would be met contained technical errors.



Analyze Major Issue  
(s) - Quantitative

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

## Section C: General Findings and CPA Enabling Skills

### Did the candidate understand their role?

**Day 2 Ferguson Real Estate Inc. (FRE)**

Yes

*You appeared to have understood your role and addressed Judy's and the partner's requests appropriately.*

**Day 3-1 Elder Care Centre and Spa Inc. (ECCS)**

No

*You did not always provide David, the user, with sufficient information or explanations to respond to his requests for the Greens. For example, in your review planning memo, you wrote, "consider consistency in the application of interpretations that have been made of the applicable provisions of the agreement or regulation." This discussion was not in sufficient depth because it was unclear what point you were trying to make and how this impacted the review planning.*

**Day 3-2 Roxanne Kalpert (KALPERT)**

Yes

*You appeared to have understood your role as an advisor for Roxanne and addressed her requests appropriately.*

**Day 3-3 World Wide Windows Inc. (W3)**

Yes

*You appeared to have understood your role as an external consultant and addressed the client's requests appropriately.*

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

**Day 2 Ferguson Real Estate Inc. (FRE)**

No

*Your exhibits were not always easy to follow as you did not provide notes referencing your adjustments and took an unorthodox approach to certain issues and did not apply it appropriately / correctly. This was not effective because you did not end up answering Judy's questions and also seemed to have confused yourself in the process. You should instead consider referencing your calculations in a straightforward manner and ensuring that you understand what's being asked and the process you're going to take to respond before you actually start attempting the exhibit. However, your written response was easy to read and understand.*

**Day 3-1 Elder Care Centre and Spa Inc. (ECCS)**

No

*Point form was used throughout your response and this sometimes limited the depth of your discussions. For example, in your review procedures, you wrote, "We should also inquire that the accounting principles are being followed with management as we've found discrepancies in this report." This did not provide the manager with an understanding of the area of concern, or a specific procedure to assess the plausibility of a specific account or balance. You should ensure that you always provide a complete discussion to clearly present your thoughts, even when using point form.*

2017 Common Final Examination (CFE)- Day 2 and Day 3

**Day 3-2 Roxanne Kalpert (KALPERT)**

Yes

*Your response was written efficiently and was easy to read and understand. You used (point form but your thoughts were complete and clear.*

**Day 3-3 World Wide Windows Inc. (W3)**

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.*

**Did the response appear balanced?**

**Day 2 Ferguson Real Estate Inc. (FRE)**

No

*You appear to have run out of time on this case since you provided minimal discussion for the last portion of your response. This prevented you from addressing all of the requirements in the case. 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 3-1 Elder Care Centre and Spa Inc. (ECCS)**

No

*Based on the extensive calculations and narratives you completed, you may have allocated excess time to this case, particularly since you unnecessarily discussed accounting for the grant. Your written response was over 8 pages long, plus exhibits. This may have prevented you from having the necessary time remaining to complete the other two cases. If that was the case, ensure that you plan your time on each case and ensure you allocate a sufficient amount of time to each of the significant issues.*

**Day 3-2 Roxanne Kalpert (KALPERT)**

Yes

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

**Day 3-3 World Wide Windows Inc. (W3)**

Yes

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

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

**Day 2 Ferguson Real Estate Inc. (FRE)**

Yes

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

**Day 3-1 Elder Care Centre and Spa Inc. (ECCS)**

No

*You spent time discussing the accounting treatment of the government grant when you wrote, "Therefore, the liability to repay government assistance shall be accounted for in the period in which conditions arise that will cause government assistance to be repayable." This was not appropriate as this was not part of your role. The case did not highlight the grant accounting treatment as an issue, and did not request a discussion of the accounting for the grant. This appears to have limited the time you had to address the other, more significant, requests and issues.*

**Day 3-2 Roxanne Kalpert (KALPERT)**

Yes

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

**Day 3-3 World Wide Windows Inc. (W3)**

No

*Although you provided a balanced analysis of the cost variances of the two divisions, you spent time analyzing the fixed indirect cost variance. This was not a significant issue, while your role was to explain "the significant variances" as requested by William. This appears to have limited the time you had to address the other, more significant, requests and issues.*

## Overall Comments

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

---

**Day 2 Ferguson Real Estate Inc. (FRE)**

Yes

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

**Day 3-1 Elder Care Centre and Spa Inc. (ECCS)**

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.*

**Day 3-2 Roxanne Kalpert (KALPERT)**

Yes

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

**Day 3-3 World Wide Windows Inc. (W3)**

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.*

2017 Common Final Examination (CFE)- Day 2 and Day 3

---



## CPA Enabling Skills

### Assess the Situation

---

**You did not include a sufficient number of components in your taxable income calculation.**



Day 3-2 Roxanne Kalpert (KALPERT)  
AO #6  
TAX

**You did not identify a sufficient number of relevant factors that affect residency status.**



Day 3-2 Roxanne Kalpert (KALPERT)  
AO #7  
TAX

**You addressed this assessment opportunity, but you did not recognize that there were potential impairment issues related to some of the properties.**



Day 2 Ferguson Real Estate Inc. (FRE)  
AO #5  
FR

**You did not provide a sufficient number of procedures or clarifications.**



Day 2 Ferguson Real Estate Inc. (FRE)  
AO #15  
AS

**You did not address whether the grant will be subject to a claw-back for 2016 and subsequent years.**



Day 3-1 Elder Care Centre and Spa Inc. (ECCS)  
AO #3  
FIN

**You did not identify a sufficient number of adjustments in the calculation of ECCS's net income for tax purposes.**



Day 3-1 Elder Care Centre and Spa Inc. (ECCS)  
AO #6  
FIN

### Analyze Major Issue(s) - Quantitative

---

**Your analysis to determine whether the grant will be subject to a claw-back contained technical errors.**



Day 3-1 Elder Care Centre and Spa Inc. (ECCS)  
AO #3  
FIN

**Your analysis of whether the objective would be met contained technical errors.**



Day 2 Ferguson Real Estate Inc. (FRE)  
AO #1  
MA

2017 Common Final Examination (CFE)- Day 2 and Day 3

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

Day 3-1 Elder Care  
Centre and Spa Inc.  
(ECCS)  
AO #1  
MA

## Analyze Major Issue(s) - Qualitative

---

**Your discussion of how the income earned in the U.S. is taxed in Canada contained technical errors.**

Day 3-2 Roxanne  
Kalpert (KALPERT)  
AO #7  
TAX

**Your discussion of the revenue recognition issue contained technical errors.**

Day 2 Ferguson Real  
Estate Inc. (FRE)  
AO #3  
FR

**Your discussion of the crowdfunding contributions issue contained technical errors.**

Day 3-1 Elder Care  
Centre and Spa Inc.  
(ECCS)  
AO #2  
FR

**Your discussion of the financial ratios contained technical errors.**

Day 3-3 World Wide  
Windows Inc. (W3)  
AO #4  
FR

**Your discussion of the independence rules and potential threats lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Day 2 Ferguson Real  
Estate Inc. (FRE)  
AO #8  
AS

**Your discussion of materiality lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Day 2 Ferguson Real  
Estate Inc. (FRE)  
AO #11  
AS

**Your discussion of the valid reporting options lacked depth (i.e. use of case facts, technical knowledge, etc.).**

Day 2 Ferguson Real  
Estate Inc. (FRE)  
AO #14  
AS

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

Day 3-1 Elder Care  
Centre and Spa Inc.  
(ECCS)  
AO #5  
AS

2017 Common Final Examination (CFE)- Day 2 and Day 3

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

Day 3-1 Elder Care Centre and Spa Inc. (ECCS)  
AO #6  
FIN

**Your explanations of the normalizing adjustments in determining the EBITDA valuation lacked depth (i.e. use of case facts, impact, etc.).**

Day 3-2 Roxanne Kalpert (KALPERT)  
AO #3  
FIN

### Analyze Major Issue(s) – Integrate Situation

---

**Your discussion of the conflict of interest issue lacked depth (i.e. use of case facts, impact, etc.).**

Day 2 Ferguson Real Estate Inc. (FRE)  
AO #7

**You recommended several audit procedures but they were not always focused specifically on the accounting errors identified.**

Day 2 Ferguson Real Estate Inc. (FRE)  
AO #12  
AS

**You did not conclude that the reason for the poor performance in Beth's division is due to Eli's actions.**

Day 3-3 World Wide Windows Inc. (W3)  
AO #2  
MA

### Conclude and Advise

---

**You did not conclude on the non-monetary issue or your conclusion was not consistent with your analysis.**

Day 2 Ferguson Real Estate Inc. (FRE)  
AO #4  
FR

**You did not conclude on the contingent liability issue or your conclusion was not consistent with your analysis/case facts.**

Day 2 Ferguson Real Estate Inc. (FRE)  
AO #6  
FR