

YOUR PERFORMANCE ANALYSIS

**September 2023 Common Final  
Examination (CFE)**

Day 1 JRP Version 1

Candidate Number

Enclosed is your personalized performance analysis report for Day 1 of the September 2023 Common Final Examination (CFE). This report analyzes your performance on Day 1 only. Day 2 and Day 3 are reported on separately. You are encouraged to read this report in conjunction with the Board of Examiners' Report on the September 2023 CFE.

Your report has been prepared by Day 1 senior markers who attended the CFE marking centre. Their comments reflect the knowledge of the case scenario and the marking guidelines, and the judgments that were applied at the marking centre.

The purpose of the Day 1 performance analysis is to detail both the strengths and the weaknesses that are evident in your response, profiling the elements of your response that were missing or could be improved upon in order to meet the Board of Examiners' passing profile. The analysis focuses mostly on the areas in which you did not meet the minimum standard; however, the areas in which you performed adequately have also been commented on so that you have a complete picture of how you performed on Day 1.

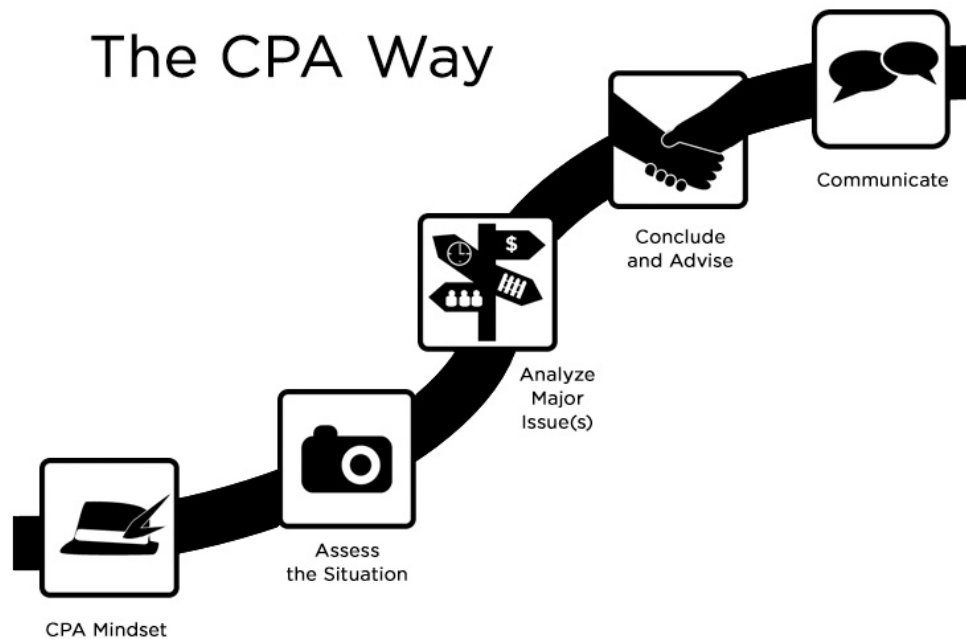
There are two parts to this report:

1. **Section A** – provides a summary of your assessment and where you either did or did not meet the minimum standards set by the Board of Examiners for a passing candidate.
2. **Section B** – provides further details on your specific response.

Because each version of the Day 1 case presented by the Board of Examiners is intentionally different, you are strongly advised to use this report to identify general problems with your approach to Day 1, rather than to hone in on the specific problems you had with each issue. Be careful not to focus too heavily on the specifics of this case. The specific problems you encountered on this version of the case are not likely to reappear on the next version or be relevant to the next Day 1 case. Therefore, identifying which elements of your situational analysis you missed integrating into your analysis of a specific issue, for example, is not going to help you improve your performance. Keep in mind that the Board of Examiners is looking to see if you can “think on your feet” and deal with a change in circumstance from what you saw within your group while working on the Capstone 1 case. Therefore, gaining an understanding of what the common weaknesses were in your approach (such as, for example, a lack of strategic thinking) will benefit you more.

## Background Information on the CPA Way and the Marking Process

In order to determine if candidates met the minimum standards in each area, responses were assessed based on the enabling skills contained in the CPA Competency Map. These enabling skills form the basis of the CPA Way – a unique methodical approach to identifying and analyzing business issues in order to suggest an appropriate course of action. A summary of the CPA Way is provided in the diagram below:



The purpose of Day 1 of the CFE is to assess individual decision-making and strategic thinking abilities and the enabling skills acquired during Capstone 1. Day 1 is not meant to assess the detailed technical competencies in each of the six technical competency areas contained in the CPA Competency Map (Audit and Assurance, Management Accounting, Strategy and Governance, Finance, Financial Reporting, and Taxation).

Note that ethical and professional behaviour are both an integral part of the enabling skills as set out by the CPA Competency Map. They are pervasive and found throughout the assessments.

Marking was conducted using a holistic approach. Candidates were expected to support their conclusions and recommendations with appropriate and sufficient analysis of the overall situation and the individual issues.

## **Section A – Summary of Performance**

**Section A – Summary of Performance**

The table below highlights the specific areas in which you either did or did not meet the minimum standards set for Day 1 on the September 2023 CFE (**JRP Version 1**). Further details on your specific performance are provided in **Section B**.

Area	MET the minimum standard	DID NOT MEET the minimum standard
SITUATIONAL ANALYSIS		X
ANALYSIS OF MAJOR ISSUES		X
CONCLUDE AND ADVISE		X
COMMUNICATION	X	

## **Section B – Detailed Comments**

### **Situational Analysis**

Analysis and decisions on major issues need to be considered in relation to JRP's internal and external environment. This includes identification and integration of the company's mission and vision, investment objectives, key success factors, strengths, weaknesses, industry trends, and integration of the related items found in Capstone 1 with the updates provided in the Day 1 case. The situational analysis must be integrated into the candidates analyses of the issues for it to be considered useful. In the JRP Version 1 case, there are a few significant changes that affect the company on a holistic level i.e., the onset of an economic downturn that reduced the disposable income of Canadians, the sharp increase in inflation, and the differentiation between essential and non-essential spending as deemed by JRP's customers. These holistic issues should be brought into the candidate's analysis of each major issue.

### **Analysis of the Major Issues**

#### **Issue Identification**

The major issues include whether to expand JRP's dog-camp operations or sell BALA, whether to install a pet pharmacy within each of JRP's current stores, whether to partner with Pet Fresh and deliver premium pet product boxes, whether to become the exclusive Canadian distributor of PPC's pet pharmaceutical products, and whether to offer the Training+ pet-training course.

#### **Quantitative**

A balanced analysis requires consideration of both the quantitative and the qualitative factors presented in the simulation. The qualitative and quantitative considerations in JRP V1 were relatively balanced. Complex and detailed quantitative analyses are not usually necessary on a Day 1 case where the reports are typically to the board and therefore at a strategic level. All quantitative analyses included in the response should have been presented in a manner that was useful to the client. In this case, complex and detailed quantitative analyses were not necessary or expected. Candidates had an opportunity to demonstrate their numeracy skills on all of the major strategic alternatives presented in the simulation.

#### **Qualitative**

A balanced analysis requires consideration of both the quantitative and the qualitative factors. The qualitative analysis should have included a discussion of the key decision factors and should have integrated information from the situational analysis. The qualitative analysis should have also considered the over-arching issue, which in this case was the company's objective to reduce risk within a tough economic environment.

## **Conclude and Advise**

The report should have included conclusions on each of the five major issues facing JRP. After performing both a quantitative and a qualitative analysis that incorporated elements of the situational analysis, a consistent, well-supported conclusion should have been drawn, and advice provided, along with next steps, where practical. Stepping back to see the bigger picture is an important component of the conclusion. In this case, it was particularly important to realize that, given the state of the economy and high rate of inflation, the investments which focused on products that JRP's customers deemed as essential (such as the pet pharmacies and PPC's pet pharmaceutical products) were less risky when compared to the investments which focused on products that were deemed as nonessential (such as the premium dog camps and Pet Fresh product boxes). Assessing and concluding on risk was an essential component of a quality response given the emphasis that JRP's board gave to this investment objective.

## **Communication and Other Overall Comments**

The report should have been written clearly and presented in an organized, logical format. The report should have taken into account the users and ensured that their requests and needs were addressed.

## Section B - Detailed Comments

### Day 1 V1 JRP

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#### SUMMATIVE ASSESSMENT #1 - Situational Analysis

The candidate uses elements from a reasonable situational analysis when analyzing the major issues facing JRP.

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.

Your response did not include a discussion of the company's overall internal and external situation at the beginning of your report.

You did not integrate the critical situational elements (the economic downturn and/or the board's investment objectives) when analyzing the issues/opportunities JRP was facing.

*It is important to link your discussions of each major issue back to the company's macro situation. As an example, in the case, a key situational element was JRP's objective to make investments that provided a reliable return. Within your analysis of each strategic option, it would be helpful to discuss whether that strategic option supports this objective. Another key element of the company's situation was the economic downturn. You identified and linked this in your discussion of Pet Fresh only, when you said - "each box contains more luxurious products does not go with the thread that industry is facing right not that, customers are not willing to spend on luxuriorous products. so could decrease the sales". To increase the strength of your response, it would be helpful to link to this within your analysis of EACH strategic option, as this key trend would influence the viability of each proposed option.*

#### Reviewer's additional comments on strength/weaknesses and recommendations for improvement:

*Your situational analysis included: "Target \* who provides highest ROI \* JRP's overall strategic diretions and how each proposal infulence that direction \* the lower the risk better form Elaine" and within opportunities, you included: "there is more opportunities towards the lesser priced because customers have moved away from pruchasing high priced speciality products and services. so customers are looking for cheapers products and services". This is a good start but it is necessary to use the elements of your situational analysis in your discussions of the strategic alternatives under consideration. In other words, how would those items effect the strength/viability of each strategic option under consideration? Answering this question and including it within your analysis of each issue will greatly help strengthen your response.*

#### Summative Assessment #2 - Analysis of Issues

The candidate completes a reasonable assessment of the major issues facing JRP (AO#2 to AO#6).

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Assessment Opportunity #2 (Open new dog camps or sell BALA?)

YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.



**You did not provide a useful quantitative analysis.**

*You attempted an analysis of this alternative but it was not useful. It included multiple errors which suggest that you lacked the technical skills required to provide a useful analysis. It ended with "NPV 4048693.11 -10848693.11 IRR -0.122715916 Inconclusion this proposal does not provide any positive NPV nor it provides the rate of return it is in minus sections. Quantitatively this proposal is not good." This was challenging to understand. In addition, you did not quantify the investments ROI, which was of prime importance to the board. In the future, do your best to provide simple and understandable calculations that incorporate the board's primary objectives.*

**You did not provide a sufficient qualitative analysis.**

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**Assessment Opportunity #3 (Offer pet pharmacies within JRP stores?)**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

**You did not provide a useful quantitative analysis.**

*Your excel calculated "rate of return 7.07%." The calculation you provided was actually gross profit before tax divided by revenue which is not rate of return but gross profit margin. You also included "Pay back period 0.144444444 years" which you calculated as gross profit before tax divided by the investment cost of 20 locations. This was not payback.*

**You did not provide a sufficient qualitative analysis.**

*You provided a table with 2 pros and 3 cons followed by recommendations that largely repeated what was in the table. In order to add value to your response work on more fully explaining why the items you list are important and how they could impact a decision. Link them to key elements of the situation analysis where possible. For example you included "this proposal help to acheve the market share on the increasing industry which is taking opportunites on the current becasue Customers are ready to invest and visit pet health services if the pets get sick or any needful to make dogs more healthier. \* this provide a steady type of revenue becasue pet parents care about pets. So increases revenue. and also this supports the portion of mission "to keep pets healthy" by providng the services." The importance of pet's health could be linked to the economic downturn and the fact that most pet owners would consider their pet's health a necessity and would spend on it despite the downturn and thus revenue would not decline here as it would for luxury goods.*

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**Assessment Opportunity #4 (Partner with Pet Fresh and deliver premium pet boxes?)**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

**You did not provide a useful quantitative analysis.**

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*You calculated ROI correctly but it was labeled payback. You did include: "in conclusion, the return on investment provides between 6% to 22%" It is not clear if you understood ROI and mislabeled the calculation or simply did not understand it.*

**You did not provide a sufficient qualitative analysis.**

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**Assessment Opportunity #5 (Enter into pet pharmaceutical distribution agreement with PPC?)**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

**You did not provide a useful quantitative analysis.**

*Your analysis included "pay back priod 0.24 2 years 4 months roi 0.24 in conclusion, it provides a net profit of 120000 and takes 2 years 4 months getting back the investment" Your calculations for payback and ROI were the same, net profit dividend by investment. This is correct for ROI but not for payback. It is not clear that you understood the concepts.*

**You did not provide a sufficient qualitative analysis.**

*Your discussion of the qualitative considerations related to this option were very limited. You included as Pros "Growth and market share opportunity of the because PPC never sold thier products in canada. - Canada wide growth opportunities increaes revenue \* staffing required minimal becasue straighforward process. costs less revenue more. profit more. \* Prucchse products at discount could cost less and more profit. " Here you basically listed case facts and stated links to the potential impact on profit. In order to have a sufficient analysis you need to work on increasing the depth of the items you include and to consider the key elements of the situational analysis. For example how the downturn on the economy and consumers' disposal income could impact sales of pharmaceuticals. In the future, for each case fact you choose to include in your response, always do your utmost to fully explain the implications of that case fact (the SO WHAT?) and how it will impact the merit of the investment. An especially helpful way to do this is to link your analysis the global elements of the simulation (the situational analysis).*

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**Assessment Opportunity #6 (Offer Training+ program?)**

**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

**You did not provide a useful quantitative analysis.**

*You did not attempt to calculate ROI for this alternative. Your excel ended with "In conclusion, the gross profit woud be 70%, net profit would 80000+50000 without fixed cost". This was not a sufficient quantitative analysis for this investment alternative.*

**You did not provide a sufficient qualitative analysis.**



*Your discussion of this option was limited to one pro and one con and did not link to important elements of the situational analysis. It may be that you were running out of time and could not provide a more detailed analysis of this, the last option you covered. Your response was: Pros \* many customers are planning to have pet, so they might need the training, this could provide more profit share Cons \* Irene will need to divert her timings bwtween bala and training plus which could provide lower overview of teh bala centre." This response lacked both breadth (as there were many other case facts/decision factors that could have been included with your analysis) and depth (because you didn't link either discussion points to relevant factors such as the economic downturn, the board's objectives, and the other important trends and SWOT points within the simulation). In the future, do your best to provide a fulsome response to every strategic alternative that is under consideration.*

## **Summative Assessment #2 - Analysis of Issues**

### **Reviewer's additional comments on strength/weaknesses and recommendations for improvement:**

*In your response for each strategic alternatives you included "As per excel and targets, \* who provides highest ROI". This indicates that you understood ROI was one of the objectives of the directors which was a good start. However based on your explanations and calculations it was not clear that you understood ROI. Some discussions of some of the strategic alternatives provided sufficient coverage and depth in linking to the situational analysis. For example in Pet Fresh you included "each box contains more luxioius products does not go with the thread that industry is facing right not that, customers are not willing to spend on luxiouros products. so could decrease the sales." Work on providing this level of analysis on all of the issues discussed.*

## **Summative Assessment #3 - Conclude and Advise**



**YOU DID NOT ADDRESS THIS ASSESSMENT OPPORTUNITY.**

**You did not provide an adequate amount of discussion pertaining to JRP's available investment capital.**



*Relative to the company's available capital, you said: "You will total 12000000 which you caould invest in Training plus and pahrams care and licecnye. you will still left with some amount. You should also note that therei will 3% prime will paying if taken out." You did not explain in your report where the 12,000,000 would come from. The case stated JRP had \$500,000 cash on hand and could access a loan of \$7 million. Your excel had a section on financing. There were significant errors in that you had cash of \$500,000 but the loan at \$700,000 and the total financing at \$1,200,000. You had the cost of Pet Pharmacies at \$450,000 instead of \$4,500,000. Formatting the numbers with commas may help you avoid these types of errors. In the future, within your overall conclusion, clearly quantify the total amount of investment capital that will be required based on your recommendations and then compare that figure to what the company presently has available to ensure that your recommendation is possible based on the constraints of the case.*

**You did not provide an adequate amount of discussion pertaining to the interrelationships that existed between the investment alternatives.**



*In most strategic cases it is important to step back and identify the interrelationships between the different opportunities and how they could bring synergy. For example in this case the Pet Pharma distribution agreement would make the operation of Pet Pharmacies in JRP stores more profitable and increase the ROI because of the 5% discount that would be available. You did not identify this interrelationship. Another example is the interrelationship between expand in the BALA camps and investing in Training+. If BALA is not expanded and is instead sold this will mean that Gord and Irene would likely leave so the training+ might not be possible and would have a higher cost if pursued as a facility would need to be rented. Within your recommendation for the BALA expansion, you said: "first JRP to convince Bala owners Irene and Gord to stay back so the growth from the Bala will not decrease. the inflow is increasing as one the strength factor. 1training+ is a good way to convince them. It needs only 100000 for training. \* Provide training courses instead so their demand for that," This was difficult to follow and does not fully explain the interrelationships that existed between BALA and the Training+ camps.*

**You did not provide conclusions/recommendations that strategically integrated and considered the core elements of the simulation (such as the economic downturn) and/or JRP's investment objectives.**



*Although you listed "Target\* who provides highest ROI" and commented on ROI under you discussion of "As per excel and targets " you did not appear to have considered this in your recommendations. Instead you prioritized other things including keeping Gord and Irene. Your overall recommendations stated with "first JRP to convince Bala owners Irene and Gord to stay back so the growth from the Bala will not decrease". Your recommendation on Pet Pharma included "Over all , i recommend this project because it will provide more growth and more market share. " It is important to consider the key elements of the situational analysis in your individual and overall recommendations. In the future, try to link your recommendations for each alternative together in a strategic way (such as by comparing the quantitative strength of each option and/or discussing which investment makes the most sense given the company's objectives and/or the company's available investment capital). As well, your recommendations will be greatly strengthened if you link the main entity-level considerations (which in this simulation were the board's investment objectives and the downturn in the economy) into the reasons for why or why not you have decided to recommend a certain set of strategic alternatives.*

### **Reviewer's additional comments on strength/weaknesses and recommendations for improvement:**

*Within the simulation there were many opportunities to conclude based on JRP's investment objectives of reducing risk while also maximizing ROI. In the future, focus on providing conclusions that makes good strategic sense given the company's big picture situation and the board's objectives and integrating them into a cohesive overall recommendation. Remember, a quality Day 1 response centers around your ability to provide the company in question with strong STRATEGIC advice that centers around that board's investment objective as well as any other key pieces of the global situation (such as the downturn in the economy and the reduced consumer spending on non-essential items). In the future, read the case carefully to identify these important items and then do your utmost to include how and why these elements of the simulation impacted your analysis and recommendations.*

### **Summative Assessment #4 - Communication**

**You did not communicate your response adequately (e.g., unprofessional language, unclear memo, too many bullet points).**



**Reviewer's additional comments on strength/weaknesses and recommendations for improvement:**

*Overall, your communication was adequate. However you had a lot of typos that made your report difficult to read in places. Improving your keyboarding skills may improve your future responses. You also used tables for your pros and cons. This is not necessary and may distract you from providing sufficient detail in the items you include in the tables.*

**Reviewer's overall comments on candidate's performance:**

*Day 1 is designed to test enabling skills which includes the candidate's ability to take an overall strategic approach. It would help to do a "step back" on each issue and ask yourself what impact this issue has on the overall company and how well it fits with the existing challenges the company is facing. In the case of JRP, the economic downturn and the company's investment objectives were key strategic points that should have affected the way you approached your response. You missed sufficiently integrating some of these key elements in your response. An adequate Day 1 response also usually requires some high level quantitative analysis (in this case ROI). Your response included attempts at ROI which was good in that it appeared you understood the metric that would be useful. However you did not display understanding of this measure. You also had attempts at calculating payback that were not required (or done correctly). Your calculations of financing available and investment costs also had significant errors. It may help to take time to format your excel in a more readable fashion and to review for errors.*