

CIMA

Case Study

Operational Level

Study Text

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Introduction

Acknowledgements

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How to use the Materials



Test your understanding – Following key points and definitions are exercises which give the opportunity to assess the understanding of these core areas. Within the work book the answers to these sections are left blank, explanations to the questions can be found within the online version which can be hidden or shown on screen to enable repetition of activities.



Illustration – to help develop an understanding of topics and the test your understanding exercises the illustrative examples can be used.

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Exam Introduction

To complete the CIMA qualification and be able to use the designatory letters of ACMA and CGMA, candidates for this prestigious award need to achieve three things:

- attain the entry requirements for the professional level qualification
- study for and complete the relevant professional level assessments and examinations
- complete three years of relevant practical experience

This text concentrates on the second of these requirements, and in particular to study for and complete the Operational level case study exam.

Overview of exam

The case study exam will be available four times a year. The purpose of this exam is to consolidate learning at each level by reflecting real life work situations. The exam is human marked.

This approach allows a wide range of knowledge and skills to be tested including research and analysis, presentation of information and communication skills whilst still ensuring competence in key skills.

CIMA believe that this format will provide the commitment to delivering the competencies which employers desire thereby improving 'employability'.

For example, the Operational level case study exam will be set within a simulated business context, placing the candidate in the job role matched to the competency level. In the case of the Operational level, the job role is that of an entry level finance professional (usually a management accountant) with responsibility for some of the consequences of implementing strategy. The focus will be on the short-term.

Typical aspects of such a role could include the following:

- An understanding of costs and cost accounting, in order to start preparing budgets, and to advise about short-term changes in products, volume and prices.
- Putting budgets together for the business will require communicating aspects of the budget to non-finance staff; both in the preparation and the delivery.
- Preparation of financial reports to show how the business is performing. This will require knowledge of the regulatory environment, financial reporting, and business taxation.
- Analysing and advising on working capital, cash and short-term finance.

The exam is intended to replicate “a day in the life” of a finance professional operating at the operational level and provide a simulated environment for candidates to demonstrate the required level of proficiency in each of the competency areas. Consequently, the exam will be set and marked according to the weightings for each core activity at the level.

The case study exam is 3 hours in duration and is made up of a series of timed tests or tasks. This makes the case study exam different from most exams you will have sat to date – once you have submitted a particular task (or the time limit is reached, whichever is sooner) you will be moved on and will not be able to return to that task. This should reduce the problem of not completing the paper but does mean you will need to be very disciplined when attempting each task.

Candidates will be provided with access to pre-seen information approximately seven weeks before the real exam.

Assessment aims and strategy

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 – based on the knowledge and skills acquired from the three subjects. The Case Study mimics their role in a real-work scenario, at each level of the qualification.

The case study is three hours long. The case study will include both pre-seen and unseen material, the latter being made available during the examination. They will incorporate short written answers, emails, letters and any form of appropriate communication required within the tasks set.

The focus is on application, analysis and evaluation which are levels 3, 4 and 5 of the CIMA hierarchy of verbs (see below).

Simulated business issues in the case studies provide candidates with the opportunity to demonstrate their familiarity with the context and interrelationships of the level’s technical content. This reflects the cross functional abilities required in the workplace. Skills will include research, analysis, and presentation of both financial and nonfinancial information and communication skills.

Feedback will be provided to candidates with their results. Exam sittings for the case studies will occur every three months. Candidates must have completed or be exempt from the three objective tests at a particular level before attempting the relevant case study.

Core activities and assessment outcomes

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.

The six core activities are:

- A Prepare costing information for different purposes to meet the needs of management.
- B Prepare budget information and assess its use for planning and control purposes.
- C Analyse performance using financial and non- financial information.
- D Apply relevant financial reporting standards and corporate governance, ethical and tax principles.
- E Prepare information to support short-term decision-making.
- F Prepare information to manage working capital.

The core activities require and draw together the knowledge, skills and techniques acquired while studying for Objective Tests and combining them with the mindset of a CIMA finance professional.

Each core activity is translated into a number of “assessment outcomes”. These are a clear assertion of what a CIMA qualified finance professional should be able to do when the Examination has been completed and what the assessment will be designed to measure. Case Study assessment outcomes will be synoptic

These are discussed in more detail in chapters 1 and 2.

Assessing skills – the CIMA verb hierarchy

CIMA has adopted a skill framework for the assessments based on the revised Bloom’s Taxonomy of Education Objectives. Bloom’s Taxonomy classifies a continuum of skills that learners are expected to know and demonstrate.

The case study exam will focus on Levels 3, 4 and 5.

Skill level	Verbs used	Definition
Level 5 Evaluation How you are expected to use your learning to evaluate, make decisions or recommendations	Advise Assess Evaluate Recommend Review	Counsel, inform or notify Evaluate or estimate the nature, ability or quality of Appraise or assess the value of Propose a course of action Assess and evaluate in order, to change if necessary
Level 4 Analysis How you are expected to analyse the detail of what you have learned	Align Analyse Communicate Compare and contrast Develop Discuss Examine Interpret Monitor Prioritise Produce	Arrange in an orderly way Examine in detail the structure of Share or exchange information Show the similarities and/or differences between Grow and expand a concept Examine in detail by argument Inspect thoroughly Translate into intelligible or familiar terms Observe and check the progress of Place in order of priority or sequence for action Create or bring into existence
Level 3 Application How you are expected to apply your knowledge	Apply Calculate Conduct Demonstrate Prepare Reconcile	Put to practical use Ascertain or reckon mathematically Organise and carry out Prove with certainty or exhibit by practical means Make or get ready for use Make or prove consistent/compatible
Level 2 Comprehension What you are expected to understand	Describe Distinguish Explain Identify Illustrate	Communicate the key features of Highlight the differences between Make clear or intelligible/state the meaning or purpose of Recognise, establish or select after consideration Use an example to describe or explain something
Level 1 Knowledge What you are expected to know	List State Define Outline	Make a list of Express, fully or clearly, the details/facts of Give the exact meaning of Give a summary of

How to use the material

These Official CIMA learning materials brought to you by CIMA and Kaplan Publishing have been carefully designed to make your learning experience as easy as possible and give you the best chances of success in your Case Study Examinations.

This Study Text has been designed with the needs of home study and distance learning candidates in mind. However, the Study Text is also ideal for fully taught courses.

The aim of this textbook is to walk you through the stages to prepare for, and to answer, the requirements of the Case Study Examination.

Practical hints and realistic tips are given throughout the book making it easy for you to apply what you've learned in this text to your actual Case Study Exam.

Where sample solutions are provided, they must be viewed as just one interpretation of the case. One key aspect, which you must appreciate early in your studies, is that there is no single 'correct' solution.

Your own answer might reach different conclusions, and give greater emphasis to some issues and less emphasis to others, but score equally as well if it demonstrates the required skills.

If you work conscientiously through the official CIMA Study Text according to the guidelines above, as well as analysing the pre-seen information in full, you will be giving yourself an excellent chance of success in your examination. Good luck with your studies!

Planning

To begin with, formal planning is essential to get the best return from the time you spend studying. Estimate how much time in total you are going to need for each subject you are studying for the Case Study Examination. You may find it helpful to read "Pass First Time!" second edition by David R. Harris ISBN 978-1-85617-798-6.

This book will provide you with proven study techniques. Chapter by chapter it covers the building blocks of successful learning and examination techniques and shows you how to earn all the marks you deserve, and explains how to avoid the most common pitfalls.

With your study material before you, decide which chapters you are going to study in each week, which weeks you will devote to practising past exams, and which weeks you will spend becoming familiar with your case study pre-seen material.

Prepare a written schedule summarising the above and stick to it! Students are advised to refer to articles published regularly in CIMA's magazine (Financial Management), the student e-newsletter (Velocity) and on the CIMA website, to ensure they are up to date with relevant issues and topics.

Tips for effective studying

- 1 Aim to find a quiet and undisturbed location for your study, and plan as far as possible to use the same period of time each day. Getting into a routine helps to avoid wasting time. Make sure that you have all the materials you need before you begin so as to minimise interruptions.
- 2 Store all your materials in one place, so that you do not waste time searching for items every time you want to begin studying. If you have to pack everything away after each study period, keep your study materials in a box, or even a suitcase, which will not be disturbed until the next time.
- 3 Limit distractions. To make the most effective use of your study periods you should be able to apply total concentration, so turn off all entertainment equipment, set your phones to message mode, and put up your 'do not disturb' sign.
- 4 Your timetable will tell you which topic to study. However, before diving in and becoming engrossed in the finer points, make sure you have an overall picture of all the areas that need to be covered by the end of that session. After an hour, allow yourself a short break and move away from your Study Text. With experience, you will learn to assess the pace you need to work at. Each study session should focus on component learning outcomes – the basis for all questions.
- 5 Work carefully through a chapter, making notes as you go. When you have covered a suitable amount of material, vary the pattern by attempting a practice question. When you have finished your attempt, make notes of any mistakes you made, or any areas that you failed to cover or covered more briefly. Be aware that all component learning outcomes will be tested in each examination.
- 6 Make notes as you study, and discover the techniques that work best for you. Your notes may be in the form of lists, bullet points, diagrams, summaries, 'mind maps', or the written word, but remember that you will need to refer back to them at a later date, so they must be intelligible. If you are on a taught course, make sure you highlight any issues you would like to follow up with your lecturer.
- 7 Organise your notes. Make sure that all your notes, calculations etc. can be effectively filed and easily retrieved later.

Relevant practical experience

In order to become a Chartered Global Management Accountant (ACMA, CGMA), you need a minimum of three years' verified relevant work-based practical experience.

Read the 'Applying for Membership' brochure for full details of the practical experience requirements (PER).

Information concerning formulae and tables will be provided via the CIMA website, www.cimaglobal.com, and your EN-gage login.

Chapter

1

Introduction to case study exams

Chapter learning objectives

- To gain an overview of the case study exam, its purpose, structure and the process involved.

1 The structure of the CIMA Operational Level

Each level of CIMA's professional qualification consists of three objective test 'pillar' exams, followed by the Case Study Examination.

You can only attempt the Case Study Examination after all objective tests for the level have been completed or if exemptions have been given.

For the 2019 syllabus the three Operational level pillar exams are as follows:

- E1 – Managing Finance in a Digital World
- P1 – Management Accounting
- F1 – Financial Reporting

The objective tests for each of these individual subjects ensure the acquisition of the breadth of knowledge, skills and techniques that provide the foundation for approaching the Case Study Examination.

2 Why a Case Study Examination?

The CIMA Case Study Examinations are 'capstone' examinations designed to demonstrate mastery of previously acquired knowledge, skills and techniques and the drawing together of these to provide solutions to unstructured, synoptic problems.

Each synoptic assessment combines the content covered in all three pillar subjects at the level into a single assessment. Its aim is the "undoing" of the pillar and subject divisions of the syllabus and the application of knowledge, skills and techniques to the type of problems that you might encounter in the workplace in a role matched to the appropriate level of the qualification.

The examination uses a simulated Case Study to provide a rich, immersive scenario to prepare and to provide a context for the tasks in the examination. The scenarios are developed around today's modern business environment and the challenges that you will face – allowing you to demonstrate the 'core activities' that have been identified by employers as critical.

Examination tasks will be practical and applied, not theoretical or academic. To be successful, you will have to perform these core activities in the same way and to the same standards that would be valid and valued in the workplace.

The Case Study Examination is thus an attempt to simulate workplace problem solving, and allows examiners to move one step closer to the assessment of competence than is possible with objective test questions. It is a test of both professional competence and, by implication, employability.

In addition, the purpose of the Case Study Examination is to assess your proficiency in those specific skills that are less likely to be automated.

The purpose of this text is to suggest how you might prepare for the examination by developing and practising your skills. Since the examination tests a range of different skills, preparing for this examination needs to be different from studying for a 'traditional' examination.

3 Your role

Each case study exam will be set within a simulated business context, placing the candidate in the job role matched to the competency level.

In the case of the operational level your role is an entry level finance professional or a finance officer, typically a management accountant, reporting to first line managers and/or peers within the organisation.

This role can be broken down as follows:

- The role simulated is that of a finance officer working within a collaborative team in the finance department that is responsible for planning and coordinating business operations through the preparation of budgets and other reports. The role focuses on the short term; assisting with the preparation of useful and relevant financial reports, drawing upon data collected by the company's information system. The finance officer may be asked to evaluate short-term opportunities and threats, such as selecting between alternative courses of action and may also provide information to support decisions on working capital, cash and short-term finance.
- The finance officer offers insights that influence the decisions taken by her colleagues and superiors. The finance officer must act in a professional manner, ensuring that her reports are sufficiently complete and accurate to facilitate decisions.
- The finance officer makes full use of the technologies that are available for the collection, cleansing and analysis of data. The preparation of reports also relies heavily on understanding of how the business is structured. The finance officer is required to interact with colleagues from finance and all other functional areas of the business.
- The finance officer also assists in the preparation of financial reports to enable external stakeholders to understand how the business is performing. That requires an understanding of the regulations relating to financial reporting and business taxation.
- The fact that the finance officer's work affects the behaviour of internal and external stakeholders can raise ethical implications. The finance officer must be aware of personal responsibilities working within the role.

In summary, the Operational level focuses on the short term and the implementation of decisions. Thus you will work with others in the organisation and use appropriate data and technology to translate medium- term decisions into short-term actionable plans.

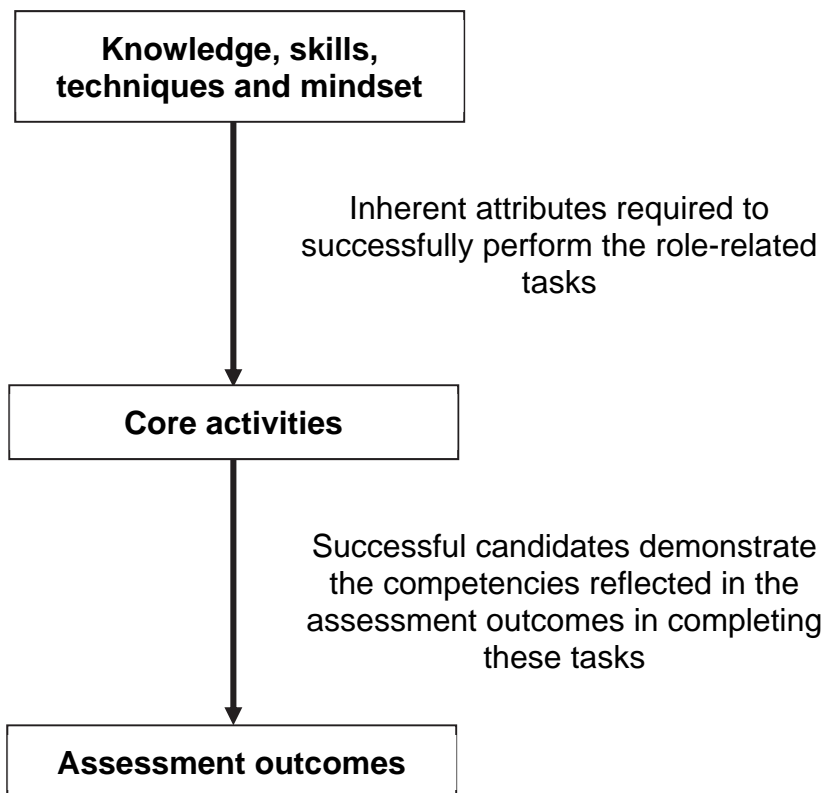
The competency level is described as "entry-level", requiring you to demonstrate the ability to analyse and advise on various aspects and consequences of the implementation of strategy.

4 The exam ‘blueprints’

For the first time, CIMA has released blueprints for its Professional Qualification Examination. The intent is that blueprints will demystify the examination – giving greater clarity on examinable topics; assessment approach, design and weightings; and learner expectations.

The Case Study Examination blueprint contains the following:

- **Core activities** – Business-related tasks that are common to the role being simulated and valued by employers which, if performed satisfactorily, enables the demonstration of the assessment outcomes.
- **Assessment outcomes** – A clear assertion of what a CIMA qualified finance professional can do when the Examination has been completed and what the assessment will be designed to measure. Case Study assessment outcomes will be synoptic.



All core activities will be assessed in each form of the examination in line with the weightings. A sample of related assessment outcomes will be tested.

Blueprints are discussed in more detail in chapter 2.

5 The exam process

5.1 Overview

The examination is three hours long. A 15-minute tutorial is available before the start of the examination to allow candidates to familiarise themselves with the test driver.

The examination has four sections (tasks), which are each 45 minutes long. All sections are equally weighted. Candidates may finish a section early and move on to the next but cannot return to previous sections in the time remaining.

There may be more than one sub-task within each section and an indication of how long to spend on each sub-task will be given to allow candidates to manage their time.

For example, the first exam variant of the sample prototype paper shows the following instructions:

Section (task)	Time for section (minutes)	Number of answer screens	Number of sub-tasks	% time to spend on each sub-task
1	45	1	2	(a) 48% (b) 52%
2	45	1	2	(a) 52% (b) 48%
3	45	1	2	(a) 36% (b) 64%
4	45	1	2	(a) 60% (b) 40%

More than one core activity will normally (but not always) be assessed in each section/task and the order of core activities and assessment outcomes in the blueprint does not reflect how these might be structured in the examination.

For each sitting there are a number of variants, so different students will not necessarily face the same exam tasks. You are not permitted to discuss any aspects of the variant you sat until after the exam window has finished. The marking and moderation processes ensure that no advantage is gained from sitting one particular variant rather than another.

5.2 The pre-seen

The exam is based on:

- pre-seen material issued in advance of the exam day, supplemented by
- additional, previously unseen material given to you in the exam room.

From the May 2020 sitting onwards, one pre-seen will be used over two exam windows, giving candidates the opportunity to resit using the same pre-seen.

The pre-seen will be shared as follows:

- May / August
- November / February

CIMA releases the pre-seen material approximately seven weeks before the first examination. This is posted on the student area of the CIMA website (www.cimaglobal.com) and it is your responsibility to download it and to print off a copy.

The pre-seen material is an introductory scenario to set the scene for the case study, together with accounting and financial information. The pre-seen material is an extended scenario consisting of approximately ten exhibits giving information about a business organisation.

You will be taking on the role of a management accountant who works for the organisation, and your responses to the tasks will usually be addressed to your superior.

5.3 The unseen

In the examination you will be provided with the following.

- An on-screen version of the pre-seen material
- Additional new unseen material, which contains both triggers (new information) and tasks (what you need to do)
- Space to complete your answers
- An on-screen calculator (although candidates are permitted to take their own calculators as long as it's a CIMA approved model.)
- Reference materials (Present value tables, Cumulative present value tables and Normal distribution tables)
- A notepad and pen for planning and workings along with an on-screen scratch pad.

The unseen material will be a continuation of the pre-seen and will usually bring the scenario up to date. In many cases there is a 'twist' in the unseen i.e. a development that students might not have anticipated from the pre-seen. The unseen may focus on a number of issues that appeared in the pre-seen or it may just focus on one or two; either way it will provide the basis for the content of your answers.

A common mistake made by weaker students is that they place too much emphasis on their analysis of the pre-seen material and do not develop the information in the unseen material adequately. The key points to be referred to in your answer should be driven by the new information in the unseen material.

5.4 Triggers and tasks

Each section in the unseen material will begin with a **trigger**.

This will be information provided as an introduction to the work that you are required to complete.

The information may be in the form of a briefing by your superior, a newspaper article, some financial information or extracts from internal reports. You will be expected to integrate this new information with the analysis you have performed on the pre-seen material to produce a coherent and well informed response.

Within each section of the examination, there will then be a **task** or tasks that you will be asked to perform, usually by your superior. These tasks will require different types of response, although usually reports, briefing notes and emails.

Word processing capabilities will be provided within the test driver to allow the formatting and presentation of responses in a professional manner. From 2019, this includes the ability to use tables to put together a response. For full details of the word processing functionality and to try this in advance of the examination, a tutorial is available on cimaglobal.com.

There is a time limit attached to each task and you will have a clock showing the time remaining in the corner of your screen. Once you have submitted a task (or the time limit is reached, whichever is sooner) you will not be able to return to that task. This should reduce the problem of not completing the paper but does mean you will need to be disciplined when attempting each task.

If you feel that you do not need all of the time on an earlier task, then moving forwards prematurely will not allow you extra time on later tasks – the extra time will be lost. Given this, it is always advisable to use the full time allocated to each task to recheck that you have answered the question requirement in full and that you have related your response to the specific context of the case.

A walkthrough of the prototype sample exam will be carried out in chapters 3 to 5.

5.5 Calculations

Examination tasks will not be set that require specific calculations.

However, candidates should, wherever possible, show how they have used and interpreted data from the pre-seen and the new information presented during the examination and/or undertook analysis or calculations to support their responses.

6 Marking

6.1 Overview

The Case Study Examinations are human marked. The Case Study results will contain the following information:

- Grade: Pass or fail
- Scaled score: 0 to 150 with 80 and above being a pass

There is no requirement to obtain a pass or meet a minimum threshold for each core activity.

Feedback on performance against each core activity will be provided so that learners know their areas of weakness for further study.

Grade descriptors for both the overall passing standard as well as each core activity will also be released.

6.2 The 'marginally competent' student

During 2016 CIMA disclosed further information on how the pass mark is set and the importance of identifying the 'marginally competent' student.

The process

A detailed process was revealed that involves the following:

- (1) A panel of experts debates the tasks within a variant to decide what should be expected from a student deemed competent for this task. This debate does not focus on a perfect answer but, instead, asks what would be expected of a CIMA student (or member) in practice – what is the minimum expected if we were considering employing them, for example.
- (2) A sample of student scripts is then discussed and the scripts ranked. This is repeated and refined until the "marginally competent student" is identified. This student deserves to pass (but only just!) as they would be employable and have the skills expected of a CIMA student or member in the real world.
- (3) The marks earned by this script are then used to set the pass mark and standardise the overall marking system. This ensures that students are not disadvantaged if they sit a "harder" variant.

The lessons to be learned

When answering a task in the exam, you could imagine that this was part of a job interview and ask yourself what would be required to get the job.

Your employer would be less impressed by you showing off knowledge but much more impressed that you can answer a question asked, apply your comments to the company's specific circumstances and make practical, relevant suggestions. Make sure your answers do this!

7 Summary

You should now have a basic understanding of how the case study works. All of the ideas presented in this chapter will be developed further in the remainder of this textbook.

Next steps:

- (1) It is a good idea to register with Pearson Vue to see the online version of the “Question tutorial” exam as this will allow you become more familiar with the look and feel of the exam. All the relevant material from the “Question tutorial” exam has been reproduced in this textbook but it is important to recognise that the CIMA case study examinations are dynamic and shouldn’t be viewed as equivalent to a static paper exam.
- (2) Think about the date on which you will sit the exam and work backwards to create a sensible and achievable study timetable.
- (3) You need to ensure that your technical knowledge is up to date / full especially if the OTQ exams were sat a while ago.

It might be worth locating and gathering together any materials you already have from the supporting technical subjects (E1, P1 and F1). We will show you in later chapters how you may need to use these materials.