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CIMA's CGMA Case Study Examinations

How to demonstrate application skills?

By Clancy Peiris



Application skills key to passing

A high (level 3) passing score in CGMA® Case Study Exams generally requires a combination of good technical understanding and **good application** to the issues arising from the scenario. Level 3 scores also require clear and comprehensive discussion and frequently seek an explanation or justification for your recommendations or arguments.



The CGMA Operational Case Study Examiner emphasised, 'The difference between a fail [or bare pass] and a good pass is often the candidates' ability to apply the theoretical concepts to the scenario and to incorporate this application into their answers consistently'.' [November 2020 and February 2021 Examiner's Report]

In general, 'application' (of knowledge) means 'put to practical use,' which demonstrates the awareness, familiarity or understanding of facts, skills or objects. CGMA Case Study Exams are synoptic by their position, as capstone assessments for each level and design. This means each Case Study Exam combines the content covered in the 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 **applying** knowledge, skills and techniques using the mindset of a CGMA finance professional. CGMA Case Study Exams are designed to test what you can do, not just what you know. Therefore, you should always bear in mind that the CGMA Case Study Exams are essentially a simulation of a series of work-based tasks that represent the professional competence appropriate to the level as specified in the Examinations Blueprint (through Core Activities and Assessment Outcomes).

The below is a paragraph extracted from the real answer of a candidate who sat the August 2020 CGMA Management Case Study Examination (Variant 1: Task 1), scoring 120. Using this answer, I will illustrate five ways to demonstrate your application skills.

'I would like you to:

- Firstly, prepare briefing notes for me to use in my presentation to the Board. Please use Note 1 and consider both financial and non-financial factors. (60%)' [sub-task 1]

'Net present value and IRR

Net present value (NPV) is the most commonly used method for project appraisals. It is preferred to IRR because it is an absolute measure so it allows for comparisons between different projects. For the pool and the gym projects at Alpaca[1], we can firstly see[2] that both NPVs are positive and so each project would be acceptable as the expected present value of cash inflows are greater than the present value of cash outflows. Secondly, we can see that the gym project has a higher NPV (M$8M) compared to the pool project (M$7.5M),[3] therefore if we are restricted with our capital investment funds for any reason (such as external limitations), then it is favourable to proceed with the gym project[4] over the pool project, due to the higher NPV'.

1. Mention names

This is an elementary tactic, but it demonstrates familiarity with the information provided in the scenario. Therefore, mention the name of the organisation, your line manager, colleagues, stakeholders, product, project, etc., appropriately as this candidate does with the company name (Alpaca).

This is an elementary tactic, but it demonstrates familiarity with the information provided in the scenario.

2. Write in the first person

CGMA Case Study Exams are business simulations of real-life job tasks that someone at that level is expected to perform. The question requirements are conversational and arrive in the form of an email in which your line manager asks you to perform a set of tasks. For instance, the requirement states, 'I need your opinion'. Therefore, write your answer representing the job role (e.g., finance officer in the OCS Exam) using phrases such as 'we should consider …', I recommend that …', etc. As you see in the above answer, the candidate has mentioned, 'We can firstly see …'.

Write your answer representing the job role (e.g., Finance Manager in the MCS Exam) using phrases such as 'we should consider …', ''I recommend that …'', etc.

3. Paraphrase scenario information

You should draw on information that is provided in the pre-seen and/or unseen. However, you should not simply repeat the information given in the scenario but rather paraphrase it, drawing on relevant information to support your point. For instance, the candidate in the above answer mentioned '… *gym project has a higher NPV* (M$8M) compared to the pool project (M$7.5M) …', but the purpose was to support his interpretation of this information as explained in my next point below.

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4. Provide your interpretation (and discussion) of scenario information

Pay attention to the exact task the examiner wants you to perform and be conscious of the purpose of providing the information and in what way it is expected, for example, by way of an email, report, briefing note, etc. The main aim here is to help you stay focused and address the question requirement, but by default, you will also be demonstrating your application skills — as you will be using evidence from the pre-seen or unseen. Referring to the phrase below from the above answer; the candidate recommends one project over another project with appropriate justification, based on the candidate's interpretation of information provided by the examiner.

'… if we are restricted with our capital investment funds for any reason [such as external limitations], then it is favourable to proceed with the gym project over the pool project, due to the higher NPV'.

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5. Contextualise the theory

The first two sentences in the answer above state 'textbook theory' about NPV and IRR. The 'game' of application starts from the third sentence onwards. The candidate demonstrates the ability to put their knowledge on NPV and IRR to 'practical use' arguing that *'both NPVs are positive and so each project would be acceptable as the expected present value of cash inflows are greater than the present value of cash outflows'* with a logical conclusion as I explained above.

So, when we talk about 'application', it may sound a little scary or unfamiliar. But, as we have seen, it is simply putting knowledge to practical use; quite possibly what you do most days at work. It's like reading the instructions for putting flat pack furniture together and then using the knowledge from the instruction and the tools provided to do it (although, in that scenario, it may well be more challenging than it looks!).

Application is all about putting knowledge to practical use; quite possibly what you do most days at work. Make sure you put the general technical knowledge into the specific context set by the pre-seen and unseen.

I hope that using a real answer, as an example of how to apply knowledge to Case Study Exam tasks, will have given you an idea of what application is and how to do it.



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