



TOPCIMA and the Skills Needed to Pass



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1

LEARNING OUTCOMES

By the end of this introductory chapter you should

- ▶ understand the aims of the TOPCIMA exam;
- ▶ understand the nature of the exam, and how it differs from all other CIMA exams;
- ▶ be clear about the nature of the pre-seen and unseen material in the exam;
- ▶ understand the keys to passing TOPCIMA, and problems often faced by students in this exam;
- ▶ understand how this Learning System can improve your skills and prepare you for your TOPCIMA exam.

1.1 Introduction to the TOPCIMA exam


The TOPCIMA exam is different from all the earlier CIMA exams. Unlike previous papers there is no new theory to learn. Instead, you are expected to draw on the knowledge you have gained throughout your CIMA studies, particularly the three strategic papers, and apply this to a specific company. 'Pre-seen' information about this company is made available on the CIMA website in advance of the exam day, which enables you to analyse its strategic position and undertake industry analysis, so you have a good understanding of the issues it faces. On the day of the exam you are given a single requirement, and about 4–5 pages of new 'unseen' information, about which, you are expected to prepare your answer.

As well as the format of the exam being completely different, TOPCIMA is marked in a totally different way too. You're probably familiar with the old rules of mark allocation where you earned one mark for each good point raised, or for each calculation done correctly. TOPCIMA is different. It is marked using a marking grid of nine assessment criteria, such as Judgement, Integration and Focus. Your answer needs to be sensible and commercially realistic, draw upon your knowledge of real-life experience and industry

analysis, and, needs to be written to gain a breadth of marks across all the nine assessment criteria.

Since the exam is totally different, your preparation needs to be totally different too. No longer can you learn theory, practise past questions and expect to pass on exam day. For subjects up to TOPCIMA, many students arrive in the exam without ever having practised a full mock exam to time. You will be extremely unlikely to pass if you attempt to do that this time. In fact, the majority of your preparation time should be spent taking full mock exams to time. It is only through doing this that you will gain feedback on how well your report scores against the marking grid criteria, how good your analysis is, and most crucially of all, you master your time management in the exam.

This Learning System is designed to take you through the initial stages of your TOPCIMA exam preparation. In it, you will find a step-by-step guide through the TOPCIMA maze, including practical exercises and worked examples based on past TOPCIMA exams, which will enable you to confidently understand the expectations of the report you must prepare and the assessment matrix on which you will be marked. You will also find 2 full past papers, with solutions and exam guides, which will enable you to practise, and develop the skills you need to pass the exam. You will also be shown how to examine your specific pre-seen with the confidence that you are doing the right thing, and sets you up ready to practise unseen on that specific scenario.

 The key to passing TOPCIMA is good preparation. This learning system will enable you to develop your analysis and report writing skills, as well as showing you how to analyse your own 'pre-seen' scenario.

1.2 Aims of the TOPCIMA exam

The aim of the TOPCIMA exam is to test higher level skills of candidates as a final gateway to CIMA membership. The TOPCIMA exam can only be sat by candidates who have *passed* all three Strategic Level exams and is taken as a stand-alone exam.

The TOPCIMA exam aims to test the candidate's ability to:

- apply strategic management accounting techniques and technical knowledge to the organisation given in the case material and to prepare appropriate strategic recommendations.

The TOPCIMA exam aims to test the capabilities and competence of candidates, to ensure that they:

- 1 have a sound technical knowledge of the specific subjects within the curriculum;
- 2 can apply technical knowledge in an analytical and practical manner;
- 3 can extract, from various subjects, the knowledge required to solve many-sided or complex problems;
- 4 can solve a particular problem by distinguishing the relevant information from the irrelevant, in a given body of data;
- 5 can, in multi-problem situations, identify the problems and rank them in the order in which they need to be addressed;
- 6 appreciate that there can be alternative solutions and understand the role of judgement in dealing with them;

- 7 can integrate diverse areas of knowledge and skills;
- 8 can communicate effectively with users, by formulating *realistic recommendations*, in a concise and logical fashion;
- 9 can identify and advise on resolving ethical dilemmas.

These aims can seem a bit formal and hard to really know what this means that you have to do in the exam to achieve them. In a more practical sense, the above aims require you to:

- analyse and identify the current position of the organisation (position audit or SWOT);
- analyse and identify the relevant problems facing the organisation in the pre-seen material (including ethical issues);
- appraise possible feasible courses of action;
- evaluate and then choose specific proposals (using the unseen material on the exam day);
- identify and evaluate priorities related to the proposals;
- recommend a course of action, with reasoned arguments for each course of action;
- prepare and present information in a format suitable for presentation to senior management.

Preparing your answer in the exam hall is difficult, due to pressure of time and exam conditions, but the report should be presented in a logical fashion, covering all of the above requirements and should conclude with clear well-reasoned recommendations. The report should be able to be read by a senior manager who could act on each of the recommendations made. A jumbled, confused or repetitive report would not be well received by a senior manager in any organisation – or by the TOPCIMA examiner!

1.3 The pre-seen material

The pre-seen material, typically around 16 pages long in total (including appendices), sets the scene for the industry and gives details of a company operating within that industry. The pre-seen material usually provides organisational structures, with short biographies of key personnel, financial data (historical as well as future forecasts and plans) and also text discussing how the company is operating. This can include details of past and current successes and problems, as well as discussion of future plans.

You have several weeks to thoroughly read and understand this pre-seen material and to research the industry in which it is set. You will need to undertake a full strategic analysis on this company, so that you fully understand where the company stands now, so that you can correctly assess alternative future strategies.

Research can be undertaken in several ways, perhaps using the Internet, reviewing financial statements of real-life companies or reading the financial pages in newspapers to pick up current industry data and problems being experienced in the real world. Additionally, articles are published on the CIMA website and in student magazines. Commercially available pre-seen analysis is also available from a range of tuition providers and online companies. Whichever method you choose, it is vital that you understand both the industry and also the issues facing the company in the pre-seen material. It is also vital that you have learnt 20–30 real-life examples which you can use as examples to support arguments you make in your report. You are not allowed to take any pre-prepared notes into the exam hall, so you must learn anything you want to have available to use.

In Chapter 6, you will learn the techniques that you should use to analyse the pre-seen material.

1.4 The unseen material

In addition to the pre-seen information, on the day of the exam, you will also be given additional material relevant to the scenario. This is usually about a further 6 pages in length. The unseen material usually gives details of changes in the company since the pre-seen material, and alternative strategic options. These should be carefully considered and incorporated into your answer.

The report you produce in the exam is expected to deal, almost exclusively, with the issues from the unseen analysis. You should use your knowledge and information from the pre-seen to add to your analysis of those unseen issues, but do not need to discuss issues which are not referred to in the unseen. Candidates who fail to incorporate data given in the unseen material into their answer, or do not discuss all of the new strategic options, but simply write out a pre-prepared answer, will not earn good marks, so do ensure that *all new data given to you is analysed, discussed and that your recommendations incorporate all of the new relevant information*. One of the main reasons for candidates failing is lack of appreciation or use of several of the new facts given in the unseen material.

As with other CIMA exams you are given 20 minutes of reading time, in which time you are only able to write on your exam script, along with 3 hours of writing/typing time to complete your report.

Since each TOPCIMA exam has two exam sittings for each set of pre-seen material, there are two different sets of unseen material and two different requirements – one for the March (or September) sitting and the second for the May (or November) sitting. Each of these unseen's are independent of each other, so that those sitting the later exam should not consider any of the earlier unseen issues in their answer.

1.5 The requirement

Unlike all of the other CIMA exams, the TOPCIMA exam includes a single 100-mark requirement. Over most recent exams the requirement has been of the following form:

'Prepare a report that prioritises, analyses and evaluates the issues facing [the company's name], and makes appropriate recommendations'.

Although your requirement is likely to be of a similar form, it is vital that you do review it to check that it is as you expect it to be. In the September 2008 exam, for instance, a specific note was added to the requirement asking the student to address cultural change issues. Students who overlooked this part of the requirement would have been unlikely to pass.

Examining this requirement in more depth, you need to:

(1) Prioritise the issues

This means that you must consider the issues presented in the unseen and present them in order of importance to the company and its stakeholders. Typically you will be looking to prioritise issues based on the impact, they have on the company, the likelihood of the events happening and the urgency of those issues. In Chapter 2, you will learn a specific method of prioritisation.

In your report, you should include a section showing the priorities of your issues, along with your justification of those priorities. As a general guide it is the top 5 issues which will form the basis for both this and later sections of your report.

(2) Analyse the issues

The official CIMA definition of analyse is to 'Examine in detail the structure of'. To achieve this aim, for each of the key issues you should:

- outline the key stakeholders who will be affected and what the impact for them is or could be;
- examine the financial implications of the issue, including financial or numerical analysis of the numbers presented to you;
- relate the issue to the company's current market position and strategy.


A common error is to focus too narrowly in the analysis, considering just the financial implications or the impact on one key stakeholder. Breadth, as well as depth of analysis is important here.

In your report, you should include an analysis section showing your analysis of this situation.

(3) Evaluate the issues

The official CIMA definition of evaluate is to 'Appraise or assess the value of'. In this exam you are expected to examine a range of possible solutions to issues. For some issues the examining team will outline the key solutions that the company are considering. For others, you will be expected to generate issues of your own. In both cases you will need to evaluate each alternative, as a way to work towards the solution you will recommend later in your report.

Evaluation of possible solutions, should include financial evaluation, where you are given financial information, often done in appendices, or can be carried out by doing an analysis of Advantages and Disadvantages or through use of a formal model such as the Johnston and Scholes, Suitability, Acceptability, Feasibility model that you learnt in the E3 Enterprise Strategy paper.

 It is vital that financial analysis is undertaken on any issue where financial information is presented to you in the unseen. Remember that you are studying for an accountancy qualification, and so preparing financial analysis is a core skill you must demonstrate to have.

(4) Make appropriate recommendations

On many occasions, the examining team have stated that the most important part of your answer is the recommendations. If you have undertaken a good quality analysis and evaluation, then this should be easy, since these recommendations should follow on naturally from that evaluation. You must make clear recommendations on what actions should be taken along with the justification of why you have selected this course of action. A timescale of when actions should take place, who should do them and how they should be undertaken will also earn higher marks.

(5) Prepare a report

All of the elements of the requirement must be brought together in a stand-alone report which reads well, covers all of the key issues, makes well-reasoned and justified

recommendations and is supported by appropriate calculations. It should be the sort of report a non-financial manager or director could clearly understand and act upon. In summary, the suggested report format, which is not compulsory, but is recommended by the examination team, is summarised below:

- **Contents page**
- **Introduction**
 - A brief background on the company of around 8–10 lines.
- **Terms of reference**
 - A brief 5–10 lines to set the scene of who you are – e.g. a management accountant or consultant, and to state who the report was commissioned by, and who it is aimed at.
- **Prioritisation section**
 - Identify and prioritise the main issues facing the company, showing the top five issues in priority order together with justification for the ranking of these issues.
- **Issues analysis**
 - This is the main body of your report and should be divided up into sections which should include an analysis of each of the issues that you have prioritised.
 - For each issue facing the company, you should discuss the impact this issue has on the company and its stakeholders and discuss a range of strategic alternatives to overcome these issues.
 - Your discussion of each issue should be supported by analyses, both theories, such as Porter's five forces or supporting calculations showing an evaluation of the alternative solutions (which should be shown in appendices).
- **Ethical issues**
 - Ideally you should cover three ethical issues, explaining the issue and offering clear recommendations on how the issues should be handled.
- **Recommendations**
 - This is 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 recommending a particular course of action.
 - As a general rule, be bold and try to avoid recommending that more information needs to be collected before a recommendation can be made.
- **Conclusion**
 - A brief 5–8 lines for closing comments.
- **Appendices**
 - These should include some strategic models, such as a SWOT analysis, PEST analysis and Stakeholder Map, as well as detailed calculations.
 - The appendices must be referred to within your report.

Note that an executive summary is NOT required. In Chapter 4, there is a more detailed analysis of this report format, along with an explanation of how you should prepare and structure your answer.

1.6 Lessons from the examiner's Post Exam Guidance

At the end of each exam the examination team produce Post Exam Guidance (PEG). This provides an analysis of the exam, and guidance on what candidates did well and less well.

Over a range of sittings, a range of common problems are highlighted in these PEGs, and by understanding these and ensuring that you do not repeat the same errors that many other students have in the past, you can improve your chances of passing the exam. With this in mind, here is a list of key problems often highlighted in these PEGs.

Students have:

- not prepared a position audit (SWOT) or review and prioritisation of the issues facing the company;
- not related their answer based on the new material and the requirement set but have simply written out their pre-prepared answer;
- not prepared clear and well-reasoned recommendations;
- stated that they are unable to make recommendations without further material – you must make clear recommendations, even if you state that these are subject to satisfying the Board on whatever outstanding matters more information is wanted;
- not demonstrated use of technical knowledge or applied it to the company;
- not demonstrated industry knowledge in their answer;
- laid out the report poorly;
- not explained or commented upon their calculations;
- not provided and evaluated a range of solutions to each issue;
- not stated why they consider an issue to have an ethical side to it, and clearly explained what that ethical issue is;
- not made clear recommendations for each ethical issue presented;
- not finished the paper (most likely due to poor time management).

You will find example PEGs of the exams used in this learning system in later chapters. You should also consider reviewing other PEGs, available on the CIMA website, to improve your awareness of the common problems faced by students in the exam.

1.7 So what do you need to do to pass TOPCIMA?

Considering these common student problems, the aims of the paper set out in Section 1.2, the requirement, and range of information given to you both before and in the exam, what exactly do you have to do to achieve those aims, and pass TOPCIMA? Here is my summary:

(1) Ensure you have sufficient technical knowledge

You must have a good background awareness of the technical areas from throughout your studies. For most students, particularly those who have recently passed strategic level, little further work will be required by them to relearn technical theory. A good, broad knowledge of the main strategic level theories is usually enough. You will find a brief revision section on the main theories in Appendix A.

(2) Understand the pre-seen material

You must have analysed the pre-seen material in depth, so you are aware of the key issues facing the organisation. This will enable you to view the unseen issues in the context of a good understanding of the business, just as a managing director of a business is able to deal with new issues with a deep understanding of their own company. In Chapter 6, you will be shown how to undertake an industry analysis.

- (3) Generate a good, broad business and industry understanding
This exam requires good, practical, logical analysis and business recommendations. Your solution can be judged overall, by how good your advice to the company's directors is. Good, solid practical advice will score high marks. Illogical and immature advice will mean you will be likely to fail. For many people, this general understanding will have come from a number of years spent dealing with real-life workplace issues at work, alongside their studies to this point. You can also bolster experience you have by examining current business issues in the media, and in particular through doing research into the real-life issues facing your pre-seen industry.
- (4) Be able to prioritise and analyse business issues presented in the unseen
One of the keys to being able to prioritise issues is having a clear, systematic approach to your prioritisation. In Chapter 3, you will be shown a method to prioritise your unseen issues, which, with practise applying this to past exam unseens and mock unseens based on your pre-seen, should enable you to generate the skill needed to quickly and easily prioritise issues faced in your exam. Each issue will also need to be analysed in depth, and Chapter 4 will show you how to do this.
- (5) Gain a strong understanding of the marking grid and how to earn marks on that grid
Marks are awarded based on the marking grid provided. Your solution should earn marks across each criteria on the marking grid. To do that you must understand how each element of the grid is marked, and write a report designed to earn marks on that grid. Chapter 4 will talk you through an approach to writing your report based on the marking grid.
- (6) Master your time management
Most students I meet taking TOPCIMA would usually agree that TOPCIMA is even more time pressured than strategic level exams, and so good time management here is vital to success. The key to good time management is to have a pre-set plan of the time you will take on each section of the exam and your report, and diligently stick to that. You will find a suggested time plan in Chapter 4, which you will need to adjust to suit yourself and your own strengths and weaknesses.
- (7) Practise, practise, practise!
Few students pass their first mock TOPCIMA exam. The time management is so difficult, the format is so different and marking approach so unique, that only with the feedback of a few failed/or marginally passed attempts, are they able to truly understand how to do well in this exam. It is therefore imperative that you sit a range of past exam paper questions and mocks based on your pre-seen scenario prior to taking the real exam. As a minimum, I would suggest five full papers, but know that many students I teach sit nearer to eight or nine by the time they sit their final paper. This is difficult to do for the March and September sittings since preparation time is limited and the exam tuition providers produce fewer mock exams to practise, but is certainly an appropriate goal for those sitting in June or November.

1.8 Two part TOPCIMA – practical experience

Our discussion to date, and the focus of this book, has been on the TOPCIMA exam. From 2010 the TOPCIMA exam became one of two parts (known as Part B) of TOPCIMA (The Test of Professional Competence in Management Accounting). Credits are used to measure

success, rather than marks. Part A of the exam consists of work-based practical experience. To pass the Test of Professional Competence in Management Accounting, students must achieve an aggregated minimum of 75 credits – comprising a minimum of 50 credits for Part A (maximum 50 credits) and a minimum of 25 credits for Part B (maximum of 50 credits).

Part A – Experience Overview

Students must gain a minimum of three years' relevant work-based practical experience. Experience may be drawn from any of the following three areas, but a minimum of 18 months must be gained within the 'Core' area.

Area 1 – Basic Experience	Area 2 – Core Experience	Area 3 – Supplementary Experience
1a Preparing and maintaining accounting records	2a Preparation of management accounts	3a Financial strategy
1b Statutory and regulatory reporting	2b Planning, budgeting and forecasting	3b Corporate finance
1c IT desktop skills	2c Management reporting for decision-making	3c Treasury management
1d Systems and procedure development	2d Product and service costing	3d Taxation
	2e Information management	3e Business evaluation and appraisal
	2f Project appraisal	3f Business strategy
	2g Project management	3g External relationships
	2h Working capital control	

Note: Some or all of the required experience may have been gained before registering as a CIMA.

Practical experience must be recorded by students within a Career Profile and submitted to CIMA for assessment. An approved Career Profile is awarded 50 credits – the amount needed to meet the requirements for Part A of the Test of Professional Competence in Management Accounting.

Full details of the practical experience requirements and how to complete the CIMA Career Profile can be found on the CIMA website and within a separate publication entitled 'Practical Experience Requirements'.

1.9 Changes to the TOPCIMA exam from 2010

While the exam format is likely to remain largely the same as prior exams, most exams up until 2010 have asked students to take on the role of an external consultant. However, indications are that for exams from 2010, that there will be a shift towards you being asked to take the role of an employee of the business. This is more representative of the role most management accountants take in real life. The content of any report produced is likely to be very similar, although it may be that it is less formal in nature, and you may be asked to prepare a memo, for instance, instead of a report. This change will also require writing from the perspective of an employee, who is less independent, and perhaps more considerate

of their position in the hierarchy, the perspective of their role (e.g. a management account is likely to provide a financial perspective on the issue) and internal politics (they are less likely to be critical than an independent consultant).

It is important that as new exams are produced during 2010, that you review them, and adapt your approach accordingly. While current expectations are that few major changes will be seen, the proof will be in the actual exams themselves.

1.10 Four TOPCIMA exams each year

There are four TOPCIMA exams each year, in March, June, September and November. These exams are based on two different sets of pre-seen materials, with the March and June sittings, based on one scenario, and September and November being based on another.

The March and September exams are computer-based exams, and can only be sat by candidates using CIMA's learning partners, who provide the computer facilities for these exams. For these exams, candidates complete their answer on a PC using 'Word' and 'Excel', to write their report and prepare supporting calculations. In all other respects the exam is the same as a 'normal' paper-based exam.

The June and November exams can be sat in one of two ways. Some learning partners enable these also to be sat using a PC on their premises. Alternatively you can also take a standard written-based exam at an exam hall much in the same way as you have sat your professional and strategic level papers.

1.11 How this Learning System will help you prepare

As you work through this CIMA Learning System you will be taken through the steps required to pass this exam. Chapter 2 will examine the marking criteria, so you can understand how the exam is marked, and you will be guided through a range of exercises to gain a solid understanding of this. Chapter 3 shows you how to plan and prioritise in the exam, while Chapter 4, covers the report format required, and how to generate marks in your report, against the marking grid criteria. In Chapter 5, you will get the chance to undertake your first full mock paper, and be given a systematic method to analyse your own performance, so you can learn and improve on subsequent sittings. In Chapter 6, you will be shown how to deal with the pre-seen material, and be guided through an analysis of a past pre-seen to demonstrate what you should be looking to do for your pre-seen. This will leave you in the position ready to take mock unseens on your own pre-seen paper, and subsequently take the real exam.

Details of exam dates and availability of pre-seen material is available using the CIMA website (www.cimaglobal.com).