

This document should be read in conjunction with the examiner’s suggested answers and marking guidance.

General comments

Strategic case study – May 2016 – Rationale

This exam was based on a pre-seen scenario which described a company in the theme park industry. The scenario was made available in advance and a number of variant exams were set, each offering additional scenario-based information and each having three sections to be completed. Each section was split into two or four specific elements. This is a very interesting industry which most candidates should understand. The pre-seen scenario was detailed and well prepared candidates should have been able to give good answers in the context of the industry. The unseen scenarios were interesting and presented some realistic questions on the industry.

Candidate performance

Performance overall was reasonably good for many candidates, there were however many weak scripts. Performance was, however, similar to February. There were several weak areas on which candidates must improve in the future. These are the same areas highlighted in the February examiner’s report which is disappointing. Ethics was one poor area, where many candidates could not name the ethical principles, apply them or even recognise an ethical issue; the other was finance where the lack of ability was surprising.

The main problems were candidates failing to answer what was asked and writing everything they knew on the topic being asked about. Many candidates did apply their answers to the industry which was good, however some candidates did not appear to be familiar with the pre-seen material at all. Most candidates answering the variants attempted all three sections but some missed out specific parts e.g. they would write about risks but not mitigations. There still seems to be a problem with a significant number of candidates presenting answers which lack sufficient depth and development.

Some candidates had made good use of the pre-seen materials and showed understanding of theme parks. Some candidates however, still did not demonstrate much knowledge of the pre-seen material which was surprising, it was as if candidates did not realise it was important. It was also good to see most candidates tried to use relevant models and did not produce lists of

inappropriate models. In variants four and five a number of candidates did not give strategic answers to the tasks. There were also some short answers which lacked depth. The candidates had difficulty with tasks regarding finance and ethics in these two variants. Candidates should always try and make their answers strategic at this level.

Looking ahead to future examinations

Candidates should read the pre-seen material carefully and come into the examination understanding the industry and the company which will be the focus of the exam. This will help candidates formulate good answers that relate to the tasks given.

Candidates must manage their time well and make sure they do not run out of time on sections they know well.

A good level of knowledge of the three strategic syllabi is necessary in order to do well in the exams. It is not enough to have knowledge of topics, candidates must be able to apply their knowledge to a variety of situations and show they have an in-depth knowledge of the subject matter.

Variant 1

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Evaluate strategic investment	Technical skills	P3 - E1b - evaluate conflicts that may arise from capital investment decisions
	Discuss implications for stakeholders	Business skills	E3 - B1a - evaluate the processes of strategic analysis and strategic options generation
Section 2	Establish priorities for different business units	Leadership skills	F3 - C2a - calculate the value of a whole entity, a subsidiary entity or division using arrange of methods
	Recommend approach to mentoring	People skills	E3 - D1a - evaluate alternative models of strategic performance measurement in a range of business contexts
Section 3	Discuss ethical implications	Leadership skills	P3 - B2a - evaluate the risks of unethical behaviour
	Evaluate implications of awarding building contract	Business skills	P3 - A1a - identify the types of risks facing an organisation
	Recommend basis for guaranteeing payment	Technical skills	F3 - B1b - evaluate and compare alternative methods of raising long term finance
	Recommend liaison team's responsibilities	People skills	F3 - A1a - advise on the overall strategic financial and non-financial objectives of different types of entities

Comments on performance

Section 1

Proposal to introduce virtual reality Dragon Fire ride: Part 1 was about project evaluation and was answered reasonably well, candidates presented a good range of arguments for and against the proposal, the better candidates linked in the ethos of the park and the wider market context, many quoted examples from their own research or experience.

Part 2, on the impact for internal and external stakeholders, was answered less well. The answers to this element were considerably briefer and weaker candidates tended to just list stakeholders rather than discuss stakeholder interests and the basis on which they should be evaluated. Again the better candidates considered the power of the stakeholder groups and their relative importance/priority of messaging.

Section 2

Selection criteria for prioritisation of build: Part 1 was on evaluation criteria for decisions. Generally, this was quite well answered although some candidates simply talked about what were important factors in the ordering process rather than applying that logic to the scenario. The better candidates gave a good range of criteria considering both the maturity of the markets in the different areas, the longevity of the parks and experience of the management teams. Some students also simply repeated the words in the transcript of the Board discussion.

Part 2 on international mentor management setup and problem resolution was generally well answered. Many candidates emphasised the need for cultural difference awareness, initial face to face sessions and secondments followed through with the use of technology to link up on a regular basis.

Section 3

Conflict resolution:

- 1 - Ethics of taking least Health & Safety path of resistance
- 2 - Conflict of lack of separation of interests, design and build
- 3 - Risks on capital spend and cash flow assurances
- 4 - Responsibilities of Liaison team

Section 3 - work on the first ethical point was sound and candidates gave good detail. Very few failed this task with the better candidates linking to the strong ethos of integrity and drawing parallels from last year's Alton Towers accident and a now failed American park which had a poor Health & Safety reputation.

Part 2 was a little weak with the main focus being on MIMCs indemnity. Better candidates questioned why they were struggling to find contractors to build to their design and questioning whether MIMC had the skills.

Part 3 was sometimes poorly answered with students discussing how they would raise finance rather than how they would reassure MIMC.

The final part concerning the duties of the liaison team was by agreement marked to include more general aspects. Very few candidates gave pure answers on Liaison team communication channel duties and most expanded to give quasi project management/project governance responsibilities.

Variant 2

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Evaluate ethical arguments	People skills	P3 - B2a - evaluate the risks of unethical behaviour
	Analyse strategic implications of business change	Business skills	E3 - B1a - evaluate the processes of strategic analysis and strategic options generation
Section 2	Recommend approach to managing key event	Leadership skills	E3 - C1b - evaluate the role of leadership in managing the change process and building and managing effective teams
	Advise on integrated reporting	Technical skills	F3 - A1c integrated report
Section 3	Resolve share price query	Leadership skills	E3 - D1b - recommend solutions to problems in strategic performance measurement
	Hedge foreign currency exposure	Technical skills	P3 - D1a - evaluate financial risks facing an organisation
	Advise on debt versus equity	Business skills	F3 - A2a evaluate the interrelationship between investment financing and dividend decisions
	Recommend role for internal audit	People skills	P3 - C3a - evaluate the effective planning

Comments on performance

Section 1

Section 1 required candidates to consider the impact of a soon to be broadcast TV documentary claiming that Dreempark mistreated its dolphins. Candidates were required to consider the ethical arguments both for and against the broadcast of the documentary and also to evaluate the strategic impact should the live dolphin shows be stopped.

The broadcast of the documentary: In general this question was not answered well. Many candidates failed to consider the ethical issues relating to the broadcast and merely discussed the ethical nature of holding dolphins in captivity. Some candidates presented a very one sided discussion, only considering the potential unethical behaviour of the broadcasters and not the potential unethical behaviour of Dreempark. Some candidates also merely discussed the range of activities which Dreempark undertakes, in order to support the case for it acting ethically but failed to consider the ethical responsibility of the broadcaster. Overall, answers to this aspect of the question were weak.

Strategic issues faced should the live dolphin shows cease: Candidates performed better on this part of section 1 than the first part. Most candidates presented a wide range of strategic challenges that Dreempark could face, including lost revenue, impact on other parks and reputational risks. Many candidates also presented a range of potential positive outcomes, such as attracting more ethically driven customers and investors.

Overall, section 1 was answered reasonably well, largely due to candidates performing well on the second part.

Section 2

Section 2 focused upon the decision to set the dolphins free. This involved the consideration of the risks associated with transportation of its dolphins to a sanctuary in California and how the release of the dolphins should be reported in the integrated report.

Management of the risks associated with the death of a dolphin: Many candidates appeared to find this part challenging and some answers went little further than a discussion of the TARA framework. However, some candidates provided reasonable answers focused upon the need to consider the management of risk through appropriate planning, transportation and monitoring of the dolphin transfer. Candidates who performed well on this part also considered how best to communicate to the key stakeholders throughout the process of transportation and rehabilitation.

Integrated reporting requirements: This part of the section was answered reasonably well by most candidates. Most answers demonstrated a sound understanding of the requirements of integrated reporting, which demonstrated sound syllabus knowledge but, in many cases, required more direct focus on Dreempark's integrated reporting requirements. However, overall the majority of candidates did recognise the key focus areas of an integrated report where the release of the dolphins should be included.

Overall, section 2 was answered well by candidates. There was evidence of good application and a sound understanding of a range of strategic issues.

Section 3

Will the proposed multimedia attraction restore share price? This part was answered reasonably well by candidates. Most answers recognised the need for effective communication to the market and the need to take advice from market experts. Many candidates did recognise that this venture was unlikely to be as popular as the dolphin shows and that this was likely to affect share price. Overall, most candidates did recognise that it was difficult to predict with any certainty.

How should Dreempark hedge the exposure to USD exposure? This second part of the task was answered reasonably well by most candidates, although many answers were very theoretical and lacked direct application to the scenario information presented. Some answers merely described all of the possible techniques which could be used to manage foreign currency exposure but this was not the required approach. Many candidates did in fact correctly consider options as the most viable long term approach to funding the USD payments to the Dolphin Bay refuge.

Feasibility of raising a USD loan from a US bank: Candidates did not perform well on this aspect of the task. Most candidates correctly recognised that Dreempark was already highly geared and therefore any further debt was likely to be difficult to arrange, particularly in a region where Dreempark has not previously operated. However, many answers went little further than this and few considered the long term risks of exposure to a strengthening USD in terms of capital and interest repayments. Some candidates confused this part of the answer with the previous part and presented a range of potential financing options, which was not required.

How can internal audit help to maintain standards? This part of the task was answered poorly. Many answers merely focused, in very general terms, on the structure of the internal audit departments and the audit committee, which was not asked for. Other answers were very generic and merely described the work of internal auditors in general terms. Candidates were expected to present specific and applied examples of the work that should be carried out to ensure the highest standards of animal welfare. Unfortunately, few candidates did this.

Overall, section 3 was answered reasonably well by candidates, although application was weaker in answers to this task than the previous two tasks.

Variant 3

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Resolve bribery dilemma	Leadership skills	E3 - A1d - build and manage strategic relationships
	Advise on ethical issues	People skills	P3 - A3a - evaluate ethical, social and environmental issues
Section 2	Evaluate implications of using poorly paid foreign employees	Business skills	E3 - B1a - evaluate the process of strategic options generation
	Recommend financing strategy	Technical skills	F3 - B1b/c - evaluate and compare different methods of raising long term debt/equity
Section 3	Justify resignation of CEO	Business skills	P3 - A2a - recommend techniques that will enable the board to discharge its responsibilities with respect to managing risks
	Discuss prospective share price movement	Technical skills	F3 - C2a - calculate the value of a whole entity
	Discuss severance payment to CEO	People skills	P3 - B3a - evaluate the risks associated with poor governance structures
	Advise on “golden parachutes” and agency	Leadership skills	F3 - A1b - evaluate financial objectives of for-profit entities

Comments on performance

Section 1

Candidates generally understood the nature of the “consultancy payments”, although a minority treated them as legitimate business expenses. This was despite the internal auditor’s description of them leaving very little doubt that the payments were actually bribes.

Most candidates offered sensible suggestions relating to the difficulties associated with retaining the cooperation of the contractor and the host government. A number of logical and potentially effective proposals were put forward.

A significant minority of candidates treated the contractor and the government officials together, which proved rather confusing. Each of those stakeholders would have required a separate response.

Most candidates provided a sensible discussion of the ethical implications of continuing to pay bribes. Most good answers used the CIMA Code of Ethics as the basis for addressing these concerns, but other approaches were potentially just as effective. A number of answers explored the legality of the payments, which was a perfectly valid basis for distinguishing ethical from unethical behaviour.

Some candidates simply asserted that it would be unethical to continue to pay the fees. It is always necessary to explain the logic behind such an assertion in order to gain credit.

Section 2

Answers to the first requirement were generally sensible. Many candidates failed to make much use of the distinction between long term and short term implications, which was a pity because that offered a sensible structure for scoring points.

Some arguments that were offered did not necessarily make a great deal of sense. For example, some candidates argued that workers from a low wage economy would lack skills or motivation. While that could be a possibility, it does not always follow that the economic backgrounds of foreign employees will have a significant impact on their competence.

Most candidates approached the question of debt versus equity by looking at the gearing ratio and bringing out the potential costs and benefits of each type of funding. Some candidates distracted themselves by arguing for the irrelevance of gearing under the Modigliani and Miller (MM) model, although their hypothesis depends on a host of assumptions,

many of which are unlikely to apply in this case. Some candidates addressed the potential hedging effect of the currency in which the debt could be raised.

Section 3

The final task offered four requirements that had a strong link running between them. Some candidates addressed only three of the four or wrote significantly more or less for one or more of the requirements.

Many candidates identified the key issue with regard to the CEO's resignation, namely that it would be expected that the CEO would bear the responsibility even if he had not been directly involved in the scandal. The CEO should be aware of what is happening in the company.

A variety of arguments were put forward relating to the share price. The most obvious possibility was that the departure of the CEO would depress the share price, but some candidates argued that the markets would have foreseen this movement and so would not react. Some argued that the market would view the resignation as a step forward in terms of closure and healing. All such arguments had their merits and marks were awarded for logical argument rather than specifying a particular argument.

Most candidates argued that the CEO is entitled to that payment by contract and that he should accept the payment. The remainder argued that the CEO was effectively resigning in disgrace and should not be rewarded. Neither argument was necessarily more correct, although the former argument was probably the easier to sustain. No evidence of serious misconduct was offered against the CEO.

Arguments concerning golden parachutes tended to be weak and generally argued against them on the basis that they tend to create a negative response when they are paid. The corollary is that they do encourage Board members to tolerate responsible risks by giving them some protection in the event that they take a risk in good faith and hindsight suggests that they made a poor decision.

Variant 4

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Advise on merger	Business skills	E3 - A1a - Evaluate the influence and impact of the external environment on an organisation and its strategy
	Identify exploitable synergies	Technical skills	F3 - C3b Evaluate post-transaction issues
Section 2	Advise on board structure	Leadership skills	P3 - B3a Evaluate the risk associated with poor governance structures
	Advise on aligning management cultures	People skills	E3 - C3b - Recommend appropriate leadership styles within a range of organisational change contexts
Section 3	Quantify risk	Business skills	F3 - C1a Evaluate financial and strategic implications of proposals for an acquisition, merger or divestment, including taxation implications
	Evaluate ethical issue	People skills	P3 - A3a - Evaluate ethical, environmental and social issues arising from risk management
	Advise on share exchange	Technical skills	F3 - C2b evaluate the validity of the valuation methods used and the results obtained in the context of a given scenario
	Recommend board remuneration	Leadership skills	P3 - E1b evaluate conflicts that may arise from capital investment decisions

Comments on performance

Section 1

Part 1: Candidates were asked to consider the potential benefits arising from the creation of a merged entity. At first glance, Happyworld appears to bring very little to this proposal. It will further concentrate Dreempark in Europe and its parks themselves seem to have lost their direction. There are further strategic issues to be explored in terms of denying other companies the opportunity to create a major competitor through their merger with Happyworld. The candidate was asked whether the merger made strategic sense for Dreempark. Many candidates used the Suitability, Acceptability and Feasibility model. Whilst this could have worked if the candidate used the model to explore whether or not the merger made strategic sense, in some cases candidates drifted away from the requirements into discussing identification of stakeholders etc. These candidates tended to write a lot but only score average or poor marks. Some candidates discussed a takeover rather than a merger, and digressed into funding an acquisition. In many cases the points raised were not really at a strategic level. This was the main problem many answers were just not strategic enough.

Part 2: Good answers highlighted potential synergies and explained why they are likely to be exploitable. Candidates should be realistic about what might work, but there is no specific list of synergies that they need discuss.

The candidate was asked whether there were likely to be realisable synergies between the two companies. Some candidates produced lists of possible synergies without relating them to the case study. Some did not grasp the principals involved and just discussed increasing revenue, although many correctly identified that there could be cost savings through consolidation of activities. On the whole this requirement was not answered well.

Section 2

Part 1: At present, Dreempark has a matrix structure that will either have to be retained for Majorpark or replaced with an alternative model. Candidates were free to argue for or against the retention of the matrix approach.

Candidates would also have to consider the approach to be taken to the selection of Board members. It would be logical to consider the creation and staffing of a nomination committee, although that is not necessarily a part of the answer if the candidate chooses to focus more directly on the basis for selection. Section 2 asked the candidate to explore the management structure of the proposed new entity. Many candidates combined the two parts of this task and produced one overall answer, which tended not to address all the issues required for a good answer. Some candidates drifted off topic by focusing on the press release rather than answering the

questions posed. A few went through each Board position recommending who should get the job, which is not what was asked for. Most candidates did not discuss the matrix structure in any detail. Marks were not high for this part.

Part 2: Good answers considered the need for compromise and indicated that this was unlikely to be possible. There are probably stronger arguments for making Happyworld more like Dreempark than the reverse. Candidates would then have to suggest realistic ways in which they might bring that about. The problems associated with changing corporate cultures would have to be considered.

Candidates were asked to present a realistic proposal for aligning Happyworld's organisational structure with Dreempark's. Some answered this well, with many citing Lewin's freeze-unfreeze model and applying it correctly to the scenario.

Many candidates discussed the differences between the two organisational structures, without really answering the question.

Section 3

Part 1: Candidates needed to consider the difficulties associated with predicting the government response to this merger. There may be precedents that could be studied. There was also the possibility that the authorities would not regard theme parks as an "industry" in themselves and that the wider leisure and tourism industry would be little affected by the merger. This was generally reasonably well addressed but some candidates listed techniques for quantifying risks in general rather than discussing this specific scenario. It is very important that answers relate to the scenario as application is the key to gaining a high mark.

Part 2: The threat to relocate is one of the features of relationships between government and multinational corporations. There have been many examples of this behaviour and it is a key issue in the theory behind MCNs. Candidates were asked to focus on the ethical issues here, bearing in mind that there may be a conflict between Majorpark's duty to its shareholders and its duty as a corporate citizen. Candidates were asked to explain whether it would be unethical to close down a Happyworld park as a response to action by competition authorities. Some candidates misinterpreted the question and wrote as if the completion authorities in part 1 were closing the theme park. Some candidates did not discuss the ethical issues well and received a poor mark.

Part 3: Candidates should have been able to recognise that the announcement of the merger would have an impact on the share prices that would include the possibility that either party would receive too large a share of the total equity. Candidates should have argued that the proposal was flawed. Candidates were asked whether setting a date and calculating market capitalisations of both companies on that date would be an effective strategy for deciding the merger terms. There were a few good answers for this part but a worrying number of candidates saw no problems with this method of determining the merger terms. Some discussed the influences on share prices in general without addressing the question or using the case study material.

Part 4: Candidates should have been able to address the issues arising from performance-based executive remuneration. Both share prices and profits could be problematic because of potential dysfunctional behaviour. Candidates were asked whether the

directors' remuneration should be focused on profits or share price. Many candidates did not discuss the dysfunctional behaviour at all. This question was generally well addressed although some candidates gave very generic answers without any reference to the case study.

Variant 5

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Advise on strategic investment	Business skills	E3 - B1b - Recommend strategic options
	Advise on board restructuring	Leadership skills	P3 - B3a - Evaluate the risks associated with poor governance structures
Section 2	Advise on environmental reporting	Technical skills	F3 - A1c - Advise on the use of sustainability and integrated reporting ...
	Advise on evaluation of management team	People skills	E3 - D1b - Recommend solutions to problems in strategic performance measurement
Section 3	Evaluate business proposal	Technical skills	F3 - A1b - Evaluate financial objectives of for-profit entities
	Advise on ethical matter	People skills	P3 - B2a - Evaluate the risks of unethical behaviour
	Recommend internal controls	Leadership skills	P3 - C2a - Evaluate the essential features of internal control systems
	Advise on likely stock exchange reaction	Business skills	F3 - C2a - Calculate the value of a whole entity

Comments on performance

Section 1

Part 1: A good answer considered the advantages and disadvantages from a strategic point of view. There was room for conflict here. For example, Dreempark appears to have good relations with the various hotel chains that have built close to their parks. While it may lose that relationship, it also stands to gain from the additional revenues.

On the whole candidates handled the question of strategic fit reasonably well, with a healthy proportion identifying risks and benefits of diversification. It was good to see many applying a number of financial models and techniques such as Johnson and Scholes to evaluate the key issues. The use of practical examples often improved the analysis of options and opportunities. Some of the answers were not very strategic at all and therefore did not get high marks.

Part 2: The fact that Dreempark has a matrix structure should be taken into account. Candidates had to be able to explain how the director in charge of hotels would fit into the structure. There are also motivational issues and the fact that the presence of a director for hotels would change the whole dynamic of the relationship between hotels and parks.

The area of Board structure and appointments was far more variable. Some candidates failed to discuss the existing structure sufficiently and only concentrated on the arguments for and against. It was notable that some candidates did fail to address both for and against arguments, which was disappointing given that the question specifically referred to this. Few candidates mentioned the matrix structure so lost out on several marks. Many answers were very superficial.

As always some candidates failed to allocate time well and either gave a very brief answer to part 2 or none at all. These candidates tended to give very short answers to the tasks.

Section 2

Part 1: The leisure industry is in a difficult position with respect to sustainability because there will always be arguments that any resources that are being consumed are being directed into quite a frivolous activity. Thus, any disclosures that Dreempark offered would leave the company open to further complaint.

From an ethical point of view, the reporting should be honest and transparent.

The fact that these hotels are yet to be built gave Dreempark the opportunity to argue that it would incorporate the latest technology in order to minimise damage. The first section on environmental reporting was handled quite well on a fairly consistent basis with a reasonable number of candidates focussing on issues directly relevant to the hotel industry. Discussion of Global reporting Initiatives

to overcome issues and criticisms was a welcome addition to a number of scripts, although some were weak and just mentioned them. Many candidates attempted to discuss the requirement within the context of IFAC principles which again usually resulted in a well-balanced answer. The weaker scripts failed to consider ethical issues in relation to the hotel industry and gave more general analysis of ethical dilemmas, these candidates did not score high marks for this section. Also a failure to address the way of dealing with criticisms was common in weaker scripts. The use of practical examples often improved the analysis of options and opportunities.

Part 2: Candidates had to think about the key performance measures. Financial measures were important. There was also a need to maintain customer satisfaction, otherwise bad publicity would inhibit growth. These would both be difficult because Dreempark has no prior experience to draw upon.

Many candidates handled this requirement well and gave a balanced coverage. However, too many gave general and sometimes bullet point analysis of generic performance measures and failed to relate these to the movement into the hotel industry. This was probably the biggest factor affecting lower scoring candidates. Although, some also failed to deal with the methods of overcoming the difficulties. Quite often failing/weak candidates did not address this aspect because they had not discussed performance measures in context of their application to hotel management. It is very important to answer the questions in the context of the industry being examined.

Section 3

Part 1: Candidates should have recognised that Flinders appeared to be experienced in running a very different type of leisure hotel than that suited to a family theme park. Having said that, the company has a wealth of experience and these themed hotels can focus on a different clientele. Many candidates gave poor answers to this part. Some answers were very short and did not answer the question. Answers relating to the improvement in revenue were variable with some candidates missing the point and failing to provide valid comparisons. On the whole there were some good attempts to assess the proposal to allow Flinders to build and operate hotels.

Part 2: Arguably, Dreempark would not include Flinders' hotels in the reporting entity for any sustainability reports. This raised questions as to whether it should.

There was a more pressing argument concerning the ethics of deliberately outsourcing an activity with the deliberate intention of excluding any environmental disclosures from the integrated report. It would be difficult to justify such an action. A lot of candidates recognised the ethical dilemma over environmental reporting and generally came up with sensible answers. Again the better candidates focused on IFAC principles such as honesty and integrity to reinforce their arguments. The weaker candidates did not seem to know any of the ethical principles which was disappointing.

Part 3: Candidates were not expected to develop detailed bookkeeping controls. It was sufficient to demonstrate an awareness of the possible ways in which the company might ensure that revenues from Flinders were credible. The requirement which asked about controls was answered well by some candidates but very badly by others, the weak answers being very superficial. Issues of penalties, contract clauses and audit were very common in the answers which was good but more depth was required to gain a high mark.

Part 4: The stock price reaction would be difficult to predict. There is no single argument that could be put forward. Essentially, the markets make rational predictions of future cash flows based on the information at their disposal. There are a number of ways in which the directors might gain an understanding of what the market expects and how it might respond to fresh disclosures.

Again answers relating to the stock market reaction were poor. Candidates did not seem to know what issues were important and gave very weak vague answers. The questions on finance issues were poorly answered.

Tips for future candidates

It is obvious that candidates must read the questions carefully and answer what is asked. Candidates should read the pre-seen material carefully and come into the examination understanding the industry and the company which will be the focus of the exam. This will help candidates formulate good answers that relate to the questions.

Candidates must manage their time well and make sure they do not run out of time on sections they know well.

A good level of knowledge of the three strategic syllabi is necessary in order to do well in the exams. It is not enough to have knowledge of topics; candidates must be able to apply their knowledge to a variety of situations and show they have an in-depth knowledge of the subject matter.