Operational Case Study - Syllabus Overview

Created by:
Global CGMA University and Academic Center of Excellence
“We attract, inspire and engage the next generation of CIMA members and CGMAs by increasing awareness among academics and university students through identification of best practices, training, resources and communications, working in partnership with the regions.”

Global CGMA University and Academic Center of Excellence (COE)
The Association of International Certified Professional Accountants
The COE’s role

- Establish consistent global strategy & performance for academic relations that compliments country efforts
- Provide partnership & support
- Develop best practices & tools
- Align priorities & interests
- Develop operational efficiency
What is this document about?

• This document is part of a series that was developed to provide reading materials, case studies, videos, podcasts and other resources that are relevant to a specific exam in the 2019 CIMA Professional Qualification (PQ).

• These resources are aimed to help you understand more about the topics within a specific exam.

• All resources found in this document can be shared with faculty members and students.

• Each resource has a link to the webpage for ease of access. Just click on these icons when you see them in the following slides:
Layout of document

Section 1
- Overview
- Tips on passing the exam

Section 2
- Exam blueprints
- Core activities
- Exam guidance
- Persona in the case study

Section 3
- Case study prototype
- Examiner’s report
- Examples of past cases

Section 4
- Short cases for the class
Overview

Operational Case Study Exam
2019 CIMA Professional Qualification Framework

Operational Case Study Exam
An integration of three operational level syllabus

E1
Managing Finance in a Digital world
How the finance function is organised

P1
Management Accounting
What the finance function does

F1
Financial Reporting
What the finance function does and its implications
An integration of three operational level syllabus

- **E1** Managing Finance in a Digital world
- **P1** Management Accounting
- **F1** Financial Reporting

P1 is the foundation of the Operational Case Study exam & therefore, learners should have a strong knowledge of P1 contents.
Syllabus in the context of the structure and shape of the finance function

Operational level focuses more on technical accounting & less on business, people and leadership skills.
Operational level summary

- Narrow scope & short term
- Financial but some quantitative non-financial information
- Past and present
- Implementation of decisions and analysis of short-term decisions
- Internal orientation
- Focus on details rather than the big picture
- Information and some insight
Competencies on completion of the operational level

- Work with others in the organisation
- Use appropriate data and technology to translate medium term decisions into short term actionable plans
- Analyse new situations that arise in the short term to support decisions that create further value for the organisation
- Evaluate and manage risks associated with the short term
- Report on the performance, position and prospects of organisations
Highlights of the operational level

E1: Managing Finance in a Digital World
- A. Role of Finance function
- B. Technology in a digital world
- C. Data and information in a digital world
- D. Shape and structure of the finance function
- E. Finance interacting with the organisation

New digital topics!

P1: Management Accounting
- A. Cost Accounting for decision and control
- B. Budgeting and budgetary control
- C. Short-term commercial decision-making
- D. Risk and uncertainty in the short term

Digital costing!

F1: Financial Reporting
- A. Regulatory environment
- B. Financial statements
- C. Principles of taxation
- D. Managing cash and working capital

Group accounts gone!
The competency framework reflects our findings on how finance professionals are expected to apply accounting and finance skills within the context of the business/organisations in which they operate.

It also reflects for the first time how technology and a digital mindset will be required to affect and influence their own decisions, actions and behaviours and those of their colleagues within the wider organisation.
Tips to pass CIMA case study exams
Tips on passing the case study exam

Set a good mindset
Yes, I can EXCEL!

Improve your typing skills
Ability to think & type (without error) at the same time is a must

Application
Learners are not expected to duplicate the answer in the textbook
Learners are to answer exam questions based on the viewpoint of an employee of the pre-seen company

What is “Persona”?
Tips on passing the case study exam

**Initial mis-understanding of requirements**

Don’t speed read during the exam

Type out sub-headings of the requirements as you read the new materials on exam day

**Subsequent mis-understanding**

Don’t drift into some other requirements when answering the question

**Rely too much on the pre-seen material**

Learners are not required to memorize the information in the pre-seen
Tips on passing the case study exam

Practice! Practice! Practice!

Practice questions pertaining to the industry or company in the pre-seen material

Do at least 3 mock exams

Don’t rely too much on past exam questions when practicing

Use past variants to familiarize yourself with the way questions are asked but don’t over practice using them
Tips on passing the case study exam

How much is enough?
Give 3 to 4 points and explain them well for each requirement

One line paragraph does not look professional and will likely not help you to pass

Answer all the requirements of the task
Skipping a question is disadvantageous

Read an examiner’s report for more tips
Exam blueprint
The Operational Case Study exam blueprint

• For the first time, under the updated 2019 CIMA Professional Qualification, CIMA is publishing examination blueprints based on the syllabus which set out in detail what is examinable in each of the nine Objective Tests and three Case Study examinations.

• The Blueprints will be published annually, and provide information about the format, structure and weightings of the assessments.

• The blueprints will only be applicable to exams scheduled under the 2019 Professional Qualification.
Key features of the blueprints

• Updated annually
• 3 documents, one per level
• 4 sections
  – Overview
  – Case study exam business simulation
  – Objective test representative tasks
  – Appendices (formulas etc.)
Operational case study exam dates

Operational Case Study exam under the updated PQ commences

12-14 Feb 2020

Exam results & feedback on performance

26 Mar 2020

2020 exam dates
Exam overview

Role simulation
Entry level finance professional

More on “Persona”

Exam format
• 4 sections (tasks) / 3 hours in total
• 45 minutes each section / equally weighted
• Pre-seen materials on case study will be provided in advance
• 4 exam windows per year

Pass rates
CIMA will publish updated case study exam pass rates every quarter
Post exam information

**Marking**
The Case Study Exams are human marked

**Results**
Available six weeks after the exam

**Grading**
Results will contain the following information:
- Pass
- Fail
- Scaled score: 0 to 150 (80 & above is a pass)
- Grade descriptors are available

**Feedback**
Feedback on performance against each core activity will be provided.
Post exam kit will be available with examiner’s comments on the overall global performance.
Learner’s experience

Analyse the case study material given 7 weeks before exam

Exam day

New information provided during exam to perform a series of tasks
Exam variants

Each case study exam have multiple equivalent version of the examination which are available across the exam window.

From February 2020 onwards, exams will be held over 3 days. Example,
Case study exam pre-seen materials

Feb 2020 Standalone case

May 2020 exam
Aug 2020 exam
Same pre-seen case

Nov 2020 exam
Feb 2021 exam
Same pre-seen case
Examination purpose

- The Case Study Exams are designed to demonstrate mastery of previously acquired knowledge, skills and techniques and the drawing together of these to provide solutions to unstructured problems.

- Each synoptic assessment combines the content covered in the three pillar subjects at the level into a single assessment. Its aim is the “undoing” of the pillar and subject divisions of the syllabus.

- It challenges learners to provide solutions to the type of problems that they would encounter in the workplace.

- Examination tasks will be practical and applied, not theoretical or academic.
“I can” statements

- In the exam blueprint, you will find ‘I can’ statements.

- Each statement is a plain English description of what a CIMA finance professional should know and be able to do i.e. “I can…. ”.

Student

I can evaluate the cost and benefit of….

Great! We are hiring someone who can....

Employer
“I can” statements (cont’d)

• The ‘I Can’ statements, which reflect the competencies of a learner at the end of a Case Study Examination and the representative task statements that emerge from the successful completion of Objective Tests — correspond directly with what employers are looking for and businesses need to transform and thrive.

• The Case Study Examination tests the knowledge, skills and techniques from the three pillars within one simulated scenario and is taken at the end of each level of the CIMA Professional Qualification.

• Candidates are given a fictional Case Study before the examination and are expected to give solutions to the situations and challenges presented within the examination.
Simulating the role of the Entry level finance professional

I can offer insights that influence the decisions taken by my colleagues and superiors.

I must ensure that my reports are sufficiently complete and accurate to facilitate decisions.

I am aware of my personal responsibilities working within the role of a finance officer.

Operational Level Exam Blueprint
Core activities of an entry level finance professional

Operational case study exam
Summary

• Within each Operational Case Study Examination, six core activities will be assessed.

• These core activities represent the tasks that are most frequent, critical and important to the Entry level finance professional role.

• By completing the core activities, successful candidates will implicitly demonstrate not just the technical abilities but all the required competencies and the mindset for that level.
Six core activities

A. • Prepare costing information for different purposes to meet the needs of management.

B. • Prepare budget information & assess its use for planning & control purposes.

C. • Analyse performance using financial & non-financial information.

D. • Apply relevant financial reporting standards and corporate governance, ethical & tax principles.

E. • Prepare information to support short-term decision-making.

F. • Prepare information to manage working capital.

Exam weighting

12-18% 17-25% 17-25% 12-18% 17-25% 7-13%
Six core activities mapped to key syllabus areas

A. • Prepare costing information for different purposes to meet the needs of management.

B. • Prepare budget information & assess its use for planning & control purposes.

C. • Analyse performance using financial & non-financial information.

D. • Apply relevant financial reporting standards and corporate governance, ethical & tax principles.

E. • Prepare information to support short-term decision-making.

F. • Prepare information to manage working capital.
Assessment outcome for core activity A

I can use appropriate technologies to gather data for costing purposes, from digital and other sources.

I can apply different costing methods to produce costing information suitable for managers’ needs.

I can explain costing information to operational and senior management using appropriate formats and media.

I can compare different costing methods and systems to determine the most suitable for use by the organization for different purposes.

I can identify the cost information required for digital cost objects.

A.

• Prepare costing information for different purposes to meet the needs of management.

Syllabus = E1 P1 F1
Assessment outcome for core activity B

- I can use appropriate technologies to gather data from digital and other sources to co-ordinate budget preparation.
- I can explain and use different forecasting methods to assist in budget preparation.
- I can use different approaches to produce information for use by managers when preparing budgets.
- I can explain budget information to managers using appropriate formats and media.
- I can apply various techniques to determine the effect on budgets of changes to variables.
- I can explain to functional managers how budgets are used for planning and control purposes.
- I can discuss the behavioural implications of budgetary planning and control.
- I can compare alternative approaches to budgeting to determine their suitability for the organisation and for different purposes.
## Assessment outcome for core activity C

1. I can identify information that can enable managers to review performance.  
2. I can interpret variances to review functional and organisational performance.  
3. I can identify appropriate KPIs for different functions of the organisation.  
4. I can explain company performance using KPIs.  
5. I can prepare performance reports for use by different functions and for different purposes in appropriate formats and media.

- **C.** Analyse performance using financial & non-financial information.
Assessment outcome for core activity D

I can apply relevant IFRS in a given context, to facilitate the preparation of financial statements.

I can apply the principles of corporate governance and ethics.

I can identify the impact of tax regulation on transactions, decisions and profits.

D.

• Apply relevant financial reporting standards and corporate governance, ethical & tax principles.
Assessment outcome for core activity E

- I can identify relevant costs and benefits.
- I can apply appropriate techniques that support short-term decision-making.
- I can prepare information to support operational decisions.
- I can explain factors that could influence short-term decisions.
- I can apply appropriate techniques to deal with situations where there is risk and uncertainty.
Assessment outcome for core activity F

I can identify appropriate sources of short-term finance and methods of short-term investments.

I can explain how to manage and control working capital.

I can explain working capital ratios in comparison to prior periods or to other organisations.

I can identify the impact of changing working capital policies.
Exam guidance

Operational Case Study Exam
General marking guidance

- Candidates are rewarded for what they have demonstrated and not penalized for omissions.
- An answer which does not address the requirements of the task must be awarded no marks.
- The nature of the case study examination tasks means that a range of responses will be valid.
- Markers have to attend extensive training and standardization activities and ongoing monitoring.
Example of marking scheme

This is the new format which we are introducing for 2019 PQ.

There are full sample schemes for each of the question tutorials produced for the 2019 case study exams.
Exam tutorial

CIMA 2019 Professional Qualifications Exam Tutorial (Objective Test and Case Study Exams)

Find out what it feels like taking a computer-based CIMA exam at a Pearson Vue center.
Tables and formulae

Operational case study exam – tables and formulae

The following tables will be provided in your Operational case study exam:

Present value table
Cumulative present value table
Normal distribution table
Persona in the Operational Case Study Exam
Virtual business role play

• Understanding the role in the case study examination can really help learners produce a good answer at the right level for their audience.

Examples:
• Finance Officer
• Junior/Trainee accountant
• Credit controller
• Assistant accountant
• Cost accountant

Refer to pages 14 – 17 “simulating the role” in the Operational Level Exam blueprint
Who is your audience?

• Who are you seeking to influence?

• Examples:
  • Your manager (Finance Manager/Finance Director)
  • Peers within the finance department and possibly in other departments (you may need to gather information from, or present budget information to)
  • Non-financial colleagues.
Tips for exam based on your persona

• Think and write from the perspective of who you are (your role).

• Identify what your line manager/audience wants from you (the task requirements), including the depth of detail required.

• Imagine this as a job interview, what would you need to do to show your competence to do the tasks required?

• Remember why you are supplying this information (e.g. to assist in decision making).
Tips for exam based on persona (cont’d)

• Plan how you are going to communicate your response and to whom (format, tone, level of detail and technical complexity).

• Consider what long term measures can be taken for driving performance of the business.

• Consider what the impact may be for other parts of the business, such as other stakeholders and the financial statements (this is where you may be able to demonstrate business and people skills).
## Simulating the role of an entry level finance professional

<table>
<thead>
<tr>
<th>Ability to plan &amp; coordinate business operations</th>
<th>Ability to influence</th>
<th>Ability to use technology</th>
<th>Ability to understand the business</th>
<th>Ability to interact with others</th>
<th>Understand CIMA Code of Ethics</th>
</tr>
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<tbody>
<tr>
<td>• Prepare useful &amp; relevant financial reports e.g. budgets</td>
<td>• Offers insights that influence decisions</td>
<td>• Makes full use of the technologies that are available for the collection, cleansing and analysis of data</td>
<td>• The preparation of reports relies heavily on understanding how the business is structured</td>
<td>• Interact with colleagues from finance and all other functional areas of the business</td>
<td>• The fact that the finance officer’s work affects the behaviour of internal and external stakeholders can raise ethical implications</td>
</tr>
<tr>
<td>• Draw upon data collected by the company’s information system</td>
<td>• Ensure reports are sufficiently complete and accurate to facilitate decisions</td>
<td></td>
<td></td>
<td>• Communicate effectively to external stakeholders about the performance of the business &amp; compliance with regulations</td>
<td></td>
</tr>
<tr>
<td>• Evaluate short-term opportunities &amp; threats</td>
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</tbody>
</table>
You are a Finance Officer working within the Finance Department of AKL Sparkle.

You are principally responsible for preparing budget and variance information and for assisting Jack East, Head of Finance, with information to assist decision making.

In addition, you assist with the preparation of the financial statements and deal with requests for information from other managers in the business as and when required.
You are a Finance Officer for VitaMine.

Your main role is to support Ashok Kumar, the Finance Manager.

Your tasks include preparation of the annual budget, producing the monthly management accounts and providing information to management as required.

You also assist with the preparation of the financial statements and any queries regarding financial reporting.
You are a Finance Officer working within the Finance Department of Trigg Adventure.

You are principally responsible for preparing accounting information, although you are often asked to perform tasks in other areas of the business.
You are a Finance Officer working within the Finance Department of Lottie Graphite, where your role changes regularly. For the past few months you have been principally responsible for preparing budgets, weekly and monthly management accounts and providing cost information to management as required.

However, as part of your career programme you will also be expected to work on non-management accounting tasks as and when required. For example, you may be expected to assist with the preparation of the financial statements and answer queries regarding financial reporting. You may also be expected to assist with the analysis of information such as purchases, sales and payroll information and involved with decision making.
Case study exam – prototype
2019 syllabus prototype

Variant 1

Variant 2

Model answer

Marking scheme

Model answer

Marking scheme
Examiner’s report – May 2019 exam
Past exam materials

Some past case study exam materials are provided in the following pages.

While there will still be many relevant points to note for the 2019 PQ exams, there is a chance that references might be out of date due to syllabus changes.
VitaMine – May 2019 Operational Case Study Exam

VitaMine, is a fast growing manufacturer of vitamins, minerals and supplements who are based in Eastland, South East Asia.

The home currency in Eastland is the E$. The company was founded in 2002 by the existing four directors.

It is currently owner-managed by the directors who hold equal shares of the company’s equity.
Questions and answers for May 2019 exam

May 2019 Operational Case Study exam: questions & answers
Overall performance for May 2019 Operational Case Study Exam

- There did not appear to be any time pressure issues as most candidates wrote a reasonable amount for all sections of each paper.

Indeed, there were fewer really poor scripts, and answers on the whole seem to be getting longer, however, a cautionary note, a longer answer does not necessarily mean a higher mark: content needs to be relevant to the task given.
Format of answers

- Most answers were well structured including the use of headings.
- Whilst there are no marks for formatting, there are advantages to setting out answers in this way, not least that it helps the marker to identify the points easily.
- Having a clear structure can also help candidates to ensure that they have addressed all the points that they want to.
Skills requirement

• The operational case study examination is principally about application of technical knowledge to the case study scenario and therefore it is important that all candidates have technical knowledge from both P1 and F1 so that they can apply it in the exam.

• For this session, the following technical areas were the weakest:
  • the use of standard deviation and coefficient of variation for decision making
  • the limitations of standard costing
  • maximum to pay for constrained resources
  • reporting of operating segments
  • determining the value of perfect information
  • material mix and yield
  • activity-based costing
  • accounting for discontinued activities
Rote learning

- In some cases, candidates seem to rely too much on rote learning past answers and recreating these in the exam.
- Whilst the same topics can be assessed again, the scenario is always different, which makes the task different.

New information is given in each exam and it is expected that this is used in answers; clearly using a pre-prepared rote learned answer means that this does not happen and hence marks awarded will be limited.
Application of E1, P1, F1

• There was good application of E1 subject matter to the case study scenario.

• Applying knowledge from P1 and F1 to demonstrate technical skills still appears to be more challenging, but did show signs of improvement this session, especially in relation to some F1 subject matter content.
Other operational case study exams
Previous pre-seen materials

- Trigg Adventure
  - Feb 2019

- GymFiT
  - Nov 2018

- AKL Sparkle
  - Aug 2019

- Chokolate Box
  - Nov 2019
  - Final exam under the 2015 syllabus
Short cases for the classroom
Classroom business game

A proposal has been prepared for the Kadgee Board to review for survival long-term and become more successful financially by undergoing transformational change. However, in order to allow the Kadgee Board time to agree on what direction it should take, you will need to make suggestions on short term measures to cut costs before presenting these to the board (your fellow students and academic staff).

Download | Play
Additional classroom business games

**Business Games**

- Business Game Synopsis
- Paradise Park *(New!)*
- Paradise Park suggested answers
- X-Max Systems *(New!)*
- X-Max Systems suggested answers
- Aedis Homes
- Aedis Homes suggested answers
- JOT Toy Company communication and suggested answers
- JOT Toy ethical dilemma
- JOT Toy ethical dilemma suggested answers
- Kadgee Clothing
- Kadgee Clothing suggested answers
## Additional tutor support

### Tutor Resource Hub

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<td><strong>CIMA 2019 Professional Qualification - Syllabus Support and Teaching Resources</strong></td>
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<tr>
<td>Examination Information and Documentation</td>
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<td>Case Study Resources</td>
<td>+</td>
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<tr>
<td>Useful Articles</td>
<td>+</td>
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**Additional mini cases for the classroom**
Contact:

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Karen.Phang@aicpa-cima.com
Thank you