



## Paper 10 - TOPCIMA

### Summary of Guidance notes following the first two TOPCIMA exams

#### 1.0 TOPCIMA guidance notes

The guidance notes below are a summary of the advice given in the Post Exam Guidance reports prepared by the examiner after each TOPCIMA exam. It is hoped that these guidance notes will help candidates when they next sit the TOPCIMA exam. The guidance is of a general nature and is not related to any particular case.

This final exam is designed to test candidates' higher level skills and to test their ability to apply the knowledge they have already learned in previous CIMA exams and in their real life work experiences, and to use their judgement to solve multi-faceted problems given in the pre-seen and unseen material. The un-seen material always gives an unexpected twist to the case, so that candidates can be tested to see whether they can apply their knowledge to the case.

The key to passing TOPCIMA is candidates' ability to be able to apply their technical knowledge and understanding of the business setting in which the case is set. You should ensure that this knowledge and understanding is applied to the actual requirement set using the new data supplied in the unseen material on the exam day.

In summary, the TOPCIMA paper is trying to prepare you for the role of an ACMA. Part of this role is the ability to "think on your feet", which requires a sound understanding of a variety of business and financial techniques and commercial understanding, as well as the ability to apply this knowledge to new information presented to you. This final test of professional competence is testing just that – your ability to apply your knowledge to the case.

It is recommended that candidates undertake research into the business setting in which a case is set, and also that they have a good understanding and familiarity with the pre-seen material. However, in order to pass TOPCIMA you **MUST** discuss the relevant data given in the unseen material on the exam day and ensure that your answer relates to requirement that has been set. Despite the many practice answers you may have written using the pre-seen material before the exam, it is recommended that you come into the exam hall with an open mind and not a pre-prepared answer. Then, when you have read the unseen material and the requirement, you should ensure that your answer covers the relevant new issues raised in the unseen material and that your answer is tailored to the requirement that has been set.

#### 2.0 TOPCIMA exams using pre-seen material that will cover two exam sittings

Candidates are reminded that there are now two exam sittings with two different sets of unseen material, both based on the same pre-seen material. You should remember that the two different sets of unseen material will deal with the organisation in the case in different ways. Therefore any familiarity or knowledge of the first unseen material has no bearing or influence whatsoever on the second sitting. Therefore **each** of the two unseen materials **follows directly on from the pre-seen material**, and **NOT** the previous unseen.

If you did sit the September 2005 exam and were unsuccessful, and you are sitting the November 2005 exam, you should re-familiarise yourself with the pre-seen material and forget about all of the new data that had been introduced in the unseen material in the earlier exam. The second sitting in November 2005 will totally ignore the data from the September 2005 exam and will follow on **only** from the pre-seen material.

### **3.0 Advice on the TOPCIMA assessment matrix**

Familiarise yourself with the TOPCIMA assessment matrix, to ensure that your answer covers all nine of the criteria that your answer will be assessed against. Also, remember that the weighting of marks available for each of the nine criteria may change.

#### **Technical**

Candidates can earn marks for using techniques such as SWOT analyses, NPV calculations and discussion on relevant techniques and theories such as PEST analysis, Porter's Generic Strategies model, Ansoff's growth vector matrix, the BCG matrix, and so on.

#### **Application**

This criterion carries higher marks than Technical, as the examiner considers that it is the application of the knowledge to the case material that is important. Candidates should prepare accurate supporting calculations, such as NPV's, a range of company valuations where acquisitions or divestments are being considered and be able to prepare updated cash flow forecasts. It is also recommended that a detailed SWOT analysis, incorporating data from the unseen material is prepared together with other relevant techniques such as PEST, Balanced Scorecard, or Porter's Generic Strategies model.

As candidates can now only sit TOPCIMA when they have passed all of the Strategic Level papers, they should be familiar with all of these techniques. However, it is necessary to revise all of the business theories and techniques that you have learned in the Strategic Level subjects and to use them to solve some of the business problems facing the organisation in the case. A further area that is always helpful in understanding the case material is ratio analysis, including revenues, profitability, liquidity and gearing.

#### **Diversity**

Marks are available for demonstrating a breadth of technical knowledge and a range of views. It is recommended to read widely on the business setting in which the case is set to enable you to quote examples and to explain how real companies have overcome many of the problems facing the organisation in the case material.

#### **Focus**

The marks available for Focus are for discussion of relevant key data and issues. Generally, this criterion is well attempted. To ensure high marks here it is necessary to identify the relevant key data and issues in the case material (both the pre-seen and the unseen material) and to set up a "check list" of report headings, to ensure that all of these have been discussed.

#### **Prioritisation**

The process of planning your answer, at the start of the exam, is to firstly identify the relevant key issues, then to prioritise them, and then to discuss each of them in depth. It is surprising, and disappointing, that this criterion continues to be so badly attempted, with the majority of candidates earning below pass marks. Many candidates earn low marks in this criterion for the identification of the main issues only. If the issues are not prioritised, then higher marks cannot be awarded. It is recommended that the opening paragraph (after an introduction and terms of reference) should identify the key issues facing the organisation and put them in a priority order. The key strategic issues should be clearly identified and discussed in a priority order, justifying your choice of priority, in order to earn high marks under this assessment criterion.

#### **Judgement**

This is an important criterion and is for the demonstration of alternative solutions and the display of professional judgement. It can also be considered as the "link" between the discussion of the issues and the recommendations. Marks are awarded on the basis of the level of the candidate's evaluation, comments and judgement that has been demonstrated in reaching their recommendations. Candidates need to be able to demonstrate a good commercial understanding of how the organisation in the case could enhance shareholder value. Candidates should demonstrate an understanding of this most important concept and how to apply it to the case material. In addition, other stakeholders' interests should also be considered here.

#### **Integration**

This criterion rewards candidates for their ability to discuss diverse areas of knowledge and skills and to integrate them effectively. It is necessary for the key data calculated or presented in appendices to the report to be further discussed in the main body of the report. Furthermore, marks are awarded if a

candidate's report flows well and discusses all of the issues in a logical sequence culminating in clear, well justified recommendations.

### **Logic**

This crucial criterion rewards candidates for preparing justified, well argued recommendations and for the clear presentation of their report. In any business report, the most important section, is the recommendations section and how clearly and well justified the recommendations have been made. This criterion rewards candidates for doing just that.

The body of the report should be discussing all of the issues identified, and the recommendations section should be making clear justified recommendations on all of the issues identified earlier in the report and needs to follow on logically from what has been discussed earlier. Many candidates chose to end each paragraph, within the main body of their report, with a recommendations section. This is acceptable for full marks but generally it would be better if the recommendations are at the end of the report. This is because a recommendation cannot be made until all of the other issues are discussed and assessed, as many are competing for the same scarce resources, manpower and finance.

The areas that should be improved for candidates who were unsuccessful are:

- Preparing fully justified, well reasoned recommendations. Candidates should not simply state "I recommend..." but instead should state "I recommend ..... because.....".
- Recommendations should cover all areas of the report. Each of the issues that have been identified and discussed elsewhere in the report should have a clear justified recommendation. It is necessary to make recommendations on all facets of the organisation, such as changes to the Board, use of IT, and other areas such as strengthening financial controls, and ways to improve the organisation's strategic planning process.
- It may be that some of your recommendations need to be only a few lines long (but certainly not only a few words) but your recommendations should cover every issue discussed elsewhere in your report. As above, you should have a "check list" of issues to be discussed, and you should use this same "check list" to ensure that a clear justified recommendation has been made for each issue.

### **Ethics**

It is necessary to identify the ethical issues (and there are usually several of them) and then to briefly justify why the issue is considered to have an ethical dimension. Higher marks are then awarded for candidates who further offer realistic advice on how to resolve the ethical issues. To summarise, in order to earn pass marks in this criterion, it is necessary to identify, justify and recommend advice on how to overcome several of the ethical dilemmas included in the case material.

## **4.0 The requirement**

Candidates are also reminded to ensure that the answer that they write does fully answer the requirement stated, and not the requirement that they expected or wanted it to be. The answer given should be focused to the actual requirement set, although the requirement is usually fairly open ended. It usually asks candidates to advise on the key issues. Therefore, in order to pass you need to identify what the key issues are. It is recommended that candidates prepare answer plans, or "check lists" to ensure that all areas are covered.

Additionally, candidates are reminded that they should ensure that their answer covers all nine criteria of the TOPCIMA assessment matrix, which is used to assess their answers.

## **5.0 Overall recommendations for candidates sitting TOPCIMA**

Finally, it should be noted that candidates who prepare thoroughly for the TOPCIMA exam, and who are able to demonstrate their ability to apply their knowledge to the requirement in the question will put themselves in a far better position to be able to pass the TOPCIMA exam. Therefore, preparation and research are vital, but this is not enough to pass this exam. You must also have a thorough understanding of the required techniques and how to apply them to the case material.

Also, it may be helpful for candidates to use the following report format for their answers, which should provide a check that all areas have been covered, especially prioritisation and ethical issues. A recommended report format is:

- Contents page.
- Introduction (brief 5 to 10 lines of background on the organisation).
- Terms of reference (brief 5 to 10 lines to set the scene of who you are – for example a consultant, and to state who the report was commissioned by, and who it is aimed at).
- Identify and prioritise the main issues facing the organisation, showing the top five items in priority order. This area of the report should also include discussion on your position audit or SWOT analysis.
- The main body of your report should discuss in depth all of the issues you have identified above and should be supported by numerical evaluation of the proposals, which should be shown in appendices. *Note:* key data and analysis given in appendices should also be discussed within the body of the report.
- Separate section on Ethical issues, covering a number of ethical issues and offering advice on how these issues could be resolved.
- Recommendations. The most important part of the report and should pick up on each of the issues discussed earlier. Each recommendation should be clear and well justified as to why you are recommended a particular course of action. Do NOT recommend that more information needs to be collected before a recommendation can be made.
- Conclusion (brief 5 to 10 lines for closing comments)
- Appendices. *Note:* key data and analysis given in appendices should also be discussed within the body of the report.

To summarise, the key tasks that will put you in a better position of passing TOPCIMA in the future are:

- Research thoroughly the business setting for the case that you will be sitting and familiarise yourself totally with the pre-seen material
- Revise business strategies and techniques and be able to apply them to the case material.
- Ensure that your report covers the relevant key issues raised in the unseen material and that your answer relates to the exact requirement of the question.
- Familiarise yourself with the TOPCIMA assessment matrix, to ensure that your answer covers all nine of the criteria that your answer will be assessed against.

Remember – do your research and prepare for the exam – but on the day, ensure that you write a thorough, well reasoned answer that covers the relevant key issues raised in the unseen material and ensure that your answer covers all aspects of the requirement. If you do this, you **will** be successful.