

Strategic Level

Subject P3

Risk Management

Study Text



KAPLAN PUBLISHING'S STATEMENT OF PRINCIPLES

LINGUISTIC DIVERSITY, EQUALITY AND INCLUSION

We are committed to diversity, equality and inclusion and strive to deliver content that all users can relate to.

We are here to make a difference to the success of every learner.

Clarity, accessibility and ease of use for our learners are key to our approach.

We will use contemporary examples that are rich, engaging and representative of a diverse workplace.

We will include a representative mix of race and gender at the various levels of seniority within the businesses in our examples to support all our learners in aspiring to achieve their potential within their chosen careers.

Roles played by characters in our examples will demonstrate richness and diversity by the use of different names, backgrounds, ethnicity and gender, with a mix of sexuality, relationships and beliefs where these are relevant to the syllabus.

It must always be obvious who is being referred to in each stage of any example so that we do not detract from clarity and ease of use for each of our learners.

We will actively seek feedback from our learners on our approach and keep our policy under continuous review. If you would like to provide any feedback on our linguistic approach, please use this form (you will need to enter the link below into your browser).

<https://docs.google.com/forms/d/1YNo3A16mtXGTDIFJzgJhcu377QA4Q4ihUgfYvVKclF8/edit>

We will seek to devise simple measures that can be used by independent assessors to randomly check our success in the implementation of our Linguistic Equality, Diversity and Inclusion Policy.

Published by: Kaplan Publishing UK

Unit 2 The Business Centre, Molly Millars Lane, Wokingham, Berkshire RG41 2QZ

Copyright © 2023 Kaplan Financial Limited. All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the publisher.

Acknowledgements

We are grateful to AICPA® & CIMA® for permission to reproduce past examination questions. The answers to CIMA's CGMA® exam questions have been prepared by Kaplan Publishing, except in the case of CIMA's November 2010 exams and subsequent CIMA's exam answers where CIMA's official answers have been reproduced. Questions from past live assessments have been included by kind permission of CIMA.

This product contains material that is ©Financial Reporting Council Ltd (FRC). Adapted and reproduced with the kind permission of the Financial Reporting Council. All rights reserved. For further information, please visit www.frc.org.uk or call +44 (0)20 7492 2300.

Notice

The text in this material and any others made available by any Kaplan Group company does not amount to advice on a particular matter and should not be taken as such. No reliance should be placed on the content as the basis for any investment or other decision or in connection with any advice given to third parties. Please consult your appropriate professional adviser as necessary.

Kaplan Publishing Limited, all other Kaplan group companies expressly disclaim all liability to any person in respect of any losses or other claims, whether direct, indirect, incidental, consequential or otherwise arising in relation to the use of such materials.

Kaplan is not responsible for the content of external websites. The inclusion of a link to a third party website in the text should be not taken as an endorsement.

Kaplan Publishing's learning materials are designed to help students succeed in their examinations. In certain circumstances, CIMA can make post-exam adjustments to a student's mark or grade to reflect adverse circumstances which may have disadvantaged a student's ability to take an exam or demonstrate their normal level of attainment (see CIMA's Special Consideration policy). However, it should be noted that students will not be eligible for special consideration by CIMA if preparation for or performance in CIMA's exam is affected by any failure by their tuition provider to prepare them properly for the exam for any reason including, but not limited to, staff shortages, building work or a lack of facilities, etc.

Similarly, CIMA will not accept applications for special consideration on any of the following grounds:

- failure by a tuition provider to cover the whole syllabus
- failure by the student to cover the whole syllabus, for instance as a result of joining a course part way through
- failure by the student to prepare adequately for the exam, or to use the correct pre-seen material
- errors in the Kaplan Official Study Text, including sample (practice) questions or any other Kaplan content or
- errors in any other study materials (from any other tuition provider or publisher).

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library.

ISBN: 978-1-83996-465-7

Printed and bound in Great Britain.

Contents

	Page
Syllabus area P3A: Enterprise risk	
Chapter 1 Risk	1
Chapter 2 Risk management	37
Syllabus area P3B: Strategic risk	
Chapter 3 Strategy risk	129
Chapter 4 Reputational risks	213
Chapter 5 Corporate governance	277
Syllabus area P3C: Internal controls	
Chapter 6 Internal controls	355
Chapter 7 Internal audit	427
Syllabus area P3D: Cyber risk	
Chapter 8 Cyber security threats	505
Chapter 9 Cyber security processes	569
Chapter 10 Cyber security tools, techniques and reporting	625
Index	I.1



Introduction

How to use the Materials

These official CIMA® learning materials have been carefully designed to make your learning experience as easy as possible and to give you the best chances of success in your Objective Tests.

The product range contains a number of features to help you in the study process. They include:

- a detailed explanation of all syllabus areas
- extensive 'practical' materials
- generous question practice, together with full solutions.

This Study Text has been designed with the needs of home study and distance learning candidates in mind. Such students require very full coverage of the syllabus topics, and also the facility to undertake extensive question practice. However, the Study Text is also ideal for fully taught courses.

The main body of the text is divided into a number of chapters, each of which is organised on the following pattern:

- **Detailed learning outcomes.** These describe the knowledge expected after your studies of the chapter are complete. You should assimilate these before beginning detailed work on the chapter, so that you can appreciate where your studies are leading.
- **Step-by-step topic coverage.** This is the heart of each chapter, containing detailed explanatory text supported where appropriate by worked examples and exercises. You should work carefully through this section, ensuring that you understand the material being explained and can tackle the examples and exercises successfully. Remember that in many cases knowledge is cumulative: if you fail to digest earlier material thoroughly, you may struggle to understand later chapters.
- **Activities.** Some chapters are illustrated by more practical elements, such as comments and questions designed to stimulate discussion.
- **Question practice.** The text contains three styles of question:
 - Exam-style Objective Test questions (OTQs).
 - 'Integration' questions – these test your ability to understand topics within a wider context. This is particularly important with calculations. OTQs may focus on just one element, but an integration question tackles the full calculation, just as you would be expected to do in the workplace.

- ‘Case’ style questions – these test your ability to analyse and discuss issues in greater depth, particularly focusing on scenarios that are less clear cut than in the Objective Tests, and thus provide excellent practice for developing the skills needed for success in the Strategic Level Case Study Examination.
- **Solutions.** Avoid the temptation merely to ‘audit’ the solutions provided. It is an illusion to think that this provides the same benefits as you would gain from a serious attempt of your own. However, if you are struggling to get started on a question you should read the introductory guidance provided at the beginning of the solution, where provided, and then make your own attempt before referring back to the full solution.

If you work conscientiously through this official CIMA’s Study Text according to the guidelines above you will be giving yourself an excellent chance of success in your Objective Tests. Good luck with your studies!

Quality and accuracy are of the utmost importance to us so if you spot an error in any of our products, please send an email to mykaplanreporting@kaplan.com with full details, or follow the link to the feedback form in MyKaplan.

Our Quality Co-ordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

Icon explanations



Definition – These sections explain important areas of knowledge which must be understood and reproduced in an assessment environment.



Key point – Identifies topics which are key to success and are often examined.



Supplementary reading – These sections will help to provide a deeper understanding of core areas. The supplementary reading is **NOT** optional reading. It is vital to provide you with the breadth of knowledge you will need to address the wide range of topics within your syllabus that could feature in an assessment question. **Reference to this text is vital when self-studying.**



Test your understanding – Following key points and definitions are exercises which give the opportunity to assess the understanding of these core areas.



Illustration – To help develop an understanding of particular topics. The illustrative examples are useful in preparing for the Test your understanding exercises.



You are viewing a sample

Interested in the full version?