



CGMA Management Level Case Study February 2020
Marking Guidance
Variant 3

About this marking scheme

This marking scheme has been prepared for the CIMA 2019 Professional Qualification CGMA Management Case Study [Feb 2020].

The indicative answers will show the expected or most orthodox approach; however, the nature of the case study examination tasks means that a range of responses will be valid. The descriptors within this level-based marking scheme are holistic and can accommodate a range of acceptable responses.

General marking guidance is given below, markers are subject to extensive training and standardisation activities and ongoing monitoring to ensure that judgements are being made correctly and consistently.

Care must be taken not to make too many assumptions about future marking schemes on the basis of this document. While the guiding principles remain constant, details may change depending on the content of a particular case study examination form.

General marking guidance

- Marking schemes should be applied positively, with candidates rewarded for what they have demonstrated and not penalised for omissions.
- All marks on the scheme are designed to be awarded and full marks should be awarded when all level descriptor criteria are met.
- The marking scheme and indicative answers are provided as a guide to markers. They are not intended to be exhaustive and other valid approaches must be rewarded. Equally, students do not have to make all of the points mentioned in the indicative answers to receive the highest level of the marking scheme.
- An answer which does not address the requirements of the task must be awarded 0 marks. Markers should mark according to the marking scheme and not their perception of where the passing standard may lie.



- Where markers are in doubt as to the application of the marking scheme to a particular candidate script, they must contact their lead marker.

How to use this levels-based marking scheme

1. Read the candidate's response in full

2. Select the level

- For each trait in the marking scheme, read each level descriptor and select one, using a best-fit approach.
- The response does not need to meet all of the criteria of the level descriptor – it should be placed at the level when it meets more of the criteria of this level than the criteria of the other levels.
- If the work fits more than one level, judge which one provides the best match.
- If the work is on the borderline between two levels, then it should be placed either at the top of the lower band or the bottom of the higher band, depending on where it fits best.

3. Select a mark within the level

- Once you have selected the level, you will need to choose the mark to apply.
- A small range of marks may be given at each level. You will need to use your professional judgement to decide which mark to allocate.
- If the answer is of high quality and convincingly meets the requirements of the level, then you should award the highest mark available. If not, then you should award a lower mark within the range available, making a judgement on the overall quality of the answer in relation to the level descriptor.

Summary of the core activities tested within each subtask

Sub Task	Core Activity	Subtask weighting (% section-time)
Section 1		
(a)	E. Negotiating compensation	34%
(b)	D. Need for provision	33%
(c)	C. Charges to responsibility centres	33%
Section 2		
(a)	A. NPV of software	50%
(b)	D. Business model	50%
Section 3		
(a)	E. Goodwill	34%
(b)	B. Debt v Equity	33%
(c)	C. Managing costs	33%
Section 4		
(a)	A. Pricing strategy	34%
(b)	B. Project lead	33%
(c)	E. Transfer price	33%

SECTION 1			
Task (a): Identify the difficulties that we will face in negotiating compensation with Boniac, explaining why these difficulties might arise.			
Trait			
Negotiating	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Offers general points, such as win-win	1-3
	Level 2	Discusses realistic challenges	4-6
	Level 3	Discusses realistic challenges, with good justification	6-9
Task (b): Explain how we should decide whether to make a provision for compensation to Boniac in Trevel's published financial statements?			
Trait			
Provision	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Identifies accounting standard	1-2
	Level 2	Offers a logical application of standard to scenario	3-5
	Level 3	Offers a logical application of standard to scenario, with good justification	6-8
Task (c): The cost of samples is normally charged to Artists and Repertoire (A&R) for budget purposes, but the Head of A&R claims that the cost of settling this claim should be charged to our Legal Department instead. Evaluate the Head of A&R's claim.			
Trait			
Charges	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Offers a limited argument for the charge	1-2
	Level 2	Offers a relevant argument for the charge	3-5
	Level 3	Offers a relevant argument for the charge, supported with a sound justification	6-8

SECTION 2			
Task (a): Discuss the advantages and disadvantages of the use of this software by Trelvel and the challenges of using NPV to evaluate the investment.			
Trait			
Cash flows	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Offers some explanation of forecasting problems	1-3
	Level 2	Offers a clear explanation of the problems of estimating cash flows	4-6
	Level 3	Offers a clear and comprehensive explanation of the problems of estimating cash flows	7-9
Trait			
Required rate	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Identifies the need to determine required rate of return	1
	Level 2	Offers a clear explanation of difficulties of determining rate	2
	Level 3	Offers a clear explanation of difficulties of determining rate, with good justification	3
Task (b): Explain, with reasons, whether the ability to analyse and recommend songs and create new music is consistent with Trelvel's existing business model?			
For consistency	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Identifies model and makes some comparison	1-3
	Level 2	Offers a clear contrast between the models	4-6
	Level 3	Offers a clear and well-supported contrast between the models	7-9



SECTION 2 (Continued)			
Trait			
Against consistency	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Identifies the possibility of there being some synergy	1
	Level 2	Explains possibility of synergy	2-3
	Level 3	Explains possibility of synergy, with some justification	4

SECTION 3			
Task (a): Explain the challenges associated with determining the goodwill on the acquisition of Softsono.			
Trait			
Goodwill	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Identifies relevant standard	1-3
	Level 2	Offers logical application of standard	4-6
	Level 3	Offers logical application of standard, with good justification	7-9
Task (b): Explain how the decision to fund this acquisition with debt rather than equity would affect the interpretation of the Trevel Group's statement of financial position.			
Trait			
Interpretation	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Identifies ratios	1-2
	Level 2	Explains how key ratios would be affected	3-5
	Level 3	Explains how key ratios would be affected and offers good justification	6-8
Task (c): Explain the challenges that Trevel will face in managing costs at the newly acquired Softsono subsidiary.			
Trait			
Managing costs	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Offers generic arguments relating to new acquisition	1-2
	Level 2	Offers clear discussion that takes account of scenario	3-5
	Level 3	Offers clear discussion, with justification, that takes account of scenario	6-8

SECTION 4			
Task (a): Recommend and justify the pricing strategy that you would recommend for the launch of Theemtoon in order to maximise the long-term profitability of this product.			
Trait			
Challenges	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Describes pricing issues	1-3
	Level 2	Offers an argument relating to the scenario	4-6
	Level 3	Offers an argument relating to the scenario, with good justification	7-9
Task (b): Identify, with an explanation, the departments that should be represented on the project team for the launch of Theemtoon and identify the department that should lead.			
Trait			
Team	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Discusses team building	1-2
	Level 2	Offers clear discussion related to the scenario	3-5
	Level 3	Offers clear and comprehensive discussion related to the scenario	6-8
Task (c): Explain the problems associated with determining the transfer price for Softsono's use of fellow subsidiaries' music catalogues.			
Trait			
Transfer price	Level	Descriptor	Marks
		No rewardable material	0
	Level 1	Discusses approaches to transfer pricing	1-2
	Level 2	Offers clear recommendation relating to the scenario	3-5
	Level 3	Offers clear recommendation relating to the scenario with good support	6-8