

Critical analysis is key

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

MEMBERSHIP EXAM The results for this diet were the most disappointing for several years. Pass rates by paper were 25% in Paper VII, 63% in Paper VIII and 72% in Paper IX, with an overall pass rate of 38%. The poor results in Corporate Finance pulled down the overall pass rate, but the cause was a common theme that applied in varying degrees in all the papers.

All papers examine both theory and the ability to apply theory to develop practical solutions in complex situations, because that practical application is an essential component of the membership qualification. The format of the application questions is generally the same: the student is asked to analyse the case critically to identify the key issues, risks and opportunities, then to demonstrate their knowledge of the relevant theory, and finally to derive specific solutions from that analysis. The analysis is invariably quantitative. It is in these questions that the good candidates demonstrated their skill and the poor candidates were undone.

This type of problem may be unfamiliar to students (although it is bread and butter to treasurers), in which case they should work through the case studies in past papers, ensuring that they respond to each element properly, until they believe they are comfortable with what is required – there is no substitute for practice. Always think about the context. You would not recommend the same capital structure for a biotech company as for a utility, yet that is essentially what many students did for a vaccine manufacturer in Paper VII.

Paper VII revealed that too many candidates could not design a capital structure – a common problem in the past – and a surprising number could not perform the basic analysis of the case. Paper VIIIA, where the case study focused on debt capacity of a telecoms company, was well answered. But in Paper VIIIB, when asked to analyse currency and interest rate exposures for a branded foods group, too many candidates lacked incisive comment. Paper IX was reasonably well handled in general, but the weak candidates merely stated what issues financial policies might cover, whereas the question asked for specific parameters. Again, specific and practical solutions are required.

On the brighter side, many candidates' good preparation clearly showed and they should be proud of their achievements.

ASSOCIATE EXAM

Papers 1 to 6 (old syllabus) At the April 2006 sitting, performance was generally a fraction below the immediately previous diet. Paper 1 (Accounting Practice and Introductory Economics) recorded a pass rate of 55% (compared with 62% in October 2005), but this statistic is not meaningful since only nine candidates presented themselves. In Paper 2 (Financial Analysis), 25 candidates took the exam, achieving a pass rate of 72%, well ahead of 63% last time.

In Paper 3 (Corporate Taxation), 25 out of 38 passed, giving a pass rate of 67%, slightly below last time's figure of 71%. With only 18 out of 30 passing, Paper 4 (Business Law) demonstrated one of the lowest pass rates in its history. However, there was one outstanding paper with a 94% score. Congratulations.

On Money Management (Paper 5), the overall pass rate of 63% was a historic high (137 candidates and 86 passes) – a good exit to the old syllabus. Finally, Paper 6 (Corporate Finance and Funding) showed a pass rate of 42%, well below previous pass rates. The Fast Track paper, for CIMA and ACCA accountants, had a pass rate of 43%, a few percentage points above recent diets.

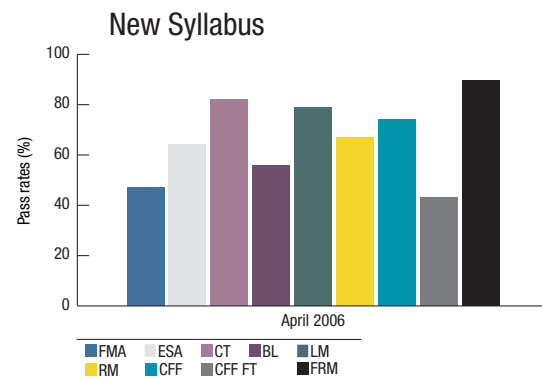
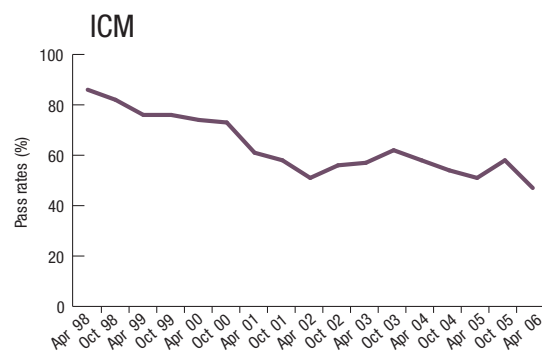
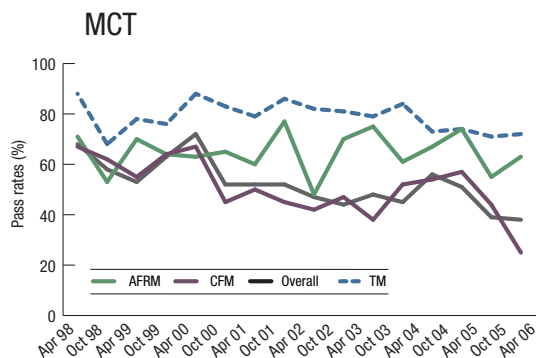
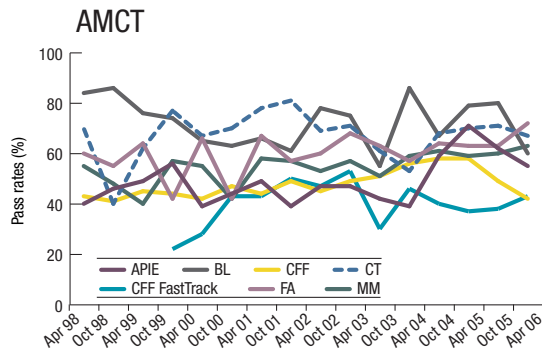
Foundation level (new syllabus) The foundation level comprises four papers: Economics and Statistical Analysis, Financial and Management Accounting, Corporate Taxation and Business Law.

In the Economics and Statistical Analysis paper, the standard of scripts was mixed. Of the 25 candidates who sat the exam, 16 were awarded a pass. There were few marginal scripts, so candidates either earned a good pass or a poor fail.

In the Accounting paper, the standard of scripts was somewhat disappointing. Of the 75 who sat the exam, 35 were awarded a pass, giving a pass rate of 47%. The average mark was 45.4%. There were several strong candidates, nine of whom scored 65% or more, indicating that high marks were possible. However, there were too many weak scripts with 23 candidates scoring less than 35%.

Of the 30 students who sat the Business Law paper, 17 passed, giving a pass rate of 56%. The highest scored 92%. The examiner's overall impression was one of under-preparation with around a third scoring below 40%. In the Corporate Taxation paper, 19 out of 23 candidates passed, giving a pass rate of 82%.

EXAM RESULTS 1998-2006: PASS RATES



YOU WOULD NOT RECOMMEND THE SAME CAPITAL STRUCTURE FOR A BIOTECH COMPANY AS FOR A UTILITY, YET THAT IS ESSENTIALLY WHAT MANY STUDENTS DID FOR A VACCINE MANUFACTURER IN PAPER VII OF THE MCT EXAM.

Associate level (new syllabus) There is a choice of papers to attain the Associate level, some of which may be sat as a one-off without aiming for Associate status, notably Financial Risk Mathematics. The papers reviewed here are: Liquidity Management, Risk Management, Financial Risk Mathematics, and Corporate Finance and Funding.

The Liquidity paper was taken by 58 candidates, who achieved a pass rate of 79%. Candidates for future sittings are advised to ensure that they are confident in applying concepts and principles.

In the Risk Management paper, 43 candidates presented themselves. The pass rate was 67%, helped by the absence of the resit candidates, who generally opted to resit Paper 5 of the old syllabus.

April 2006 saw the first sitting of the Certificate in Financial Risk Mathematics. The pass rate was 89%. This achievement is attributed to candidates' systematic and thorough preparation throughout the course, including working and submitting progress tests and attending tuition. On Corporate Finance and Funding, the pass rate for the new paper was 78%; the Fast Track pass rate was 43%.

Overall, pass rates were good, with candidates of Financial Risk Mathematics achieving outstanding results. Reference to suggested solutions and attendance at tuition and revision sessions remains highly recommended.

INTERNATIONAL CASH MANAGEMENT EXAM The structure and content of this paper was reminiscent of all recent papers. It was therefore disappointing that with a 47% pass rate, this diet produced lacklustre results in comparison with recent exams.

Further analysis proved enlightening: the overall pass rate was significantly influenced by the fact that 25% of candidates achieved less than 40%. This not only affected the results metrics, but demonstrated low ability across the discipline; many papers evidenced a lack of any significant level of preparation.

Question 4 again perplexed candidates, which was surprising given its focus on highly current and well-publicised initiatives such as SwiftNet, EBA, FATF, system security, Identrus and Eleanor. The requirement to have a technical as well as a practical knowledge of cash management is, and has always been, pivotal to success.

There were, however, some excellent scripts and two very good distinctions were awarded.

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 EXAMINATIONS.

MCT PASS

Distinctions Paper VII ■ Paper VIII ■ Paper IX ■

Riaan Bartlett BHP Billiton Finance BV ■
David Bonar National Grid plc
David Coulthard Filtrona plc
Damian Cunningham EDF Energy Plc ■ ■
Amanda Giddings PricewaterhouseCoopers LLP ■ ■ ■
Claire Grosvenor Vodafone Group Services Limited
Keith Hannah Land Securities Group PLC

Zoe Harris Syngenta ■
Mark Hodgkinson Shell Treasury Centre East ■
Jonathan Konrad Shell International Ltd
James Lee Vodafone Group plc
Simon Olorenshaw Barclays Capital
Ronan Redmond XL Treasury Europe Ltd
See Hau Yim UBS AG

AMCT PASS (new syllabus)

Distinctions CFF ■ FRM ■ LM ■ RM ■

Robbie Bell
Brendan Boucher GlaxoSmithKline plc ■
Robert Busby Royal Bank of Scotland plc ■ ■
Ian Clarke KPMG Corporate Finance
Paul Ford Avis Europe plc ■ ■
Robin Foxall Associated British Ports Holdings
Stefan Hopewell Capital One Bank
Aminta Hunt O2 (UK) Limited
Simon Johnson Paladin Resources Plc
Lyn Kent Ikano Financial Services Ltd ■ ■

Neil Marvell KPMG LLP
Cian McCarrick The Royal Bank of Scotland plc
John McCarthy British Telecommunications plc
Stefano Michelangeli PricewaterhouseCoopers
Sneha Patel Royal Bank of Scotland plc
Krzysztof Piechna PricewaterhouseCoopers ■ ■
William Priest KPMG LLP
Daniel Shepherd Easyjet Airline Company ■
Zhen Sun Cable & Wireless
Louise Tominey Thresher Group ■

AMCT PASS (old syllabus)

Distinctions Paper 5 ■ Paper 6 ■

Yusuf Abdoollah Danka PLC
Phillip Alexander Qinetiq Group plc
Colette Andrews Investec Bank (Channel Islands) Ltd
Daniel Appleton Bank of Scotland
Papinder Athwal Port of Tilbury London Ltd
Emma Ball Tilney Investment Management
Jacqueline Ball PricewaterhouseCoopers
Tom Bindloss ICI Plc
Justine Bowman Wm Morrison Supermarkets
William Brindley RBS Insurance
Katie Burbridge
Stephen Carr Lloyds TSB Bank plc
Sinead Casey Ulster Bank Ltd
Leanne Champness Credit Suisse
Claire Chen Amey Plc
Jay Chhasatia

David Chung Morgan Stanley
Fintan Coyle ABN Amro Bank NV
Abhishek Darbari Unicredito Italiano Group ■
Natalia Davydova Du Pont De Nemours (Belgium)
Hans Djaba Shell International Ltd
John Donegan
David Ellis The Royal Bank of Scotland plc
Nick Fawdrey Singer & Friedlander Ltd
Lisa Flood DUCO Ltd
Mairi Gemmell Scottish Power plc
Marcus Goffin Portman Building Society
Keith Hann
Samuel Harrop Bank of Scotland
James Harvey Rolls-Royce plc
Andrew Hearn Alliance & Leicester plc
Gerry Hepburn Unilever Plc ■

AMCT PASS (old syllabus)

Distinctions Paper 5 ■ Paper 6 ■

David Hough Lloyds TSB Bank Plc ■
Shelley Hughes British Energy Group plc
Mark Ibison Payne
Michael Jones Logica CMG plc
Katherine Jones Deutsche Bank AG
Omar Khan European Bank for Reconstruction & Development
Rachel Kinder
Jennie King ■
Petros Kunze Econet Wireless Holdings Ltd
Andrew Kyle Co-operative Financial Services
Aurore Lecanon Aviva plc ■
James Leipnik The Royal Bank of Scotland plc
Michelle Lo The Hong Kong Jockey Club
Bydon Longwe African Banking Corporation
Iain Macleod Tate & Lyle PLC
Amarjit Mahi ICI Plc
Fariha Malik
Sally Marshall Tesco Stores Ltd
Andrew Marshall-Hardy Barclays Bank plc
Joward Martin Northern Rock plc
Sarah Maystone HSBC Bank plc
Steve Miles
Natasha Nauth
Masahiro Onizuka
Kunal Patel
Phil Pearce The Royal Bank of Scotland plc

Michael Perry Abbey
Chembe Phiri Standard Bank Group Ltd
Ben Pocock The Royal Bank of Scotland plc
Ambheeroobun Poovin Air Mauritius Ltd
John Quine Lloyds TSB Bank plc
David Richardson Evotec (UK) Ltd
Niven Robinson Credit Suisse First Boston
Kabir Sabar
Timothy Sanders Land Securities Group PLC
Adam Sattar The Royal Bank of Scotland
Sarah-Jane Saxby Rentokil Initial plc ■
Paul Smith Alliance & Leicester Commercial Finance plc
Peter Smith Shell International Ltd
Nicholas Soon British American Tobacco Asia Pacific
Ralph Stalder Shell Finance Switzerland AG
Christopher Sutherland HSBC Holdings plc
Alvin Eng Kheong Tan Shell Treasury Centre East
Michael Tarran Brunner Mond Group plc
Jason Tattum Arla Foods UK plc
Kathleen Van Dun Cadbury Schweppes plc
Aileen Wannan
Philippa Watterson Barclays Bank Plc
Iain Wetherall Royal Ahold
Rachel Williams
Anthony Winterbourn Nampak Holdings UK plc
Craig Wood The Royal Bank of Scotland plc

CERT ICM PASS

Distinctions ■

Annette Adrian Nordea Bank Denmark
Anders Andren Nordea Bank AB (publ.)
Kristina Anger Omnicom Finance plc
Gabriel Aslan PricewaterhouseCoopers
David Balmer Cott Corporation
Colin Banning EFFEM Foods Inc
Guy Barker The Royal Bank of Scotland plc
Jonathan Batchelor HSBC Bank plc
Mark Bonham Sunlife Financial
Ann Brook Chelsea Building Society
Paul Carey Citigroup
Ray Chan Tungtex (Holdings) Co Ltd
Andy Chaplin Barclays Bank plc
Nancy Cnockaert HSBC Bank Plc
Deborah Cooper The Royal Bank of Scotland plc
Keith Cornelius American Express Europe Ltd
Luca Cremaschi HSBC Bank plc
Caroline Crisp Johnson Matthey plc
Joanna Davey Software Integrators Ltd
Carolyn Disney Lloyds TSB Bank plc
Mark Dixon Tate & Lyle PLC

Robert Donnelly HSBC Global Transaction Banking, Europe
Dave Featherstone Lloyds TSB Corporate
Damien Gillespie HSBC Bank plc
Christine Glauber Leggett & Platt UK Ltd
Debbie Guard The Royal Bank of Scotland
Claire Gunning Bank of Ireland Global Markets
Barbara Hall First Trust Bank
Evelyne Hong AIG
Stephen Humphreys The Peacock Group plc
Karoliina Itkonen Nordea Bank Finland Plc
James Kane The Royal Bank of Scotland plc
Nyet-Sian Kiew Cargill Asia Pacific Treasury Ltd
James King Imperial Tobacco Group plc
Laura Koekkoek Zanders
Cynthia Koh HSBC Bank plc
Steve Kroeker Basell Co-ordination Company NV
George C Kuriakose Standard Chartered Bank
Wei Lai Usaha Tegas Sdn Bhd
Charlotte Laxton-Taylor Imperial Tobacco Group plc
Yi-Liang Lin Bank of America NA
Anne Martin Reckitt Benckiser

CERT ICM PASS

Distinctions ■

Anthony Mercer GlaxoSmithKline plc
Meldan Murphy
Trine Myhre Fokus Bank ASA
Theis Petersen Nordea Bank Denmark
Nicholas Reeves ERM Group
Ewelina Sasiadek GE Insurance Solutions
Roy Saville Barclays Bank Plc
Jessie Ann Saw The Hongkong and Shanghai Banking Corporation Ltd
Nigel Scott Lloyds TSB Bank plc
Yew Chong Soon Standard Chartered Bank
Zhen Sun Cable & Wireless plc

Ai Li Tan Nokia Treasury Asia Limited
Mathew Thomas HSBC Bank plc ■
Joanna Tibbitt HSBC Bank plc ■
Basjan Van Stam ANWB
Didier Vandenhoute PricewaterhouseCoopers
Maaïke Vermeulen Mexx Europe Holding
Saurabh Vyas Citigroup
Hans Wenning ING Bank
Tracy Wylie Bank of America
Ying Zheng IBM Singapore PTE Ltd

FRM PASS

Distinctions ■

Graeme Baber
Ruth Burford Shell Financial Services
Alex Cockerell Deloitte & Touche LLP
Neil Ede Julian Hodge Bank Ltd
Nikki Gilbert European Bank for Reconstruction & Development ■
Nathan Gillard The Royal Bank of Scotland plc
Lyn Kent Ikano Financial Services Ltd ■
Cian McCarrick The Royal Bank of Scotland plc
Krzysztof Piechna PricewaterhouseCoopers NV ■

Victoria Reeves National Grid plc
Ava Sam Barclays Bank plc
Abisodun Soetan Henderson Global Investors
Neil Somerville Ryder Plc
Frank Theytaz McCain Eurocenter NV ■
Matthew Thornfield HBOS plc
Ian Ulliott Man Financial Ltd
Casper Van Geelen

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