

# EXAM REPORT – APRIL 2003 SITTING

**‘THE SUCCESSFUL CANDIDATES WERE THOSE WHO COULD DISPLAY PRACTICAL SOLUTIONS AND GOOD JUDGEMENT BASED ON CRITICAL ANALYSIS’**

**MEMBERSHIP EXAM.** The pass rates in this diet were 47% in Paper VII, 70% in Paper VIII and 81% in Paper IX, for an overall pass rate of 44%. Paper VIII was much improved from the last diet and at the top of the recent range. The overall pass rate was low, depressed by unsuccessful referred candidates.

The successful candidates were those who could display practical solutions and good judgement based on critical analysis. This is hardly surprising, since those are the qualities that distinguish the MCT qualification. The MCT’s mandate is to provide the holder with the practical and theoretical understanding to deal with the most demanding treasury problems they might encounter and that is what employers expect and value. Examiners will not award the qualification on knowledge of technique without the ability to translate it into action.

The good were distinguished from the bad in the case studies, as usual. In Paper VII, the case was based on a pubs and spirits company demerger, disrupted by counterbids. Candidates’ analysis of the value of the demerged division and the merits of the bids for it were often insufficiently incisive and would have left too much of their shareholders’ money on the table.

Most concerning was the response to the question on what the seller should do with a substantial pot of cash – many missed the fact that this was a capital structure question.

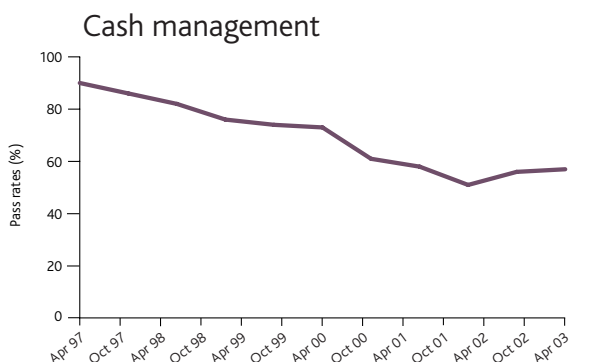
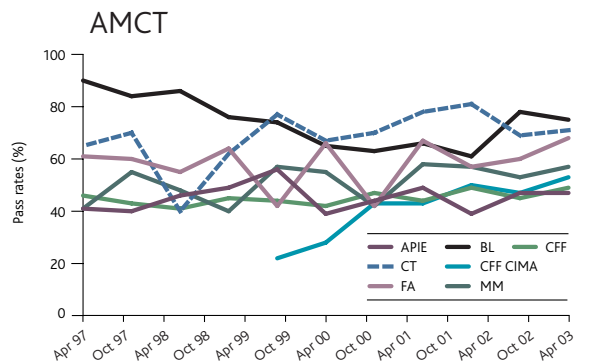
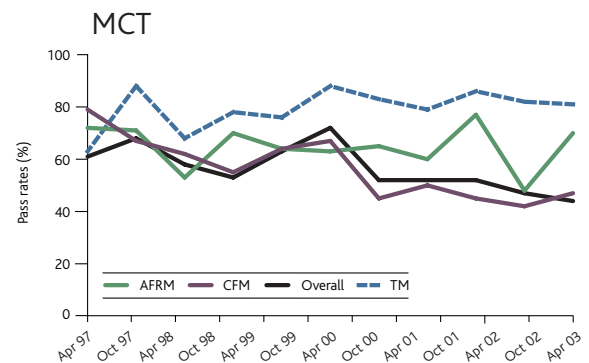
Paper VIII B’s case was based on a consulting company embarked on a very questionable strategy. There was room to rip this company apart, but very few candidates did. Critical analysis and independent judgement was needed, but too little seen.

The descriptive and theoretical questions across the papers were well handled, with candidates dealing efficiently with issues such as competitive hedging strategies and unusual financing instruments. Paper IX was well answered throughout, where candidates dealt well with organisational and policy issues in the case study. Similarly, the negotiating issues of replacing a bank line against rapidly declining credit quality was well handled.

Most candidates do know the theory – where they fall down is on the application. But they must demonstrate that extra skill in order to pass at this level – a Board has the right to expect that of its treasurer. However, to end on the positive, there were some fine scripts that were a delight to read. These are candidates employers should be proud to have.

**ASSOCIATE EXAM.** The pass rates from this diet were at, or slightly above, historical averages. Candidates who had studied the course material in sufficient depth and could apply their knowledge to the scenarios and specific requirements in the papers, achieved good results.

**EXAM RESULTS 1993-2003: PASS RATES**



At 47%, the pass rate for Paper I was in line with the previous diet. Unusually, the average mark for the economics question was poor, as candidates failed to distinguish clearly between micro economic issues relevant to Part A and macro issues in Part B. The auditing question asked how auditors would address an issue in their report. Many students made unnecessary assumptions and failed even to mention the report.

For Paper II, the pass rate of 68% was an improvement over the October diet. However, Question 1 was unsatisfactorily answered. This is particularly disappointing, as it tested the fundamental skills of setting out cashflows and translating them to a profit and loss account. Many also failed to score well for Question 3, providing general descriptions of sources of finance without applying their answers to the small business scenario.

Paper III produced a pass rate of 71%, slightly above the last diet. Most scored well in Section A. Results in Sections B and C were mixed, with common errors being the determination of industrial buildings allowances and the elements in a building qualifying for capital allowances as plant and machinery.

The Paper IV scripts continued to show the improved standards seen in the last diet. There were many good answers from candidates who knew the study material. The pass rate was slightly below October's, at 75%.

For Paper V, a pass rate of 57% was relatively good compared with recent results. The case study was generally well answered, although some candidates lost marks for failing to compare different hedging strategies on a 'like with like' basis.

Question 2 required an understanding of the elemental difference between accruals and cash accounting to calculate a net cash-flow from operating activities. Answers to this question were disappointing.

Candidates for Paper VI achieved a good overall pass rate of 49%. This was despite a number of widespread calculation errors in Question 1.

Question 4 required a calculation of the cost of borrowing, taking account of the time value of money, followed by a discussion of the US private placement market. Candidates demonstrated a lack of familiarity with the appropriate material.

Fifty three per cent is the highest pass rate to date for Paper VIC. Candidates achieved good results for questions covering bank capital adequacy, organisation structure, bond pricing and covenants yet, surprisingly, struggled to calculate the average life of a loan.

**INTERNATIONAL CASH MANAGEMENT EXAM.** The pass rate in this diet was 57% – the best for 18 months. The case study in Question 1 is designed to test candidates' ability to apply their knowledge to real situations. This case was well answered and very few candidates failed solely on this point, which is encouraging. Students are clearly preparing well. Question 4, on re-invoicing and outsourcing, proved most difficult, perhaps because it required a slightly wider understanding of the subject. However, these are topical and important issues. Overall, this diet displayed a good performance, with a number of fine candidates, as evidenced by the five distinctions awarded.

#### CHAIRMEN

MCT, AMCT and International Cash Management Examination Boards

## EXAM RESULTS

The Association of Corporate Treasurers wishes to extend its congratulations to the following people who have passed the respective examinations:

### MCT PASS

Distinctions Paper 7 ■ Paper 8 ■ Paper 9 ■

**Nicholas Allen** | mmO2 plc  
**Antony Cox** | Taylor Clark plc  
**Panagiotis Georgakopoulos** | Bank of Cyprus (London) Ltd  
**Patrick Harte** | GUS International Holdings BV  
**Michael Hirst** | Tesco Stores Ltd  
**Richard Humphreys** | British Telecommunications plc ■  
**Helen Innes** | BP  
**Dominic Jaques** | Procter & Gamble UK  
**Sheelagh Killen** | The Association of Corporate Treasurers  
**Dan Knox** | Fidelity Investment Management Ltd ■  
**Andrew Koss** | Provident Financial plc ■  
**Patrick Lindley** | Dunbar Bank ■■  
**Mark Lyons** | Pilkington plc  
**Helen Williams** | Royal Bank of Scotland Group plc

### AMCT PASS

Distinctions Paper V ■ Paper VI ■

**Elena Afanasieva** | Egg plc  
**Rita Akushie** | Bethnal Green & Victoria Park HA  
**Karen Aldred** | UCI (UK) Ltd ■  
**Shirley Alexander** | Royal Bank of Scotland plc  
**Zoe Ambache** | PricewaterhouseCoopers  
**Colin Anderton** | Egg plc ■  
**Andrew Avann** | A.R. Avann & Co  
**Luke Bates** | Dunfermline Building Society  
**Sanjay Bibekar** | PricewaterhouseCoopers ■■  
**Alex James Biss** | Smiths Group plc  
**Duncan Brett** | KPMG LLP  
**Simon Brunning** | Nationwide Building Society ■  
**Toby Bullivant** | Prudential Bache International  
**John Carey** | KPMG LLP  
**Lesley Chester** | Royal Bank of Scotland plc  
**Humbert Cheung** | H J Heinz Co Ltd  
**Jonathan Cheung** | PCCW  
**Neil Christie** | Barclays Capital  
**Nicholas Clark** | UBS Warburg  
**Bradley Cooper** | Evans Property Holdings Plc  
**David Coulthard** | Bunzl plc  
**Andrew Coward** | Schroder Salomon Smith Barney ■

**Andrew Cusack** | Standard Chartered Bank ■  
**Simon Dawe** | Eescape Ltd  
**Paul Dempsey** | Gulf International Bank (UK) Ltd  
**Simon Derrick** | Deutsche Bank  
**Damian Duffy**  
**Laura Eadie** | Intelligent Finance  
**Paul Edgecliffe-Johnson** | HSBC Bank Plc ■  
**Tom Ewing** | Lloyds TSB Bank plc  
**James Feeney** | Rolls-Royce plc ■  
**Michael FitzGerald** | Lloyds  
**Ian Fleming** | Powergen plc  
**Iain Foster** | Rolls-Royce plc  
**John Foster-Powell** | Bank Insinger de Beaufort plc  
**James Freeman** | Royal Bank of Scotland plc  
**James Gavey** | PPM Ventures Ltd ■  
**James Gilmour** | VFS Financial Services (UK) Limited ■  
**Helen Graham** | Diageo plc  
**Darren Gray** | Lambeth Building Society  
**John Griffiths** | Royal Bank of Scotland plc  
**Kerrie Hanafin** | A Woman's Touch  
**Christopher Heath** | Abbey National plc  
**Troy Hicks** | Morgan Stanley  
**Anthony Holt** | Albany Trustee Company Ltd  
**Robert Horrocks** | Royal Bank of Scotland plc  
**Charles Houston** | KPMG LLP  
**Sandip Joshi** | ABN AMRO ■  
**Colin Joyce** | GE Capital Aviation Services Ltd ■■  
**Catherine Kelly** | Allied Irish Bank (GB)  
**Matthew Kiff** | 3i Group plc  
**Lee Kilby** | MBDA UK Ltd  
**David King** | GE Power Controls  
**Dipak Kothari**  
**Justin Lasky** | Aon Ltd  
**Mark Layton** | JohnsonDiversey Europe BV  
**Jeremy Lewis** | Transco plc  
**Andrew Lewis** | Royal Bank of Scotland plc  
**Katy Liles-Edwards** | Virgin Mobile Telecoms Ltd  
**Andrew Lloyd** | First Trust Bank  
**Ho Man** | KPMG LLP  
**Craig Marks** | Electrocomponents plc  
**David Marshall** | KPMG  
**Jane Mawer** | Lloyds TSB Bank plc ■  
**Michael McClay** | Powergen UK plc  
**Terry McElhone** | Rathbone Investment Management Ltd  
**Lisa McGinty** | PricewaterhouseCoopers ■■  
**Maureen McHugh** | Allied Domecq plc  
**Lynn Mckirkle** | Diageo plc  
**Cameron McNair** | Royal Bank of Scotland plc  
**Lindsay McNicol** | ScottishPower plc  
**Jérôme Miara** | Hudson Highland Group  
**Alain Millet** | Powergen plc  
**Michelle Mitchell** | Caudwell Group  
**Innocent Chenjerai Mugovera**  
**Sarah Murdoch** | Royal Bank of Scotland plc  
**Andrew Mussett** | Xerox MIERA  
**Vinod Nambiar** | Bank Muscat (SAOG)  
**Christof Nelischer** | Novar plc  
**Brian Newcombe** | Bank of Ireland UKFS  
**Christopher Newton** | Du Pont de Nemours Intl. S.A

**David Nickson** | Bank of Scotland  
**Laurence Nudd** | Euronext NV  
**Philip J L Owen** | British Telecommunications plc ■  
**Andrew Paton** | Orange SA  
**Ian Peake** | Hanson plc  
**Mark Pearson** | Caudwell Group  
**Lloyd Peckham** | Royal Bank of Scotland plc  
**David Philipps** | Accenture  
**Gearoid Piers**  
**Leo Porter** | Royal Bank of Scotland plc  
**Verinder Rai** | Capital One Bank (Europe) plc  
**Sunil Raja** | Abbey National Treasury Services  
**Major Rana** | Muller Dairy (UK) Ltd  
**Sally Reay** | Hays plc ■  
**Nicholas Redman** | Schlumberger Technical Services  
**Tarique Reza** | Marsh Ltd  
**Matthew Russell** | Fidelity Investment Management Ltd  
**Craig Scott** | Camelot Group plc  
**Richard Simms** | PricewaterhouseCoopers ■  
**Penny Stamp** | Bank of America ■  
**Ian Stewart** | AOL (UK) LTD  
**Simon Tannett** | Bank of Nova Scotia  
**James Tapper** | Vodafone Group  
**Neil Thomson** | Ernst & Young  
**Neil Wadey** | British American Tobacco plc ■  
**Daniel Walker** | Danka Business Systems plc  
**Eunice Wickham**  
**Robert Wilkinson** | Singer & Friedlander Ltd  
**Carl Williamson** | Lloyds TSB Bank plc  
**Gregory Witney** | C & J Clark International Ltd  
**Sarah Wright** | City Practitioners Ltd ■  
**Marek Zaborniak** | Commerzbank Securities

## CERT ICM PASS

Distinctions ■

**Vicky Alexandrou** | Economist Group  
**Vijey Ananda** | Bank of America (Singapore)  
**George Anderson** | Bank of America  
**Dennis Baljeu** | ASML  
**Susan Bayston** | NatWest Bank plc  
**Ravichand Bharos** | De Nederlandsche Bank NV  
**Deirdre Boyd** | IBM International Treasury Service Centre  
**Sarah Brennan** | Imperial Tobacco Group plc  
**Michael Brown** | Bank One NA  
**Lucy Bryce** | Royal Bank of Scotland plc  
**Mike Burn** | Bank of America, NA ■  
**Gillian Cameron** | First Group plc ■  
**Edwin Chan** | HSBC Bank plc  
**Helena Chen** | Standard Chartered Bank  
**Stanoy Chorbadzhijski** | LUKoil Neftochim Burgas AD  
**Inger Christiansen** | Danske Bank A/S  
**James Clark** | Bank of America, NA  
**John Cloherty** | BNFL plc ■  
**Tom Cools** | PricewaterhouseCoopers Accounts NV

Clare Daly | Royal Bank of Scotland plc  
 Jodi Davis | Barclays Bank plc  
 Christian Davis | Sovereign Finance plc  
 Lal De Silva | Halcrow Group Ltd  
 Cormac Donohoe | Allied Irish Bank plc  
 Alan Drew | Dixons Group plc ■  
 Jonathan Edwards | Lehman Brothers  
 Steven Fessler | Citibank  
 Alan George | T-Mobile (UK)  
 James Green | Arval PHH Ltd  
 Marc Grouvel | BNP Paribas  
 Claire Hill | AT&T Istel Ltd  
 Cecile Jacquemier-Ward | HSBC Bank Plc  
 Nicola Jones | ERM Holdings Ltd  
 Geoffrey Lloyd | Lloyds TSB Bank Plc  
 Sau Mui Lo | The University of Hong Kong  
 Kevin Marshall | Lloyds TSB Bank plc  
 Lucille Michel | AT&T Istel Ltd  
 Stefano Michelangeli | PricewaterhouseCoopers  
 Laura Milani | LM Treasury Consultants  
 Vincent Nash | Royal Bank of Scotland plc  
 Mathew Norton | Inchcape plc  
 Elisabeth Nottet | PricewaterhouseCoopers NV  
 Willem Overeynder | tapX  
 Paul Pridmore | Barclays Bank plc ■  
 Leendert Punt | Zanders & Partners  
 Jose Querubin | Bank of America  
 Lesley Rogers | AT&T Istel Ltd  
 Chloe Smith | Royal Bank of Scotland Group plc  
 Nicholas Snape | Co-operative Group (CWS) Ltd  
 Gail Stock | Royal Bank of Scotland plc  
 Iain Taylor | HSBC Korea  
 Niels Thelosen | NIB Capital  
 Roderick Thomson | Royal Bank of Scotland plc  
 Paul Trotter | Express Dairies plc  
 Tamas Varga | Platinum Equity  
 Juliantini Voss  
 David Watson | Royal Bank of Scotland plc  
 Elizabeth Wilson | Kodak International Finance Ltd  
 Paul Woolard | Tate & Lyle North America  
 Tony Wright | Royal Bank of Scotland plc

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## ON THE MOVE

*This month's CE Report is on p15, regarding the ACT's annual conference.*

■ **Dominic Osborne AMCT**, formerly Finance Manager at Shell UK Oil Products has been appointed Europe Lubricants Supply Chain Finance Manager at AB Svenska Shell.

■ **Michael Lewis AMCT**, previously Managing Director

of Business Risk Strategies Ltd and a former Principal Consultant and Technical Director at Willis Group, has joined EMI Group plc as Group Risk Manager.

■ **Martin Cade AMCT**, has joined Bradford and Bingley plc as Product Controller.

Previously he worked for Pace Micro Technology plc as Group Treasurer.

■ **Hugh Shields MCT**, has moved to Barclays Capital as Director and Global Head of Technical Accounting after previously working for KPMG LLP as Senior Manager.

■ **Stella Chan MCT**, has moved from PricewaterhouseCoopers to Scarborough Building Society as Treasury and Financial Planning Manager.

Please send items for inclusion (including daytime telephone number) to Anna McGee, [amcgee@treasurers.co.uk](mailto:amcgee@treasurers.co.uk).