



PROFESSIONAL 1 – CORPORATE LAWS

EDUCATORS BRIEFING 2017/18

	Topic	Guidelines
1	Comments on Performance in 2018 Examinations:	<p>There was no significant disparity between the April and August 2018 exam diets – with candidates showing improved performance in the Law component in both sitting – albeit performing less well in the corporate governance questions. In both exam diets Question 2 is proving a challenge for candidates who often lack specific knowledge in relation to company officers. In particular, they tend to have a general idea of duties – but can't provide any detail. I suspect this is due to the fact that this area of the syllabus is quite detailed and they are <i>cherry-picking</i> what to study.</p> <p>In general, a portion of candidates are still finding the compulsory questions (Questions 1 and 2) challenging – despite the fact that they are largely drawn from two areas of the syllabus. Lecturers are advised to focus candidates on these areas – and to ensure that classes reflect the depth of the syllabus in these areas (especially company officers).</p> <p>In particular, of the optional questions, Questions 4 proved challenging in the April paper – which is surprising as certain components of this question were asked in previous exam diets and form part of previous examiner articles. In the Autumn paper there was no real disparity between the average marks for optional questions 3 and 4, which scored 54.6% and 55.25% respectively.</p> <p>Marks are also being lost for not answering the specific questions asked – where answers lacked the requisite level of detail and where there was a lack of case law to support answers.</p>
2	Learning Outcomes:	<p>This subject aims to ensure that students understand the theory and application of key principles of company, commercial and other aspects of laws relating to business and recognise those issues which require the advice of a legal professional. Two of key areas of focus are corporate finance and corporate management (including corporate offences) – as these are particularly relevant to the accounting and finance sector.</p> <p>Please also refer to the learning outcomes in the detailed syllabus available on www.cpaireland.ie</p>
3	Syllabus Changes:	The syllabus is updated every year. There are no significant changes in the 2018-2019 syllabus, from that of the 2017-2018 syllabus.
4	Format of the Examination Papers for 2015:	The format will remain the same in that candidates will be required to answer two set problem questions in Part A and to choose to answer one of two problem/essay style questions. A minimum of 60% of the two compulsory questions will be drawn from the corporate finance and corporate management areas of the syllabus. (In Part B candidates are required to answer only one question of 2, see below.)
5	Education Focus for 2015:	Regarding the Corporate Laws components of the Syllabus, (1, 2, 3, 5 and 6) the greater focus should be on 1, 2, 5 and 6.



PROFESSIONAL 1 – CORPORATE GOVERNANCE

EDUCATORS BRIEFING 2018

	Topic	Corporate Governance Guidelines
1	Comments on Performance in 2018 Examination:	<p>The overall results for 2018 were very disappointing.</p> <p>The topics assessed in 2018 related to core areas of the syllabus yet a number of students showed a very limited appreciation of these areas. Students are strongly advised to study at least the last three years' exam papers (and suggested solutions), relevant articles and other online resources provided by CPA Ireland to supplement the other materials available through their educators.</p> <p>Students need to be able to apply their knowledge of corporate governance to the governance mechanisms commonly used in business today.</p> <p>April 2018 <i>Question five required the student to examine the role and responsibilities of non-executive directors and in part b, to evaluate the risk assessment approach an organisation should adopt for the long term sustainability of the organisation</i></p> <p>Well prepared students had a good understanding of the role of the non-executive directors with some evidence of learning as to the responsibilities of the non-executive directors. Part b, on risk assessment approach was poorly answered and many students showed a lack of understanding of this important area.</p> <p><i>Question six, part a, asked focussed on the five principles of corporate governance and discuss their impact on governance on organisations and part b required an analysis of the meaning and impact of the "Comply and explain" judgement.</i></p> <p>It was disappointing to observe the number of candidates who could not identify the five principles of the Corporate Governance Code 2016. Students were expected to discuss how these principles are enacted in an organisation via the board of directors, dialogue with the shareholders etc. Students appear to be unable to relate the practical aspects of governance in an organisation and the principles underpinning these approaches.</p> <p>The majority of students provided a brief discussion on the meaning of "Comply and explain" but with a limited discussion.</p> <p>August 2018 <i>In question five, students were firstly asked to discuss the role and responsibilities of the nomination committee and were required in part b, to evaluate how the remuneration committee can assist the Board of Directors in ensuring the long term sustainability of the business.</i></p> <p>Part a, was reasonable well answered with sufficient details presented. In part b students understood the role of the remuneration committee and provided sufficient evidence on their</p>

		<p>understanding of what and how the remuneration committee carried out its responsibilities. Unfortunately, the students did not comment on how the remuneration committee can impact on the long term sustainability of the organisation.</p> <p><i>In question six, students were expected to discuss the role and responsibilities of the Office of the Director of Corporate Enforcement in Ireland and in part b, to evaluate the role of institutional investors in ensuring the accountability of the Board of Directors.</i></p> <p>Students who had prepared this topic discussed the role and responsibilities of the Office of the Director of Corporate Enforcement in Ireland in sufficient depth. However, a large number of candidates did not understand the role and impact of institutional investors in holding organisations accountable.</p>
	Syllabus Objectives:	The learning outcomes clearly state what candidates should be able to do and the assessment therefore is designed to focus on measuring achievement of these learning outcomes.
	Syllabus Changes:	Syllabus updates are made each year in the study texts to reflect changes in corporate governance.
	Format of the Examination Papers for 2018:	<p>Section B: Weighting 30 marks</p> <p>Choice of one question out of two</p> <p>(30 marks each) Minimum two parts per question</p>
	Education Focus for 2019:	<ul style="list-style-type: none"> • Theoretical underpinning of corporate governance, definitions of corporate governance, history and developments in corporate governance, approaches to corporate governance, concepts in corporate governance, agency theory and stakeholder concerns. • Candidates will need to demonstrate knowledge of the corporate governance requirements of incorporated listed companies on the Main Securities Market (MSM) of the Irish Stock Exchange. • In the context of ODCE candidates will be required to demonstrate knowledge and understanding of: <ul style="list-style-type: none"> ○ The compliance and enforcement roles of the Director of Corporate Enforcement ○ Candidates need to keep abreast of new announcements made by the ODCE • Candidates will required to demonstrate an appreciation of the Irish Auditing and Accounting Supervisory Authority (IAASA) • In the context of the Companies Registration Office [CRO] candidates will be required to demonstrate knowledge and understanding of filing requirements in respect of annual returns and matters affecting directors • In respect of the Sarbanes Oxley Act the relevant sections for examination are as follows: <ul style="list-style-type: none"> ○ Sec. 201. Services outside the scope of practice of auditors. ○ Sec. 203. Audit partner rotation. ○ Sec. 204. Auditor reports to audit committees ○ Sec. 206. Conflicts of interest. ○ Sec. 302. Internal control certifications

		<ul style="list-style-type: none"> ○ Sec. 404. Management assessment of internal controls. ○ Sec. 407. Disclosure of audit committee financial expert ○ Sec. 802 Criminal penalties for violation of SOX <ul style="list-style-type: none"> • Corporate Governance information issued by the Central Bank of Ireland: • Candidates need to keep up to date on emerging issues in respect of corporate governance.
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