

## **TOPCIMA – March 2007 – Post Exam Guidance Report**

### **1. Introductory Comments**

The setting for the March 2007 TOPCIMA case was the airline industry and concerned a major Asian carrier, Flyqual Airlines (FQA). The company, a member of the N Alliance, majority owned by two very large shareholders, faces increased competition and needs to address the strategic problem of replacing some of its ageing fleet of aircraft. The alternatives the Board were considering were newer versions of the model of aircraft already in service or selecting from the new generation of aircraft being developed by the two most prominent aircraft manufacturers in the world being the "C" company and the "F" company. C was developing its 491 model which is a double decked twin aisled aircraft carrying up to 600 passengers. The C 491 was such a large aircraft it required special facilities at airports to accommodate it and essentially worked on a "hub and spoke" system. This means that the C 491 would fly to central locations and passengers would transfer to other smaller aircraft to fly to their final destination if the airport cannot accommodate the C 491. F, on the other hand was developing its 898 aircraft which only carried 300 passengers but was more flexible in that it would reach more destinations around the world.

The case material presented to candidates on exam day included a number of new issues.

1. A decision had to be made by 30<sup>th</sup> June 2007 on the replacement of the ageing aircraft in the fleet. A calculation was presented which showed that one C 491 aircraft provided a positive NPV of \$97 million compared with \$26 million for a single F 898 over the 10 year period stipulated by the FQA Board. However, details were given of a flaw in the data relating to the C 491 on which the calculation was based.
2. FQA's home government had recently awarded landing rights at the airport in its capital city to a competitor airline which was a wake up call to FQA.
3. The maintenance procedures employed by FQA were called into question. A report had been completed by FQA's Engineering Director which squarely laid the blame for short cuts in procedures at the door of three technicians who subsequently were dismissed. He went on to state that the maintenance procedures were now safe. However, an independent consultant's report, commissioned by FQA's Chief Executive, showed there were still serious faults in the procedures which the Engineering Director should have known about. The consultant further stated that the maintenance budget is inadequate. After publication of the consultant's report the trade unions claimed that it was engineering management rather than the technicians who were at fault.
4. The trade unions, reacting to the maintenance issues and earlier grievances with FQA's management, re-entered discussions with them on the subject of pay and conditions of service. The discussions were not harmonious and culminated in the threat of strike action at FQA which could escalate and involve other transport workers in FQA's home country. The tension was exacerbated when a member of FQA staff revealed to the press, confidential comments made to him by the Director of Sales and Marketing. Pressure was exerted on FQA management by the Aviation Minister to avoid a general transport strike by threatening the withdrawal of government support for the airline. The cost of the strike to FQA in terms of lost revenue was estimated at \$30 million per day and overall the cost to the airline of settling the strike would be \$220 million per year.
5. There was further disruption at the airline due to the hard bargaining stance employed by FQA's management with CG, its main catering supplier. This resulted in CG attempting to impose a more rigid contract on its staff who subsequently took strike action. This resulted in the suspension of catering on all FQA's short haul routes.
6. Pressure was also brought to bear on the FQA Board to resolve the industrial action by the Chairmen of the two companies holding the highest number of shares in FQA and the Chairman of C who had received a trade union threat that an escalation of a strike at FQA would affect production at C. During a meeting between the two Chairmen representing the shareholders and the Chair and Chief Executive of FQA, it was revealed that FQA was not acquiring its fuel from the most economical supplier and there was doubt cast on the integrity of a senior member of its staff engaged in fuel purchases.
7. Staff turnover at FQA was increasing amongst both flight deck and cabin crew.
8. An extraordinary general meeting of shareholders was held which culminated in the immediate resignation of the Chair and Chief Executive of FQA.

It was now clear that FQA had to address both its short term operational problems and long term strategic issues. Difficult decisions needed to be made by the Board which had recently lost its Chair and Chief Executive. Marks were available for recognising that the immediate issue facing FQA was the replacement of the Chair and Chief Executive, even on an acting basis. Candidates who assumed this had already happened, in recognition of the practicalities of a major company needing to make immediate contingency arrangements to fill these two crucial roles, were rewarded providing they stated that the roles had been filled even on a temporary basis.

It is worth reminding all candidates that a clear understanding of the assessment matrix and the inter-relationships between criteria contributes to success in the TOPCIMA examination.

In particular candidates generally seem not to appreciate the relationship between the criteria - Focus, Prioritisation, Judgement and Logic and it is worth providing a general reminder here. For a particular discussion point, what is required is the assembly of relevant information (Focus), determining a priority order of the issues which need to be addressed (Prioritisation), some analysis and evaluation (recognising that choices exist), perhaps with discussion of necessary implications (Judgement), followed by reasoned recommendations (Logic).

Thus, the lack of recognition of the significance of an issue, such as the potential strike and the cost of settling it or the immediate replacement of the Chair and Chief Executive in this Case, adversely affects the candidate's performance, since marks in Focus, Judgement and Logic for comments on the issue will not be readily available. Marks are awarded in Integration for the flow through from Prioritisation to Logic, via Focus and Judgement. Candidates frequently move from provision of information to unsubstantiated recommendation.

## **2. Overall performance**

Performance was variable between centres with some gaining high pass rates and others well below 50%. Scripts were generally well presented with an attempt being made at most of the criteria. This is commendable and candidates are encouraged to lay out their answers in a style which shows logical progression from introduction, through prioritisation of the issues, then discussion of those issues and ethical considerations leading to logical and well supported recommendations. The key attribute in a good centre in terms of performance is to approach the Judgement criterion in a meaningful way. This normally takes the form of identifying a number of alternative courses of action for a particular issue, evaluating these and then providing logical reasoned recommendations. In many cases however, candidates seemed willing to only describe the situation with which the case organisation was faced and not offer alternative approaches to addressing it. Hence, many available marks were not gained. It should be self evident that the reader of the report is already familiar with the issues facing the organisation and is seeking analysis and recommendations which are realistic and attainable. In the event that these were either not forthcoming or were poor then the marker was left with no alternative but to restrict the marks which can be awarded.

There are very few marks available for repeating the case content (pre-seen and unseen). It is appropriate to explain the potential consequences of a certain action or the likely impact of a certain situation occurring, but the critical issue is what to do about it. The proposed courses of action should take into account the potential impacts and effects on the organisation.

All TOPCIMA cases require business awareness and good judgement for a pass mark to be achieved. The candidate needs to be able to present and defend a reasoned position. Ill thought through analysis and recommendations are not rewarded.

## **3. Assessment criteria**

### Technical.

On the whole, most candidates produced a SWOT analysis and also a range of other techniques. The SWOT analysis was usually well done although many candidates missed the fact that the lack of a Chair and Chief Executive could be either a weakness or an opportunity (or both). The major threat to FQA was the possible strike action and most candidates recognised this. The SWOT analysis should not be seen as an opportunity for candidates to "brain dump" all they know about the organisation in the Case. The SWOT analysis should instead relate to the key strengths, weaknesses, opportunities and

threats. Too much time in constructing the SWOT analysis by trying to cram in too many points is counter productive given there are only 5 marks available under the "Technical" heading.

There was ample opportunity for the display of a wide range of techniques, including any of the following:

- PEST analysis which needed to relate to the airline industry and the impact on FQA.
- The use of the Johnson and Scholes model to structure the answer when evaluating the suitability, acceptability and feasibility of the proposed replacement of the ageing fleet
- Porter's Generic Strategies to demonstrate that FQA differentiates itself on quality
- Porter's five forces to demonstrate that new entrants are able to compete with FQA and that the most important competitive forces are the power of the buyers and the power of the suppliers
- Mendelow's stakeholder analysis which should analyse the many stakeholders that FQA has including its employees, shareholders, customers, aircraft suppliers and the government.
- Use of net present value calculations, relevant ratios and key performance indicators.

### Application

Candidates need to show their technical knowledge and this normally appears in appendices. However, a basic technical knowledge is not sufficient on its own. The key test is whether that technical knowledge has been applied and contributes to the analysis and recommendations. To gain marks under this criterion, candidates must not only demonstrate the technique but apply the knowledge within the report normally under the judgement and logic criteria. Therefore the candidate should reflect carefully on the techniques he or she will apply in determining how they will support his or her case.

The major threats facing airlines at the moment are increasing competition, fuel costs and the impact the industry has on global warming. Further, potential delays to the delivery of the new aircraft, following the huge amount of publicity surrounding the Airbus A 380, should all have been included in the SWOT analysis and then referenced in the text.

A range of calculations that could also have been prepared included:

- Preparation of a revised NPV statement updated by the new information provided in the unseen material. (See comments below after the next set of bullet points).
- Relevant ratios such as Price / Earnings for FQA compared with Competitors 1 and 2 and the debt to equity and liquidity ratios for FQA
- Relevant comparative performance indicators between FQA and Competitors 1 and 2 such as revenue and profit per km., revenue per aircraft and per passenger and also profit to revenue.
- The financial implications of the strike going ahead compared with the cost of settling it. It should be noted that after tax the cost of the strike to FQA would be \$13.5 million per day (Fixed Costs of \$18m less tax at 25%) and the break even point in terms of the strike days compared with the cost of settlement was 12.2 days, (\$220m less tax gives \$165m / \$13.5m) not 7.33 as many candidates calculated.

It was surprising how many candidates could not calculate the revised NPV correctly. A common error was one of timing relating to the incidence of the first insurance premium. This was at the beginning of year 1 (i.e. at year 0) not the end. Other mistakes were evident, for example a full NPV calculation being made that then omitted to deduct the capital cost. Common sense should tell the candidate that the resultant NPV calculation in this situation is not realistic. Another common error was ignoring the tax implications on the insurance premiums for the C 491.

One major and worrying aspect was the number of candidates who made a fundamental error of principle regarding the leasing charges. In fact it was not necessary to do anything with the leasing charges in respect of either aircraft as the unseen material clearly stated on the first page that "It has been decided that all replacement aircraft will be leased. The decision to lease has no effect on the risk adjusted money cost of capital rate applied by FQA which is 10%. Therefore the decision to lease has no effect on the NPV calculation shown in Appendix B. The Finance Director is confident that the total cash commitment of additional leasing charges can be met from future cash flows." This was a clear

steer to the candidate that no leasing calculations were necessary. Nevertheless many candidates chose to carry out leasing calculations anyway.

The worrying feature though is that too many of these candidates made a major error of principle by confusing the leasing charges with the capital acquisition. These are two separate matters. The acquisition is a strategic decision and should be carried out using the firm's cost of capital, normally the weighted average cost of capital. Once the decision to acquire the asset is made, attention then turns to its financing and only then will the lease option be compared with the alternative financing methods. In this case the after tax interest rate of 6% would be used as the discount rate. Many candidates included the leasing decision within the capital acquisition calculation.

### Diversity

Again as a reminder, it is recommended that the candidate should read widely on the industry in which a case is set, to enable him or her to quote relevant examples and to explain how real companies have overcome many of the problems facing the company in the case material.

There has been a great deal of publicity appertaining to the aircraft manufacturing industry and in particular to the rivalry between Boeing and Airbus. This has particularly concentrated on the difficulties encountered by Airbus in meeting its delivery schedules for the A 380, when (or if) it will meet its break even target and the apparent success of the Boeing 787, (the Dreamliner). In addition, there has also been much publicity particularly surrounding the difficulties faced by aircraft carriers such as British Airways in respect of the terror scare in the UK in August 2006, the delays caused by inclement weather in December 2006, baggage handling problems in December 2006 and January 2007 and in February 2007 the change of policy to impose a surcharge if more than one piece of luggage is checked in. Recognition of the international travel regulatory organisations was also appropriate in this particular case setting. Most candidates were aware of Airbus, Boeing and the difficulties faced by British Airways over the recent period before the examination was taken.

The "Diversity" criterion provides marks for commentary which shows industrial and strategic awareness. The point is that the candidate needs to bring in relevant examples. It is acceptable to use examples from different industries providing they are relevant to the point being made, for example in dealing with an industrial dispute. However, it is for the candidate to clearly show the connection between the case organisation and examples which are drawn from different industrial settings.

### Focus

Candidates were generally able to gain reasonable marks here for their coverage of the material contained in the case. A range of issues could have been discussed within the report and overall the application of this criterion resulted in most candidates achieving high marks. One area which was not well covered however was the fact that FQA might well need to issue a profits warning if a strike went ahead.

### Prioritisation

Marks are awarded for the attempt at identifying and prioritising the issues. On the whole this section was well done by candidates. Some candidates did not recognise that the lack of a Chair or Chief Executive is critical and that these are essential appointments in terms of corporate governance. Another issue was that some candidates did not give sufficient weight to the maintenance issues contained in the unseen material. This was often "relegated" to be discussed under the "ethics" criterion. That is fine except that the maintenance failings are of much more importance than being just an ethical issue. If the candidate's discussion under ethics also addressed the business issues associated with maintenance, then marks were awarded accordingly. All too often though, candidates only concentrated on the ethical considerations which are undoubtedly there, but there are more issues to consider. The maintenance issues have a significant business impact on the airline and affect all stakeholders not just customers and staff. This was often neglected by candidates which showed a lack of appreciation of the seriousness of the issue.

The examiner considered that the industrial relations situation, and the implications that a strike would have on FQA warrants this as a priority issue along with the replacement of the Chair and Chief Executive, ensuring that the maintenance issues are immediately addressed and the strategic issue of

the replacement of the ageing fleet. If FQA did not diffuse the difficult Human Resource issues and the threat of a strike, FQA could lose so many loyal passengers that it could prove fatal to the company altogether. The resolution of this dispute needed to be a top priority of the incoming Chair and Chief Executive even if they were only acting appointments. Coupled with this, it was essential that public confidence was restored by ensuring that the maintenance procedures were safe. The long term issue of aircraft replacement could not be ignored or allowed to be overwhelmed by short term operational matters. FQA needed to compete effectively in the future and so had to address the matter of replacing its ageing fleet. However, if the company failed due to a haemorrhage of customers then the fleet issues would not matter at all, so the industrial relations issues had to be addressed first.

To summarise, in order to earn the full 10 marks available, it was necessary to identify and place in priority order the major issues facing the company in the question, taking account of the events given in the unseen material on the exam day. These should be fully justified in terms of their order of priority. The candidate has the opportunity to determine the priority order of the issues which must be tackled. However, if the reasons for this priority order are not convincingly justified, the Examiner will make his or her own judgements on the priority order of the candidate. Marks are awarded for the priorities shown providing there is a sensible justification for the order given by the candidate. These marks are awarded even if the Examiner has a different perception of the order in which those priorities should be placed.

### Judgement

The judgement criterion is important as it now carries 20 marks and rewards candidates for the display of commercial reasoning and professional judgement. Candidates earned good marks for identifying a number of alternative courses of action for a particular issue and then evaluating these. The following comprises the main issues which were expected to be addressed in a good answer.

1. The need to make appointments to the key positions of Chair and Chief Executive. In the interim it may be that these roles can be combined although the Board had to decide if this is the way it proposed that the roles would be filled longer term. Discussion should also have focused on how these crucial appointments would be made, within what timescales and the impact on the rest of the company. For example, if an existing director was appointed to either or both of these roles, even on an acting basis, how would his or her substantive role be managed? The candidate might have concluded that he / she assumed that the Chair and Chief Executive positions had already been filled, even on an acting basis, as they are crucial roles. The assumption that these temporary appointments had been made at the Extraordinary General Meeting after the resignations would have been valid. However, the candidate needed to state this clearly or leave the Examiner in no doubt as to the urgent need for appointments to be made to these critical roles. The suggestion made by too many candidates that the Board should appeal to the Chair and Chief Executive to re-consider was given very little credibility. This is naïve and such an approach would have been strategically, financially and managerially damaging to FQA.
2. The industrial relations issue affecting FQA. The deteriorating industrial relations at the company was a matter of major concern for the Board of FQA. Like many others in the service sector, the airline industry is completely dependent on the competence and public attitude displayed by staff. The travelling public's safety is of the highest importance but also the courtesy extended by the airline's staff both on the ground and in the air is a major determining factor as to whether a passenger wishes to repeat the experience with the airline. It was expected that candidates would include the loss of key staff (e.g. flight deck and cabin crew) in their discussion.
3. Strike threat. Coupled with the industrial relations situation, is the threat of strike action by FQA staff. A strike would have disastrous consequences for the airline in terms of the cost and disruption plus the threat that it may escalate affecting other organisations engaged in the transport industry. Discussion around how the strike may be avoided should have been included in the answer particularly bearing in mind the cost of settling on the trade unions' terms. The cost after tax would have been about \$165 million per year or about 44% of the profit attributable to shareholders. The candidate was expected to discuss alternative ways of avoiding the strike and counter-balancing the pressures associated with acceding to union demands as opposed to standing firm against these.
4. A follow on from the strike, if it occurred, would be the need for FQA to issue a profits warning. This would not only meet with the listing requirements of the stock exchange to

provide investors with relevant information, but might also make the strikers appreciate the damage their action was causing to the airline and ultimately their own livelihoods. This implication was missed by the vast majority of candidates.

5. Maintenance issues. Both the travelling public and staff needed to be re-assured that FQA remained a safe airline to fly with. This therefore along with the avoidance of the strike was one of the most important operational matters which had to be dealt with by the Board. There may be consequences as a result of this including the potential dismissal of the Engineering Director. Resolution of this matter was likely to have a beneficial effect on the staff in terms of their own threatened strike action. This matter should not have been left to be discussed only under the "ethics" criterion as many candidates chose to do.
6. New aircraft acquisition. This is the main strategic issue facing the airline and discussion should have centred around which aircraft should be acquired. To replace the existing fleet with aircraft of the same type would not show that FQA was progressive and would render it unlikely to be able to compete with other airlines in the future. Therefore the decision revolved around replacing the ageing aircraft with the C 491, the F 898 or a combination of both. The candidate was expected to revise the NPV calculation for the C 491 and recognise that in reality one C 491 should be compared with two F 898's given their passenger capacities. Very few candidates realised this. Essentially the Board had to choose which approach it wished to develop bearing in mind the economies of scale which can be achieved with the C 491 compared with the flexibility of the F 898. In addition commentary was expected on the potential for delay in delivery due to technical difficulties which is symptomatic of revolutionary new aircraft designs such as these (as is being experienced by Airbus).
7. The procurement policy applied by FQA was brought into focus at the meeting with the Chairmen of the two largest shareholders. In particular it was shown that FQA could reduce its costs by obtaining fuel from a cheaper source. This should have been discussed by candidates in terms of the costs and implementation of controls concerned with all purchases, not just fuel.
8. Finally, the landing rights threat is also a major strategic issue for FQA and one which should have been discussed as it potentially may be very damaging to the company especially if it is the first of a number of other business opportunities which FQA does not succeed in being able to exploit. The candidate was expected to discuss how this threat may be addressed and turned into an opportunity. Little credibility was given to suggestions that the Board should appeal to the government to change its view.

The candidate could have earned marks for other discussion besides that which is mentioned here providing it was fully justified. An example would be the catering dispute with CG. The Examiner does not claim to have exclusive rights to all the possible issues which should be addressed and therefore a candidate who presents a plausible argument on a matter which may not feature in the suggested answer will always be given reward.

There were plenty of opportunities to earn marks in the Judgement criterion. Candidates need to recognise that the quality of their analysis and discussion under this criterion are crucial to their likelihood of success in the examination. Business is all about managing risks. The role of a consultant is to advise. In this examination the consultant should be risk averse and needs to thoroughly discuss the issues on which the final recommendations will be based.

### Integration

The recommendations need to flow from the identification of the key issues and the discussion on each of these. It is necessary to show that the technical analysis is applied appropriately within the discussion and supports the alternative approaches proposed. The candidate needs to recognise the issues contained in the pre-seen and unseen information provided and to provide justification for the priority order in which they should be addressed. Discussion of these issues needs to be thorough and the recommendations which are proposed should logically flow from that discussion. It is not essential for the candidate's recommendations to be consistent with those of the Examiner as long as they are logical and properly justified. The candidate will still receive reward as long as the judgement and recommendations are supported by evidence and effectively argued.

In real life, a consultant who fails to advise on the key issues of the case would not be worth the fee and may lead to disastrous consequences for the employing company. In many cases, candidates did

not provide reports which were sufficiently comprehensive and professional and consequently were awarded low marks under this criterion.

### Logic

As a general comment, the candidate is reminded that recommendations of the order of 'should do something about', 'more controls are needed', 'the Board should meet to discuss' lack clarity, are evasive and are not acceptable. In order to earn good marks the candidate must prepare clear, justified, well argued recommendations. It is the strength of the reasoning and justification behind the recommendation that earns more marks than the recommendation itself. All business reports, whether financial or non-financial, include recommendations of alternative approaches, together with justification of why one or more courses of action are recommended. There is no single right or wrong answer with TOPCIMA – it is all down to the depth of discussion and the strength of the candidate's arguments and justification behind the recommendations made that will earn marks. However, ill-thought through analysis and poor recommendations are not rewarded.

Recommendations on the following issues were expected:

- The appointment of the Chair and Chief Executive and the consequences of this or the issues related to making interim appointments permanent
- Resolution of the potential strike and improving the industrial relations at FQA and on a profits warning if a strike goes ahead.
- How to resolve public and staff confidence in respect of maintenance issues.
- The new aircraft acquisition and how to handle future cash flows over the period the acquisitions take place.
- Establishing an appropriate procurement policy.
- The action to be taken in respect of the loss of landing rights at FQA's home airport in its capital city.

The recommendations need to be clearly substantiated and follow logically from the earlier discussion in the report. The recommendations must be justified by the candidate with a clear explanation of why they are suitable and in the best interests of the organisation. The recommendation also needs to be assertive in the sense that the candidate must be unequivocal. Therefore, a recommendation that FQA should "wait and see" which aircraft is most appropriate with which to replace the existing fleet was not satisfactory given that a decision had to be made by 30<sup>th</sup> June. Similarly, the candidate needs to state clearly which recommendations are the most urgent. Urgency is not necessarily an indicator of importance but it is an indication of the sequencing of implementation.

In many cases the recommendations were not assertive or did not follow from the earlier discussion. The candidate needs to be clear and even to state that a recommendation is being made because of a conclusion which was reached in the discussion contained earlier in the report.

### Ethics

There were at least 5 ethical issues in this case which provided ample opportunity to earn marks in their discussion and critically for advice on how they may be handled. Included in the issues were the need for independence in safety reports undertaken by engineering services, the behaviour of the team leader in instructing a member of staff to ignore a significant error, "whistle blowing" by the member of staff who reported the confidential comments made by the Director of Sales and Marketing, ensuring that contracts with suppliers are conducted in such a way as to not unfairly disadvantage them and the introduction of procurement procedures so that staff are not subject to potential inducements thus compromising shareholder value.

The candidates frequently identified the issues but were not able to explain why they were considered to be unethical. This is important as marks are available for just such an explanation. Also many candidates identified issues and then did not propose advice on how to deal with them.

Marks are awarded under the ethics criterion for firstly highlighting the issue, secondly explaining clearly why it is considered to be an ethical problem and thirdly, crucially, what should be done to address the issue. Frequently candidates did not appreciate the ethical dimension to a problem. For example, the dismissal of the "whistle blower" who repeated comments to the press which had been

made to him in confidence was frequently raised, quite rightly, under the ethics heading. The dismissal itself is not the ethical issue. The dismissal is a matter of employment law. The ethical issue is the fact that there was no mechanism in place within the organisation for the employee to raise the matter internally and therefore he did not know what to do about the comments made to him which he felt were not acceptable.

It is not necessary for the candidate to identify all the ethical issues contained within the case. It is however normal to expect a full in depth discussion of at least two ethical issues to gain high marks under this criterion.

#### **4. Concluding Comments and Guidance for the Future**

It appears that many candidates sit TOPCIMA without working through past cases which is a puzzle as this is not the way to prepare for an examination. There is a lot more material to read and assimilate, but it is only practicing analysis skills and using past cases that can lead to the necessary improvements to have a realistic chance of success in TOPCIMA.

Candidates are referred to the TOPCIMA Learning System textbook, ([www.cimapublishing.com](http://www.cimapublishing.com)) which is the recommended reading text for this exam. This CIMA Learning System takes candidates through past TOPCIMA cases and demonstrates how to analyse the pre-seen and also what to do on the exam day with the unseen material and how to prepare their answers. It also contains a chapter on Technical issues, including revision of a range of business and financial techniques that candidates should understand and incorporate in their answers. The CIMA Learning System also contains past TOPCIMA cases and the case writer's answers.

The format of candidates' reports was again very good this sitting – however, the content of the reports needs to be improved, particularly in respect of commercial judgement. Candidates sitting TOPCIMA for the first time are referred to previous Post Exam Guidance reports or the general TOPCIMA guidance notes (on the CIMA website) for advice on the suggested report format.

In summary, the eight key tasks that will put the candidate in a better position of passing TOPCIMA are:

1. Read the Post Exam Guidance (PEG) reports on the CIMA website (on [www.cimaglobal.com](http://www.cimaglobal.com)) which contain advice from the examiner on areas of weakness and areas that need to be improved. The candidate should read the Post Exam Guidance reports for at least 3 past exams, as these contain advice that should help to ensure that the candidate does not make the same mistakes.
2. WORK (**not** simply read) through at least 2 TOPCIMA past cases (on [www.cimaglobal.com](http://www.cimaglobal.com))
3. The candidate should research thoroughly the business setting for the case for which he or she is taking the exam and be totally familiar with the pre-seen material.
4. Revise business strategies and suitable techniques and be able to apply them to the case material. The examiner would also like to stress the importance of cash management in any organisation, large or small, listed or unlisted, profit making or not for profit – cash is key.
5. Practice writing answers to previous TOPCIMA cases in a 3 hour session and see how comprehensive an answer can be produced in this time. Check the answer to the case writer's answer (in the CIMA Learning System or available from [www.cimapublishing.com](http://www.cimapublishing.com)) If the candidate has simply read the case writer's answers and has not sat down for 3 hours to see how comprehensive an answer he or she can produce in that time, then the candidate is NOT prepared for this exam. It should be noted that the published answers are intended to be comprehensive and the candidate is not expected to produce anything like this volume of work in the three hours of the examination. However, the main points covered in the published answers are expected to be addressed by the successful candidates.
6. Read the articles on the CIMA website ([www.cimaglobal.com](http://www.cimaglobal.com)) about the case which the candidate is planning to sit. CIMA commissions independent writers to analyse the pre-seen



material and these articles give a good insight into the industry setting and the problems and opportunities the company is facing.

7. Ensure that the report written on the exam day clearly prioritises the key issues raised in the unseen material and consider carefully whether the priorities in the answer are in an appropriate order given the circumstances of the case and that the order is justified.
8. Ensure that the answer covers all nine of the assessment criteria

Remember – do the research and prepare for the exam – but on the day, ensure that a thorough, well reasoned answer is produced that covers the relevant key issues raised in the unseen material and ensure that it covers all aspects of the requirement.

The key to passing this exam, like many other exams and tests, is practice, practice and practice. There is no short cut. There is no easy answer. There is no way to prepare for the TOPCIMA exam without investing in hours of work using past TOPCIMA papers and to work on them as if they are the real case that the candidate is preparing for. Remember it is good preparation, and not good luck, that is needed to pass this final test of professional competence – and these are the same skills that are used in the real world when the candidate becomes a qualified CIMA accountant.

Finally, ensure that the report:

- Demonstrates the research
- Demonstrates a range of knowledge of relevant theories etc.
- Identifies key issues and provides a rationale for the order of priorities
- Evaluates alternative courses of action, focussing on the key issues
- Relates the recommendations to the key issues
- Includes discussion and advice on a number of ethical issues, which have been clearly justified as ethical.
- Satisfies the criteria in the Assessment Matrix, and recognises the inter-relationships between the criteria.