

Weighing up the October 2006 diet

CHRIS BUNTON, ADRIAN BUCKLEY AND CATHERINE ADAIR-FAULKNER ANALYSE THE EXAMINATION RESULTS OF THE OCTOBER 2006 SITTING OF THE MCT, AMCT AND ICM EXAMINATIONS. INCLUDED IS A LIST OF THE NAMES OF ALL STUDENTS WHO PASSED.

MEMBERSHIP EXAM The results for this diet, while an improvement on the previous diet, were disappointing. Pass rates by paper were 32% in Paper VII, 68% in Paper VIII and 53% in Paper IX, for an overall pass rate of 43%. In this diet, unusually, several candidates were clearly unprepared across the syllabus even with the basics, which depressed the pass rate. On a brighter note, 50% of referral candidates had put in the work to pass the qualification.

As the ACT has highlighted before, the MCT is about understanding and application, not just knowing the theory. Candidates need to be able to think about the dynamics of the situations in front of them and then apply the results of their analysis to create intelligent and practical solutions. Those qualities are the only ones acceptable in the workplace and only those will gain marks in these examinations.

The major case in Paper VII revolved around a possible leveraged bid for a software company. In constructing the bid, good candidates used their understanding of the risks of the business to assess how much debt could be borne by the target. Candidates who just applied a formulaic approach to the case did not score well. Similarly, in assessing the possible bid price, too many candidates failed to understand what return the private equity investor required and why. Candidates are strongly advised to practice cases using past papers.

Paper VIIIA was generally well handled, but the same problems emerged when students were asked to create a financing structure in the case study – an airports takeover.

Paper VIIIB, which focused on risk management in an international drinks business, proved a little more troublesome. While candidates performed well in identifying and quantifying exposures, many were disappointingly weak in recommending changes to hedging strategies. At Membership level, this step is an essential quality that can be expected in these exams.

Paper IX had the lowest pass rate for many years, with marks varying widely from excellent to very poor. Too many candidates merely regurgitated stock answers rather than thinking for themselves. A prime example was where candidates were asked to craft outline treasury policies for a large jet engine company. Too many made no attempt to tailor policies to the company in the case, which is what the question required.

On a brighter note, there were some excellent scripts in all papers and those who passed are congratulated on their achievements.

ASSOCIATE EXAM Foundation Level The Foundation Level comprises four papers: Financial and Management Accounting, Economics and Statistical Analysis, Corporate Taxation and Business Law.

In the Accounting paper, the standard of scripts was mixed. Of the 81 candidates who sat the exam, 50 were awarded a pass, giving a pass rate of 62%. But the average mark of 48.1% was reflective of a fair number of ill-prepared candidates. There were several excellent scripts. Nine candidates scored 65% or more. Of these, the three who scored over 70% were awarded distinctions. Twelve candidates scored 35% or less, but the overall standard of achievement was better than in April 2006.

In the Economics and Statistical Analysis paper, the standard of scripts was generally good. Of the 40 candidates who sat the exam, 28 were awarded a pass, of whom three were classified as distinction level. Again, there were relatively few marginal scripts, so candidates earned either a good pass or a poor fail.

In the Corporate Taxation paper, 43 candidates presented themselves, and 29 passed, four of whom achieved distinction status. This result was not dissimilar to the previous diet.

In the Business Law paper, 62 candidates sat. Of these, 35 passed, giving a pass rate of 56%. There were three distinctions. The examiner was disappointed with this pass rate, which is at the low end for Business Law.

Associate Level There is a choice of papers to attain the Associate Level. Some may be sat as a one-off without aiming for Associate status, notably the Financial Risk Mathematics paper and the Pensions Risk Management exam. Other than these, the papers reviewed here are Liquidity Management, Risk Management and Corporate Finance and Funding.

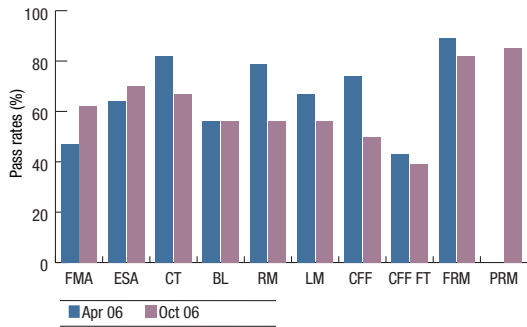
The Liquidity paper was taken by 98 candidates, 56 of whom passed, giving a pass rate of 57%. There were four distinctions. Too many failing candidates displayed a lack of comfort with basic numerical calculations.

In the Risk Management paper, 107 candidates presented themselves. Sixty passed, giving a pass rate of 56%. There were a fair number of outstanding papers and eight distinctions were awarded.

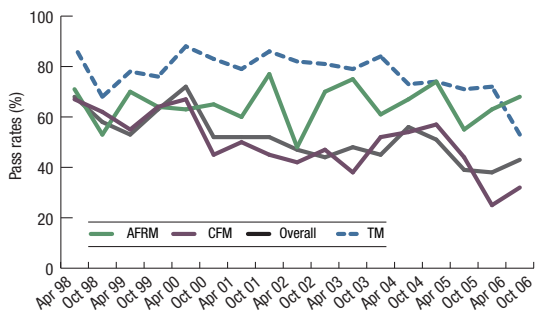
In the Corporate Finance and Funding paper, 91 sat and 46 passed – a pass rate of over 50%. In the Fast Track paper, 85 students sat

EXAM RESULTS 1998-2006: PASS RATES

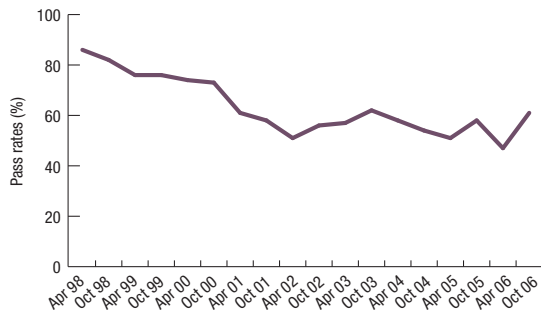
AMCT



MCT



ICM



THE RESULTS FROM OCTOBER'S ICM DIET REPRESENT A MARKED IMPROVEMENT OVER RECENT YEARS. DELIVERING A PASS RATE OF 61%, THIS DIET REPRESENTS THE HIGHEST NUMBER OF SUCCESSES SINCE OCTOBER 2003.

and 33 passed, giving a pass rate of 39%, in line with the previous diets. Again, too many candidates were using knowledge from their professional accounting exams without adequate reference to syllabus differences – not to be advised. In each of the Corporate Finance and Funding papers there were two distinctions.

And certificates In the Certificate in Financial Risk Mathematics, the pass rate was 82%, with 18 out of 22 candidates passing and two receiving distinctions. This achievement is attributed to candidates' systematic and thorough preparation throughout the course, including working and submitting progress tests and attending tuition.

October 2006 saw the first sitting of the Pensions Risk Management paper. Out of the 13 participants on the course, 11 passed, with three distinctions. Again, this high pass rate reflects thorough preparation by some very highly committed and well-qualified candidates.

Overall, pass rates were good, with candidates of Financial Risk Mathematics and Pensions Risk Management achieving outstanding results. Reference to suggested solutions to past papers and attendance at tuition and revision sessions remain highly recommended for success in these papers.

INTERNATIONAL CASH MANAGEMENT EXAM The results from this diet represent a marked improvement over recent years. Delivering a pass rate of 61%, this diet represents the highest number of successes since October 2003 (61%).

Indeed, new students will take comfort from the overall higher performance across the whole paper, with the students sitting the exam in Asia accounting for the highest number of passes.

It was pleasing to see the enhanced application of the subject material in the case study, with good referencing to innovations in the cash management space. Interestingly, however, where the trade finance question within question 2 sought similar 'blue sky' thinking, there was evidence that this required a fresh approach to the paper and the required stretch failed to be met by the majority of students. It was the ability to adapt the material to the question which gained candidates a distinction rather than a pass.

Chris Bunton is Chairman of the MCT Examination Board.
 Adrian Buckley is Chairman of the AMCT Examination Board.
 Catherine Adair-Faulkner is Chairman of the International Cash Management Examination Board.

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EXAM RESULTS

THE ASSOCIATION OF CORPORATE TREASURERS WISHES TO EXTEND ITS CONGRATULATIONS TO THE FOLLOWING PEOPLE WHO HAVE PASSED ITS EXAMINATIONS.

MCT PASS

Distinctions Paper VII ■ Paper VIII ■ Paper IX ■

Rita Akushie Newlon Housing Trust
James Andrews ABN Amro Bank
Christopher Blake Investec Bank (UK) Ltd
Barbara Cuthbert Invensys plc ■
Amanda Hunt GlaxoSmithKline plc ■ ■

Kar Ping Leow
Richard Luke Shire plc
David Munday RWE Npower plc
Derek O'Reilly ■ ■
Andrew Paton Rio Tinto plc
Alison Stevens National Grid plc ■ ■ ■
Carol Swann Lloyds TSB Bank plc
Michael Sweeney Royal Bank of Scotland plc

AMCT PASS

Distinctions CFF ■ CFF FT ■ LM ■ RM ■

James Adams Tesco Plc
Matthew Adams Nordea Bank Finland plc
Tom Bollen Citigroup Corporate & Investment Bank
Joseph Braunhofer Shell International Ltd ■
Frances Cavanagh Kellogg's
John Chamberlain Bunzl plc
Xinkai Chen Esquel Group – UK
Wan Lung Chow
Michael Clifford Al Fahim Group
Kevin Cooke Pearce Management Consultants Ltd
Spencer Costley Coventry Building Society
Sharon Cox Barclays Bank PLC
Kees-Jan De Vries PricewaterhouseCoopers
Stephen Drane Legal & General Group plc
Victoria Eckerley NSK Europe Ltd
Christopher Green
John Griffiths Tesco Plc
Alastair Gunn Barclays Bank plc ■ ■ ■
Suzanne Hallas Reed Elsevier Group plc ■
Duncan Hanlon ING Direct NV
Michael Hazell BSKyB Ltd ■
Robert Hellen Aviva plc
Liam Hodges
Ai Jun Jiang Tiens Biotech Group (USA) Inc

Jeremy Jones Alliance Boots plc
Sebastian Kafetz Lloyds TSB Bank plc
Nicholas Kidd BP plc
Emily Lockyer The Royal Bank of Scotland
Joan Lynch Shell International Ltd
Mahmad Mamode Ally National Audit Office of Mauritius
William Martin Clydesdale bank PLC
Timothy Miles BP International Limited
James Orr Royal Bank of Scotland plc
Kirsty Palmer Enodis plc
Mark Palmer BAE Systems plc
Faisal Piperdy Trafigura Beheer BV
William Pollard Atkins plc
Tsiung Poon PricewaterhouseCoopers LLP
Pawel Preuss Ernst & Young Business Advisory ■ ■
Victoria Reeves National Grid plc
Colm Reid National Toll Roads Limited
Stephen Robinson
James Rushton Nottingham Building Society
David Smith
Gary Su Thiam Huat Flextech Holdings Ltd
Akos Szabo PricewaterhouseCoopers LLP
Yong Hin Tan BP Asia Limited
Nicola Tutt FKI plc
Alison Warren Norwich & Peterborough Building Society
Sarah Webb Rolls-Royce plc
Justin Woodhouse PricewaterhouseCoopers

CERT ICM PASS

Distinctions ■

Dhiraj Bajaj HSBC
Joe Balent SEI Investments
Michael Barnes ABN Amro
Anees Basra Citigroup
Christopher Richard Bolam HSBC New Zealand
Cheryl Bragassam Bank of America

Ian Broughton Centrica plc
Katarina Brunovska Linklaters
Marco Buzzi Bank of America
Adrian Calin ABN Amro
Aisling Campbell ING Wholesale Banking
Po Yee Chan HSBC Group, Asia
Lucy Chick JPMorgan Chase
Colin Clarke Anglo Irish Bank
Alison Crossman Invensys plc
Damian Crowley Citigroup Australia/NZ

CERT ICM PASS

Distinctions ■

Jemma Cuthbert HSBC Bank plc
Leslie Diestel Wachovia
Manoj Dugar Citibank ■
Stephen Elmore Wachovia
Tanya Evans
Timothy Farrell Wachovia
Jeff Ferguson Lasalle Bank
Paul Furminger HSBC Bank plc
Charissa Ha Digital Realty Trust
Pham Hong Hanh Metro Cash and Carry Vietnam
Maivi Hanson A/S Hansabank
Attila Hardi
Bradley Harrell Wachovia
Tim Fai Hau ELQ Hypotheken NV
Elizabeth Hayes ING Bank ■
Susan Mou San Hiew Standard Chartered Bank (Hong Kong) Ltd ■
Esther Wai Mun Ho Standard Chartered Bank
James Holt AT & T Istel
Craig Howell Lehman Brothers
Rebecca Louise Jackson Barclays Bank Plc
Gary John-Lewis Barclays Bank plc
Nirmal Khaderia Citigroup
Ann Lin Khoo HSBC Bank plc
Rebecca Konkol Lasalle Bank
Soo Tat Kua BNP Paribas Singapore
Kit Kwan Sony BMG Music Entertainment
Katherina Kwok Bank of America ■
Serene Lai Standard Chartered Bank
Karin Lamp Hansabank
Jonas Landebrink Nordea Bank AB (publ)
Kai Man Lee Citigroup

William Leith ACT
Catherine Sun Yee Leung Citigroup
Ming Xia LI BP Asia Limited
Mui Lai Lim IBM Singapore PTE Ltd
Siu Yee Marina Luk Bank of America
Suzanne McCormack HSBC
Christopher Mulloy Wachovia Bank
Chui Ying Ngai Standard Chartered Bank
Brian Owens Bank of America
Matthew Penny Citibank
Prakasit Permnak Citibank NA Bangkok Branch (Thailand)
Deborah Phelan Nortel Networks (UK) Ltd
Julian Richings JPMorgan Chase
Mayra Roubach Rentokil Initial plc
Ann Rundqvist Nordea Bank AB
Jiri Rybar Fortis Bank
Ravinder Sahota Capital One Bank Europe Plc
Laura Santana ABN Amro
Emma Scott Lloyds TSB Bank plc
Rajeev Shah HSBC Group, Asia
Sarabjit Sidhu Barclays Bank Plc
Robert Staples Citigroup
Mark Stonebridge Sony Global Treasury Services plc
Rodney Stormes HSBC Bank plc
Tay Swee Sun Citigroup
Jenny Tantonio HSBC Bank plc
Ray Taylor HSBC Bank Plc
Martin Tirol Citibank
Yong Wang Citibank NA
Jacqueline White Xerox XF Holdings (Ireland) Limited
John Tak Ming Wong Standard Chartered Bank (Hong Kong) Ltd
Jacqueline Jin Xu HSBC Bank
Valerie Yin Citibank NA
Romana Yuen Citibank
Valery Zubkov British American Tobacco

CERT FRM PASS

Distinctions ■

Michael Beesley The Co-operative Bank plc
Tom Bollen Citigroup Corporate & Investment Bank
Joseph Braunhofer Shell International Ltd
Richard Childes Syngenta
Nicholas Collins PricewaterhouseCoopers
Kees-Jan De Vries PricewaterhouseCoopers
Marcus Dolman Rolls-Royce plc

Deborah Forward Merrill Lynch
John Griffiths Tesco Plc
Nick Haworth Yorkshire Building Society
Sarah Henning E.ON UK plc ■
Robert Hone Misys Banking Systems ■
Robert Howarth Skipton Building Society
Olga Johnson Northern Rock plc
Simon McGruer Citigroup Corporate & Investment Bank
James Pauling
Tsiung Poon PricewaterhouseCoopers LLP
Andrew Shearer Centrica plc

CERT PRM PASS

Distinctions ■

Graeme Baber
Lisa Burnand The Royal Bank of Scotland
Humbert Cheung HJ Heinz Company Ltd
Robert French British Airways plc ■

Stephen Hatton Reed Elsevier Group plc
David Hunt Ryder Plc
William Lawson National Australia Bank Ltd
Ian Locke Vodafone Group ■
Paul Roby Walbrook Consulting Ltd ■
Subhashini Sundaramoorthy Smith & Williamson Ltd and Nexia Audit Ltd
Nicola Tutt FKI plc