

A question on policy will always appear

CHRIS BUNTON, ADRIAN BUCKLEY AND CATHERINE ADAIR-FAULKNER ANALYSE THE RESULTS OF THE APRIL 2007 SITTING OF THE MCT, AMCT AND ICM EXAMINATIONS. INCLUDED IS A LIST OF NAMES OF ALL STUDENTS WHO PASSED.

MEMBERSHIP EXAM

The pass rates for this sitting were 51% in Paper VII, 58% in Paper VIII and 61% in Paper IX, with an overall pass rate of 46%. It was encouraging to see the pass rate in Paper VII above 50%, but those in the other two papers were in the lower part of their historic range. A surprising number of candidates scored very poorly in all papers, and were clearly not yet equipped to take the exams, which depressed the pass rates. Pleasingly, though, most of the referral candidates had put in the work to pass the qualification.

The main case in Paper VII revolved around an international drinks company. Where the weaker candidates stumbled was in translating their knowledge of the theory into quantified proposals, and putting that analysis into the context of the company in the case. The company had stable cashflows, so could carry significant debt – a crucial point that some candidates failed to spot. Part of the question asked for a quantified distribution policy, and some candidates were unable to turn their knowledge of the theory into coherent specifics.

In Paper VIIIA the main case concerned the financing of a takeover. Weaker candidates missed the fact that the deal itself was marginal. At this level, candidates must reach their own, independent opinions of propositions rather than assume that what they are given makes economic sense. Paper VIIIB, based around the risks of a large mining company, was generally well handled. The section that candidates found most difficult was the interrelationship between business risks and financial risks, but there was enough good performance elsewhere in the paper for a respectable pass rate.

In Paper IX, the main shortfall came where candidates were asked to develop financial policies. Regurgitation of the issues is not enough; application to the case was what was required. A question on policy will always appear in the exams.

Where weak candidates fell short, it was generally on the ability to apply theory coherently to real situations. The principle is the same in all papers. Start with the business context, use that to inform your assessment of the risks of the situation in the case and then use that insight to derive the implications for the task in hand. If asked to quantify your answer, do so. In real life, your board will demand no less.

As in previous sittings, there were some excellent scripts and those who passed can be proud of their achievements.

ASSOCIATE EXAM

Foundation level The foundation level comprises four papers: Financial and Management Accounting, Economics and Statistical Analysis, Corporate Tax, and Business Law.

In the Accounting paper, the standard of scripts continued to show an improving trend. Of the 84 who sat the exam, 54 were awarded a pass, giving a pass rate of 64%, a little up on the last sitting's 62%. But there was obviously a long tail, reflective of a fair number of ill-prepared candidates – 13 scored 35 or less. There were several strong scripts, with 17 candidates scoring 65% or more, eight of whom scored 72% or more and were awarded distinctions. Overall achievement was better than the last two sittings.

In the Economics and Statistical Analysis paper, the standard of scripts was generally good. Of the 60 candidates who sat the exam, 37 were awarded a pass, six of whom were classified as distinction level. The pass rate, at 62%, was lower than immediately preceding sittings.

In the Corporate Tax paper, 62 candidates presented themselves, and 42 passed, five of whom achieved distinction status. This result was similar to the immediately previous sitting.

In the Business Law paper, 75 candidates sat and 48 passed, giving a pass rate of 64%. There were six distinctions. The examiner noted an improvement on recent sittings.

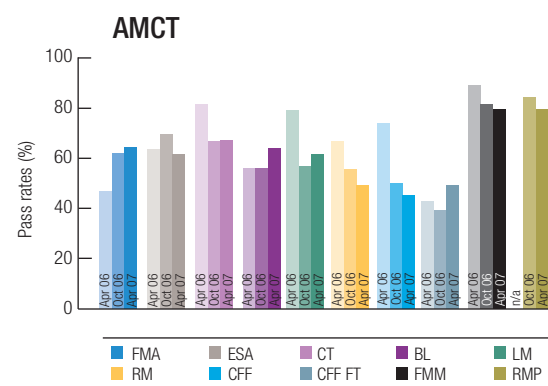
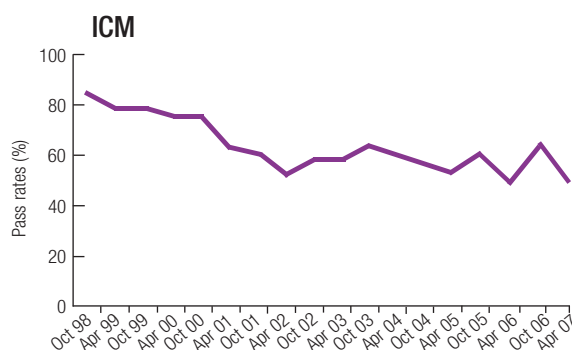
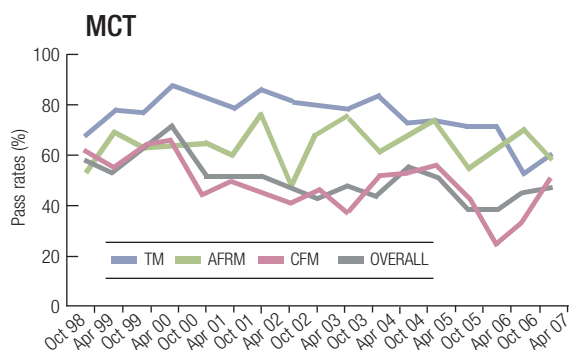
Associate level There is a choice of papers to attain Associate level. Some may be sat as a one-off without aiming for Associate status, notably the Financial Mathematics and Modelling paper and the Risk Management for Pensions exam. Other than these, the papers reviewed here are Liquidity Management,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

The Liquidity paper was sat by 126 candidates, 77 of whom passed, giving a pass rate of 61%. There were nine distinctions. Too many failing candidates displayed a lack of comfort with cashflow forecasting and how to draw conclusions from it.

In the Risk Management paper, 131 candidates presented themselves and 65 passed, giving a pass rate of 50%. There were a fair number of outstanding papers and five distinctions were awarded, but far too many candidates performed badly on the bigish first question.

In the Corporate Finance and Funding paper, 128 sat and 58 passed – a pass rate of over 45% compared with 51% last time. In the Fast

EXAM RESULTS 1998-2007: PASS RATES



THE PRINCIPLE IS THE SAME IN ALL PAPERS. START WITH THE BUSINESS CONTEXT, USE THAT TO INFORM YOUR ASSESSMENT OF THE RISKS OF THE SITUATION IN THE CASE AND THEN USE THAT INSIGHT TO DERIVE THE IMPLICATIONS FOR THE TASK IN HAND. IF ASKED TO QUANTIFY, DO SO. IN REAL LIFE, YOUR BOARD WILL DEMAND NO LESS.

Track paper, for qualified accountants, 98 students sat and 48 passed, a pass rate of 49%, much better than the previous sittings. There were two distinctions in the Corporate Finance and Funding paper and three on the Fast Track.

In the Certificate in Financial Mathematics and Modelling, the pass rate was 80%, with 28 out of 35 candidates passing and five achieving distinctions. This pass rate is attributed to candidates' systematic and thorough preparation throughout the course, including working and submitting progress tests and attending tuition.

April 2007 saw the second sitting of the Risk Management for Pensions paper. Eight of the 10 participants on the course passed, but there were no distinctions. Again, the high pass rate reflects thorough preparation by some very committed and well-qualified candidates.

Overall, pass rates were good. Reference to suggested solutions to past papers and attendance at tuition and revision sessions remain highly recommended.

INTERNATIONAL CASH MANAGEMENT EXAM

April 2007 reflects a disappointing out-turn, culminating in a pass rate of only 49%. This is in stark contrast to the gratifying 61% achieved during the October 2006 sitting. More encouragingly, the examination board awarded five strong distinctions in this sitting.

The results reflect in part a frustratingly high number of Question 1 fails. Given the absolute requirement to pass this compulsory element of the examination, it is evident that renewed attention should now be paid to this component. Given the uniformity of style and content for this question throughout all the ICM examination papers, poor examination technique will no doubt be contributing to this trend.

Interestingly, while many students demonstrated an improved knowledge of cash management and treasury innovation, some common knowledge gaps manifested regarding basic cash management disciplines such as payment factories, payment systems, documentary collections, and even the fundamental 'duties of a bank'.

With the recent launch of the revised manual, students now have the opportunity to revise these key ICM elements and consider them within the context of the case studies.

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.
 www.treasurers.org

EXAM RESULTS

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

MCT PASS

Distinctions Paper VII ■ Paper VIII ■ Paper IX ■

Lesley Flowerdew WS Atkins plc
Ben Gothard Habitat
James Harvey Rolls-Royce plc ■
Andrew Life HSBC Bank plc ■ ■ ■
Richard Llewellyn Rio Tinto plc
Jane Maguire Nortel Networks (UK) Ltd
Kerri Maharaj RBTT Bank Limited
Michelle Mitchell Deloitte & Touche LLP
Timothy Parsons Smiths Group plc

Benjamin Peacock Vodafone Group ■
Matthew Purcell Barclays Capital ■ ■
Andrew Rowlands British American Tobacco plc ■ ■
Philip Scott Vodafone Group Services Limited
Matthew Shelley Tesco plc
Christopher Smith Nomura International plc
Karen Toh Shell International Ltd ■ ■
Joanne Webster GlaxoSmithKline plc
Mark Williams Dyson Ltd

AMCT PASS

Distinctions CFF ■ FRM ■ LM ■ RM ■ CFF FT ■

Edem Adzaku Integritas
Acheampong Afriyie Jeff Wooller College Ltd
Carlos Araujo Shell International Ltd
Ian Armstrong Rolls-Royce plc ■
Henry Basing Merrill Lynch Europe Plc
Linda Beckwith Norwich Union Insurance
Michael Beesley The Co-operative Bank plc
Julie Brockley Barclays Bank Plc
Tracey Brown Subsea 7
Anezka Christovova The Royal Bank of Scotland
Gemma Coburn BBC
Alex Cockerell Deloitte & Touche
Nicholas Collins PricewaterhouseCoopers
Jean Cookson Bank of Ireland (Bristol and West Plc)
Lorraine Cumberland NM Rothschild & Sons Limited
Manoj Devadas Lehman Brothers
Paul Doherty AIB Group
Tanya Evans
Daniel Ferguson Royal & SunAlliance Insurance Group plc ■
Barna Gergely PricewaterhouseCoopers
Swee Guan Goh British American Tobacco Asia Pacific
Amy Gudgeon AstraZeneca plc ■
Deborah Hanna The Regenda Group
Alastair Hay KPMG Corporate Finance
Jonathan Heminsley National Australia Bank
Angela Hiney Deloitte ■
Stuart Hitchcock RBS Greenwich Capital
Robert Howarth Skipton Building Society ■
Tina Hufton PricewaterhouseCoopers
Katherine Hughes Tomkins plc
Ruth Hunt Shell International Limited
Marian Ivascu CII Group
Mark Jackson Lloyds TSB Bank Plc
Olga Johnson PriceWaterhouseCoopers

Sarah King Barclays Bank plc
Nathan Lane Onyx Scientific Ltd
Gavin Laws Ernst & Young
Jennifer Lister Premier Farnell plc
Alison Machin The Royal Bank of Scotland
John Madziva
Robert Marrow Shell International Petroleum Company Ltd ■ ■
Faryal Maudarbocus National Express Group plc
Howard Bruce Moller Lafarge (UK) Services Ltd
Jonathan Moore Schroders plc ■
Sian Morgan The Royal Bank of Scotland
Pieter-Bas Mulder PricewaterhouseCoopers
Glenn Noble Rexam plc
Marie O'Mahony Xerox XF Holdings Ltd
Margaret O'Sullivan Nike European Operations Netherlands BV
Juli Pargeter Provident Financial plc
Kreena Patel BT
Steve Peirce Saga Group Ltd
Jonathan Pepper HBOS Treasury Services plc
Jonas Persson BNP Paribas
Rod Pirie First Group plc ■
Joanne Reed MyTravel Group plc
Laura Reeves First Choice Holidays plc
Max Rink Birds Eye Iglo Group
Mark Ronan HBOS plc
Peter Savidge Barclays Capital
Narayanan Seshan Bahrain Petroleum Company BSC
Gary Shannon PricewaterhouseCoopers
Alan Shaoul P&O Group
Jean Sheridan Radio Telefis Éireann ■
Harpal Singh Lloyd's Register of Shipping
Christopher Skinner Deloitte & Touche
Mark Smith
James Smyth Lloyds TSB Bank Plc

Neil Somerville Ryder Plc
Peter Spencer
Craig Stanbury Tesco plc
Claire Stokes United Utilities PLC
Josephine Teo Shell International Ltd
Mimi Timar TimeWarner
Martin Tirivanu Harmony Gold Mining Ltd
Faisal Umair Maersk Benelux BV

Almar Van Paeschen The Carphone Warehouse Group plc
Barry Watson
Martin Watts London & Quadrant Housing Trust
Ian Wilson Yule Catto & Co plc
Mathew Wimsett The Royal Bank of Scotland
Darren Wingate WPP Group plc
Hong Zhang Shell International Ltd

CERT ICM PASS

Distinctions ■

Gautam Abroal Citibank NA
Carmen Barbulescu ING Bank
Fiona Beaney National Grid plc
Rens Brocheler Ministry of Finance
Stefania Cairola Fiat Finance and Trade Ltd
Marta Cerina Bank of America
Chit Vina Cheung HSBC Hong Kong
Evelyn Chua Citigroup Investment Bank (Singapore) Limited
Ellen Cornelissen HSBC Bank plc
John Corrigan JP Morgan Chase Bank
Erik De Bloeme Jeyes Ltd
Adrian Dray Bank of America
Karen Fagan JT International Business Services Ltd
Annabel Farlow Xansa UK Ltd
Lovkesh Gogna British Telecommunications plc
Nicolas Grimard AIG
Joakim Haak SEK Financial Advisors AB
Simon Harrison ESAB Holdings Ltd
Colin Hilditch Bank of Scotland
Scott Lee Citibank
Samantha Jane Lewis Unipart Group Ltd
Stuart Mason Travelex
Fergus McDonald Royal Bank of Scotland plc

Kim McKenna ING Wholesale Banking
Johan Moojen Tennet TSO BV
Tanja Morson Dyson Ltd
Nicholas Chong Weng Mun Accenture ■
Huong Giang Nguyen Citigroup Vietnam
Andrew Onions Britvic plc
Lindsey Orrowe JP Morgan Chase Bank ■
Robert-Jan Otten ING Wholesale Banking
Pepyn Schellaars Bank of America
Gerrit Schep Fortis Bank
Kevin Shakespeare HBOS plc
Gerard Sloan Bombardier Aerospace Shorts
Nicholas Soo HSBC Bank Malaysia Bhd ■
Ai Bee Soon Standard Chartered Bank ■
Gregory Struyf Aviapartner
Marc Thomas HSBC Bank Australia
Mary Rose Tiamson Bank of America
Caroline Tindale Unipart Group Ltd
Mark Tweedie Citigroup ■
Zamshed Uddin Citigroup
Sarah Willcox FESPA LTD
Jacqueline Wilson Kimberly Clark Europe
Makpal Yesmukhanova Agip KCO

FMM PASS

Distinctions ■

David Alderman Chelsea Building Society
Elliot Brown Bank of Scotland
Stuart Clarke Chelsea Building Society
Pim Denissen Aegon NV
Sarah Frampton Rolls-Royce plc
Wendy Fry ING Direct NV
James Gibbs Credit Suisse Financial Products
Joe Kelly Man Financial Ltd ■
Stephen Mander Kimberly Clark Europe ■
Keith Mason OFWAT
Andrew Mead National Grid plc ■
Pieter-Bas Mulder PricewaterhouseCoopers
Jayesh Patel
Collin Ratnam T-Mobile UK

Rangan Ravindran Alliance & Leicester plc
David Sams Rio Tinto plc ■
Ian Sillars The Royal Bank of Scotland Plc
Shona Smedley Northern Rock plc ■
Lee Trewartha Genworth Financial
Paul Tydeman Virgin Atlantic Airways Ltd
Richard Van Rossum Akzo Nobel NV
Sebastiaan Weeda KLM Royal Dutch Airlines
Kate Williamson ING Direct NV
Ian Wilson Yule Catto & Co plc
Darren Wingate WPP Group plc
Tristan Winter Chelsea Building Society
Simon Yeldham Snell & Wilcox Limited
Monica Yuen