



## **PROFESSIONAL 1 – MANAGERIAL FINANCE**

### **EDUCATORS' BRIEFING 2018/19**

#### **Comment on Performance in 2018 Examinations**

The results overall are satisfactory and are in line with those of previous years. It is based on a small sample size spanning both the April and August examinations.

Across both sittings of the exam, candidates displayed good knowledge of topics such as investment appraisal and variance analysis techniques as required in a range of questions. However, many students experienced difficulties when asked to deal with scenarios involving some basic problem solving when dealing with costing techniques such as absorption and marginal costing, ratio analysis and cost of capital. Students are reminded that examinations at professional level require the ability to apply financial techniques in various scenarios and that for example calculation of weighted average cost of capital (WACC) is an essential technique in the armoury of managerial finance. Some candidates failed to gain marks by neglecting to follow instructions such as the request to present a summary of their calculations in a table format.

In the discussion type questions, one of the questions related to Performance Measurement Systems and this required knowledge of the Balanced Scorecard framework. It is encouraging to see that this was well answered by most candidates that attempted this question. In other discussion type questions some of the answers provided did not deal with the issues examined – for example the question relating to Portfolio Theory and the Capital Asset Pricing model (CAPM). Marks can only be awarded for valid points that are stated correctly and address the relevant issue/s. It was however heartening to see that the qualitative/non-financial factors in the Investment Appraisal question at both sittings were well treated by most candidates.

As in previous years, the multiple-choice questions were very poorly answered. Candidates are reminded that they should cover the entire syllabus so that they can deal adequately with specific questions about a wide range of managerial finance issues.

In accordance with good communication practice, candidates should present their answers so that the text and numbers are clearly legible, numbered correctly and each significant part of the solution is started on a separate page. Candidates are reminded that presentation of your answers is very important – first impressions are lasting impressions.

#### **Syllabus Aim**

As was the case in previous years, the aim of this subject is to ensure that students develop a critical understanding of the nature and scope of managerial finance. As has been stated earlier students should be able to calculate the cost of the available sources of finance, apply investment appraisal techniques and advise on the optimum financing structure for an organisation.

Students should be able to evaluate the role and application of corporate planning, working capital management and budgetary control theory and techniques. They are also expected to demonstrate excellent written communication skills and the ability to integrate learning of this and other subjects. Detailed learning outcomes can be found at [www.cpaireland.ie](http://www.cpaireland.ie)

### **Syllabus Changes**

There were no changes to the syllabus for this module.

### **Format of Examination Paper**

There are no changes to the examination timing or format. However, it should be noted that there will be continued emphasis on the presentation of financial information to managers in a clear, concise and understandable format.

### **Education Focus for 2019**

All syllabus sections continue to be equally relevant and may be examined across both sittings of the 2019 exam.

Candidates should be aware of business, financial and economic issues that may affect the managerial financial decisions of organisations of different sizes in a range of sectors.

Finally, candidates should avail of the many resources (including webinars, Student bulletins etc.) on the Institute's website that provide salient points on many of the topics relevant to the subject of Managerial Finance.