

Student Guidance for Practice Tests

March 2023

Before you can access CIPFA’s Practice Test Platform you need to make sure the following **system requirements** are met:

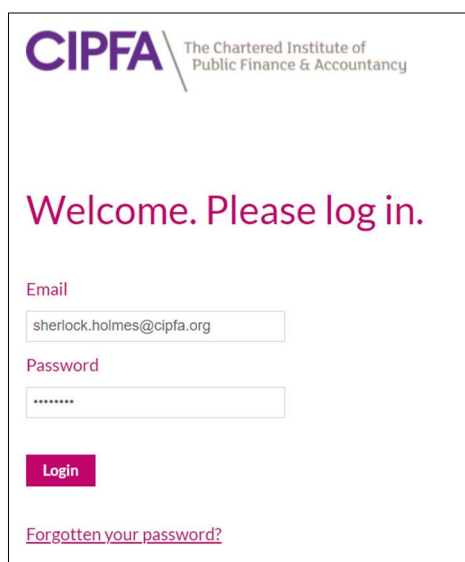
<i>Standard use (for example undertaking CIPFA Practice Tests)</i>	
Operating System	Windows: Windows 7 or later Mac: OS X Mavericks 10.9 or later*
Supported Browsers	Most recent version recommended. Chrome Edge
Screen Resolution	1024 x 768 or higher
JavaScript	Must be enabled
Cookies	Enabled
Internet connection	Stable connection required. Recommended: 1Mbps

**Mac users would have to allow Chrome to share their screen: System Preferences > Security & Privacy > Privacy > Screen Recording - add Chrome*

Login to the Rogo system to use CIPFA’s new Practice Test Platform.

Click the link provided in the email you will have received providing your login instructions and password to access the system.

You will notice that the screen is in pink font – this confirms that you are in the practice test site of Rogo and not the live eAssessment Platform.



Enter your email and password and click **Login**.

Your welcome screen will show the courses you have active and the practice tests to which you have access.

You should have **Practice Tests** available for your course(s) as shown below:

Welcome Sherlock

Courses

Active Expired

Course	Progress	Status	
Business Planning and Financial Management Practice Tests	0% Complete	Not Started	View

Beneath this you will have either **Progress and Mock Tests (Web/F2F)** or **Progress and Mock Tests (SS/SS+)** depending on the learning course you have selected – *please note you will not have both available and the screen below is for illustrative purposes only.*

Welcome Sherlock

Courses

Active Expired

Course	Progress	Status	
Business Planning and Financial Management Practice Tests	0% Complete	Not Started	View
Business Planning and Financial Management Progress and Mock Tests (Web/F2F)	0% Complete	Not Started	View
Business Planning and Financial Management Progress and Mock Tests (SS/SS+)	0% Complete	Not Started	View

If you are using the Practice Test site for the first time you will have no expired courses when you click on the **Expired** button.

Welcome Sherlock

Courses

Active Expired

You have no expired Courses

If you have completed a course module already you will see previous Practice Tests by clicking on the **Expired** button.

To access your Practice Tests click **View**.

Welcome Sherlock

Courses






Active Expired

Course	Progress	Status	
Business Planning and Financial Management Practice Tests	0% Complete	Not Started	View
Business Planning and Financial Management Progress and Mock Tests (Web/F2F)	0% Complete	Not Started	View
Business Planning and Financial Management Progress and Mock Tests (SS/SS+)	0% Complete	Not Started	View

The following screen will appear:

Business Planning and Financial Management Practice Tests

Business Planning and Financial Management Practice Tests

Business Planning and Financial Management Practice Tests		
	Business Planning and Financial Management Test Learning Outcome 1	Take now
	Business Planning and Financial Management Test Learning Outcome 2	Take now
	Business Planning and Financial Management Test Learning Outcome 3	Take now
	Business Planning and Financial Management Test Learning Outcome 4	Take now
	Business Planning and Financial Management Test Learning Outcome 5	Take now
	Business Planning and Financial Management Test Learning Outcome 6	Take now

Select the Practice Test – linked to your Learning Outcome – that you would like to complete by clicking on **Take Now**.

The next screen will show you your **Candidate Instructions**:

Business Planning and Financial Management Practice Tests: Business Planning and Financial Management Test Learning Outcome 1

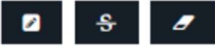
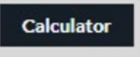

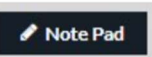
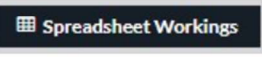

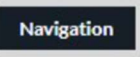
Time Allowed: 10 hours

Candidate Instructions



- Please answer all questions.
- This test is not timed.
- There are no restrictions on the number of times you can attempt this test.
- Please click the **Start** button in the bottom right of your screen only when you are ready to take the test.
- If during the test you are disconnected, please log back into your account and recover your test.
- This practice test will not be marked but guidance on how to answer the question will be provided at the end of your test.
- The table below explains the key functions to which you have access, when using Rogo:

Beneath these, you will find an explanation of the **Icons** and their **Functions** within the Practice Test platform.

These functions are designed to assist you in your practice test and will be available for use when you take your live eAssessment.

Icon	Function
	Use the Highlighter and Strikethrough buttons, icons one and two respectively, to highlight or cross through text within the Question Requirement. This can help you to keep track of key points in the question, and your progress in answering the question. Use the Eraser button to delete your mark-ups.
	Use the Calculator button to undertake calculations, or check your manual calculations. Workings on the calculator are not saved or marked in a final exam.
	Click on the Reading Ruler , to launch Rogo's pop-up ruler. This can be dragged across the screen to hover beneath the question text, to support you in navigating to a key line or paragraph.
	Use the Note Pad function to jot down rough notes as you work through a paper. Content within the note pad is not saved or marked.
	Click on the Spreadsheet Workings button to launch an Excel-style, spreadsheet emulator. As you navigate through the paper, your work will be saved. For human-marked practice tests and exams, spreadsheet workings may be viewed by trainers or examiners, however they will not be marked unless pasted into your answer window.
	Use the Flag button to highlight a question if you wish to return to a question at a later stage in your paper. Questions may be edited at any stage prior to submitting the paper.
	Click on the Navigation button to launch a list of all questions in the paper. Use the list to view any previously-flagged questions, and to navigate back and forth through the test. This enables a review of any/all questions at speed.


For some Practice Tests additional materials may be provided – instructions are provided on where these can be found on your screen.

	Some CIPFA modules include exam question and paper-level exhibits and materials, for example case study materials. Question-level exhibits and materials can be found at the top-left of the question screen. These are specific to each question. The example shown here, is the Exam Day Materials exhibit button that students of CIPFA's Strategic Case Study (SCS) exam will see. During the exam, or test, you can click on the button to view a PDF. The PDF can be re-sized and moved around your screen as needed.
	Paper-level exhibits can be found at the bottom-left of the question screen. Unlike question-level exhibits, these remain on screen, to the bottom-left, throughout your exam or test journey. The example shown here, is the Pre-seen Materials exhibit button that students of CIPFA's Developing Strategy and Data Analysis (DSDA) exam will see.

Final instructions are provided to ensure you include all your workings and relevant information in your answer for tests that are being marked.

- In a human-marked practice test or final exam, please remember to copy and paste into the answer window, any spreadsheet workings/other information, that you wish to be marked by the examiner.
- These core Rogo functions will be available to you when you take a practice test or a final exam.

Click **Start** when you are ready.



Click **Start** to commence your test.

Each question will contain the requirement, specify the total marks available, which question (out of a total) you are answering and the time remaining for your test.

Question 1
1 of 4
Time remaining: 9 hours, 59 minutes

This section contains 5 Marks

Question Requirements:

a) In the context of financial strategy, identify which of the key financial decisions the following relates to: (3 marks)

	Investment decision	Financing decision	Dividend decision
The construction of a new factory, in which to produce a new product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The decision to buy or lease the machinery which will be used in the factory	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Discontinuation of a current product which has disappointing sales	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) Which of the following statements are correct? (2 marks)

	Correct	Incorrect
All stakeholders have a financial as well as non-financial objectives	<input type="radio"/>	<input type="radio"/>
After the shareholders, all other stakeholder groups have equal importance	<input type="radio"/>	<input type="radio"/>

(Total: 5 marks)

Please note the toolbar at the bottom of the screen containing icons and functions available for your test.

Formulae and Statistical Tables

Calculator

Reading Ruler

Note Pad

Spreadsheet Workings

Flag

Navigation

Next >

Before showing you some of the features available, please note that some questions have a text box to type your short or long form answer in the right-hand side, whilst giving you access to the question requirement on the left.

Page 6



The following is an extract from OdinCo's statement of financial position as at 30 June 20X6.

	£m
£1 ordinary shares	300
7% debentures	550

The ordinary shares are trading on the stock exchange at £5.50. A dividend payment of 32.0 pence per share is expected on 30 June 20X7. The dividend was 25.35 pence per share three years ago. The dividend is expected to grow indefinitely at the same rate.

The debentures are irredeemable £100 debentures which are trading on the stock exchange at £75.00.

Tax is paid at 20% of taxable profits.

The directors of OdinCo have decided to reduce the company's gearing by repaying some of its debt.

OdinCo is planning on investing in a new business activity. It has no experience of this new activity but it has identified another (proxy) organisation which does. The proxy organisation is funded by 60% equity and 40% debt as measured in market values. It has an equity beta of 1.25 and also pays tax at 20%.

The market rate of return is 12% and the risk-free rate of return is 3%.

Refer to the Formulae and Statistical Tables pdf (button, below left) to support you in answering the question.

Question Requirements:

- Calculate OdinCo's weighted average cost of capital. (8 marks)
- Explain briefly, with reference to the traditional theory of gearing, what the effect of a reduction in OdinCo's gearing will have on its cost of equity. (2 marks)
- Calculate a risk-adjusted cost of equity appropriate to the new business. Assume that OdinCo's gearing remains unchanged for this part of the requirement. (5 marks)

(Total: 15 marks)



For these questions, please note that the divider line in the middle can be moved to the left or right or increase or decrease the question requirement or answer text box.



The following is an extract from OdinCo's statement of financial position as at 30 June 20X6.

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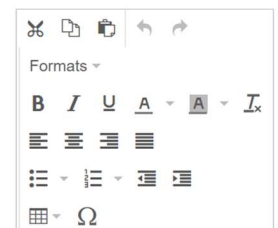
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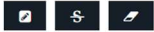
Refer to the Formulae and Statistical Tables pdf (button, below left) to support you in answering the question.

Question Requirements:

- Calculate OdinCo's weighted average cost of capital. (8 marks)
- Explain briefly, with reference to the traditional theory of gearing, what the effect of a reduction in OdinCo's gearing will have on its cost of equity. (2 marks)
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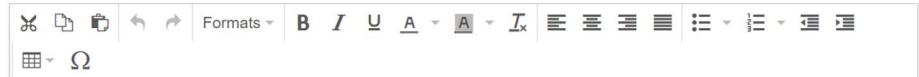
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(Total: 15 marks)



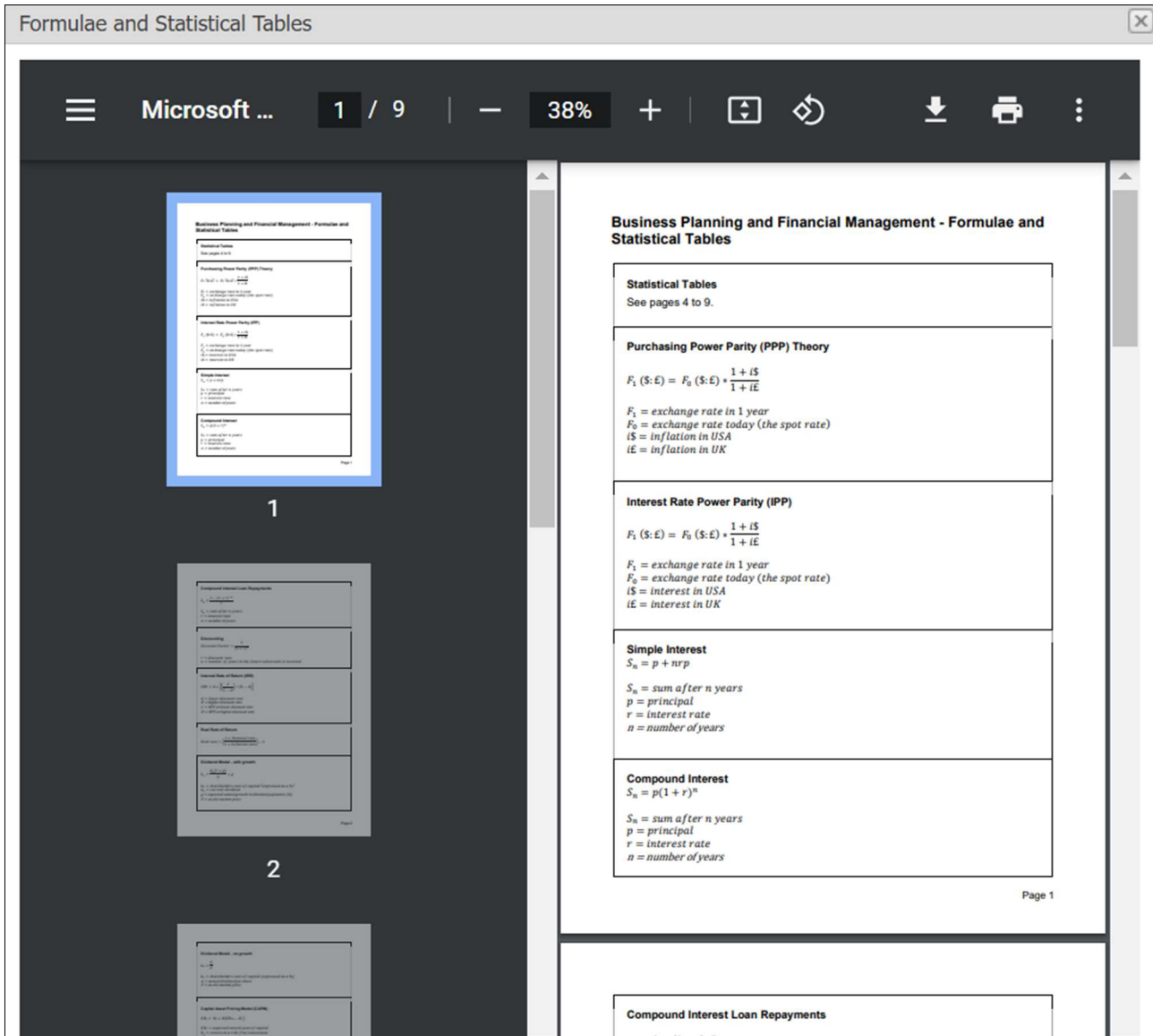
Some questions may contain supporting material which are termed as Exhibits.

These can be accessed from your toolbar at the bottom of your question.

Specifically for some modules, such as the BPFM example here, you may find a **Formulae and Statistical Tables** tab in the left hand corner of your toolbar.

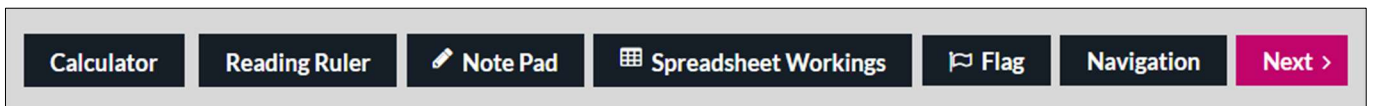


When you click the tab a scrollable screen will appear with additional material and information pertinent to your test.

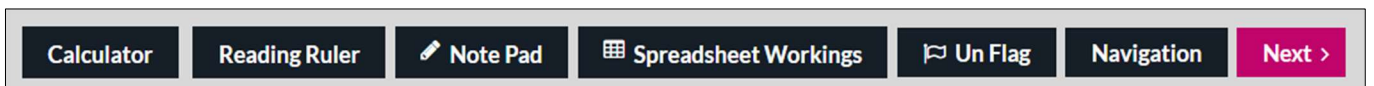


You can close the tab by clicking on the X in the right hand corner of the pop up

If you wish to flag a question with a view to returning to it later, you can use the **Flag** button on the toolbar.




You will know if you have flagged a question correctly as the toolbar should change to **Un Flag**



If you wish to navigate from one question to another you can use the **Navigate** button on the toolbar.

This will allow you to navigate to the next question or another question in your test and return to any flagged questions.

Navigation		Time remaining: 9 hours 42 minutes	
	Marks		Flagged
Question 1	15 Marks	Incomplete	
Question 2	5 Marks	Not seen	
Question 3	5 Marks	Not seen	
Question 4	5 Marks	Not seen	
Question 5	5 Marks	Not seen	
Question 6	5 Marks	Not seen	

Some question requirements may be expressed in two or more parts.

Requirement part (a)

Calculate the following:

- i. Payback period (years)
- ii. Average annual accounting profits (£m)
- iii. Average investment (£m)
- iv. Accounting rate of return (ARR)(%)

(1 mark for each correct calculation)

Requirement part (b)

All other things remaining unchanged, which of the following changes in assumptions would NOT change the accounting rate of return?

- Depreciation policy
- Cost of the plant and machinery
- Weighted Average Cost of capital (WACC)
- Profits in year 5

(1 mark)

(Total 5 marks)

To assist in answering your question and ensuring that the marker knows which part you are answering in the text box you may wish to copy and paste the question stem directly into your answer.

You can do this by highlighting the question requirement text:

Requirement part (a)

Calculate the following:

- i. Payback period (years)
- ii. Average annual accounting profits (£m)
- iii. Average investment (£m)
- iv. Accounting rate of return (ARR)(%)

(1 mark for each correct calculation)

Right clicking your mouse and selecting **Copy** or pressing **Ctrl + C** together:

The screenshot shows a web browser window with the URL `cipfatest.rogo-server.com/Exercise/1534663/8293824/31235352/-1/Question-5/`. The page content includes a table with the following data:

Depreciation	50000	50000	50000	50000	50000
--------------	-------	-------	-------	-------	-------

Below the table, the text "Requirement part (a)" is highlighted in blue. A right-click context menu is open over the text "Calculate the following:", showing options: "Copy" (Ctrl+C), "Copy link to highlight", "Search Google for 'Requirement part (a) Calculate the following:...' ", "Print..." (Ctrl+P), and "Inspect".

Below the context menu, the text "Requirement part (b)" is visible, followed by a question: "All other things remaining the same, which of the following would NOT change the accounting rate of return?". The options are:

- Depreciation policy
- Cost of the plant and machinery
- Weighted Average Cost of capital (WACC)
- Profits in year 5

The page also shows "(1 mark)" and "(Total 5 marks)". The Windows taskbar at the bottom shows the date as 28/02/2023 and the time as 12:29.

Move your mouse into the answer text box and click your right mouse and select **Paste** or pressing **Ctrl + V** together:

Rogo: Question 5

cipfatest.rogoserver.com/Exercise/1534663/8293824/31235352/-1/Question-5/

Incognito

Requirement part (a)

A new project is being evaluated by Forroby Ltd. It is a five-year project with an initial investment in plant and machinery of £250 000.

It is assumed that the plant and machinery will have a residual value at the end of the fifth year of zero and cash flows and profits arise evenly over the year.

Projected profits are as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash profits	14000	28000	39000	78000	55000
Depreciation	50000	50000	50000	50000	50000

Requirement part (a)

Calculate the following:

- Payback period (years)
- Average annual accounting profits (£m)
- Average investment (£m)
- Accounting rate of return (ARR)(%)

(1 mark for each correct calculation)

Please enter your answer below.

To make sure you answer the question fully, you may copy the requirements text into the answer box below.

Undo
Redo
Select all
Copy
Paste
Table properties
Cell
Row
Column
Delete table

23°C Mostly sunny 12:30 28/02/2023

Please enter your answer below.

To make sure you answer the question fully, you may copy the requirements text into the answer box below.

Requirement part (a)

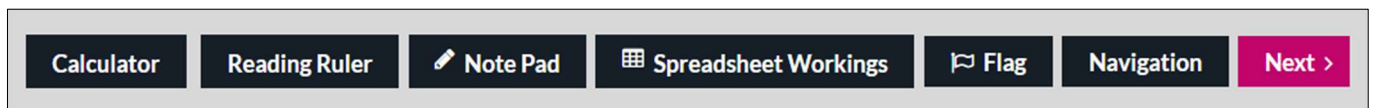
Calculate the following:

1. Payback period (years)
2. Average annual accounting profits (£m)
3. Average investment (£m)
4. Accounting rate of return (ARR)(%)

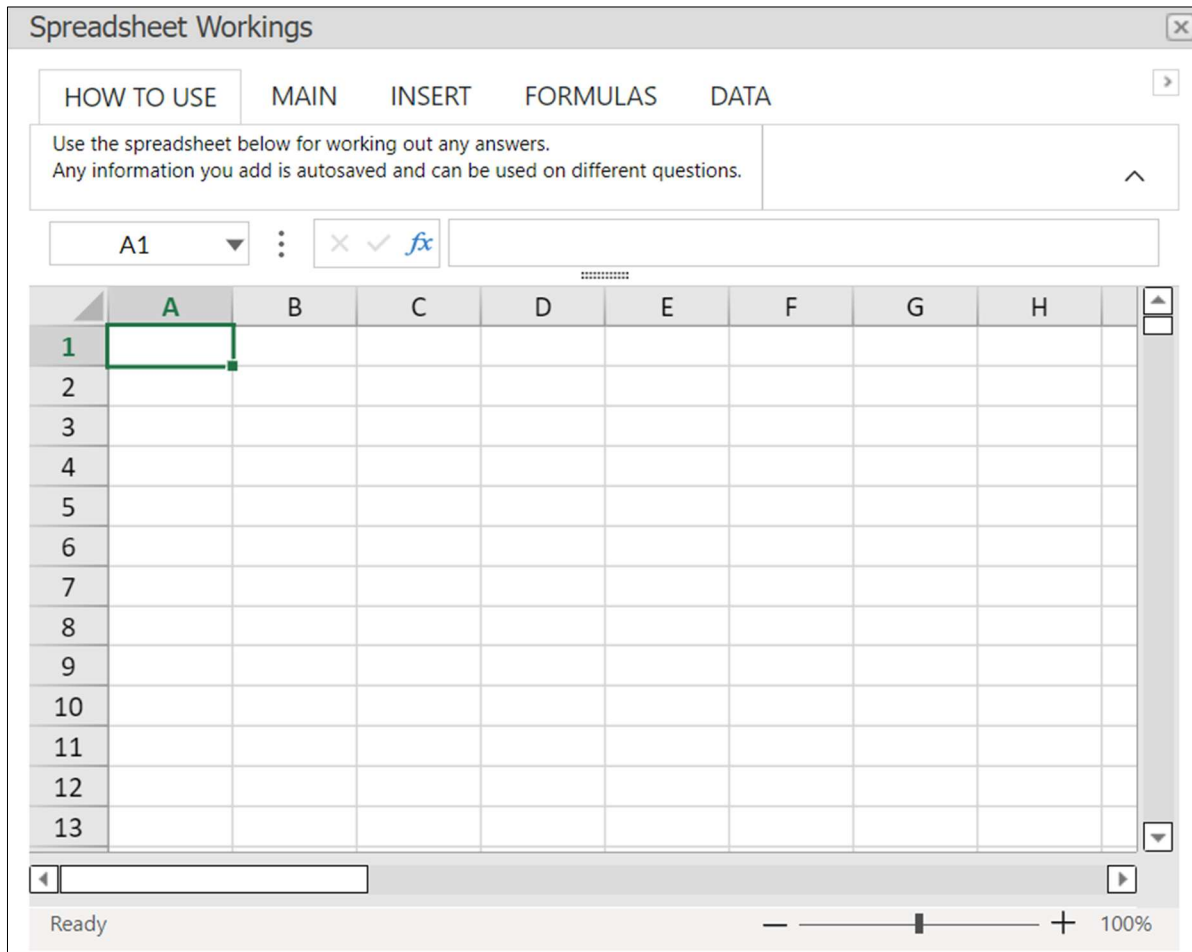
You can now start answering the first part.

And can repeat these steps for other parts of the question requirement.

If you wish to use a spreadsheet for making any calculations click on the **Spreadsheet Working** tab on the toolbar.



An excel spreadsheet will appear that can be used in the same way as Microsoft Excel.



Please note that the spreadsheet working function maintains data from question to question within your test.

You can copy and paste this into your answer text box to provide the marker with additional information to support your conclusion.

Please note: You will have read in the Instructions to Candidates screen at the start of your test (see below), that any question workings will only be taken into account for marking, if these are included in the answer window.

Spreadsheet Workings

Click on the **Spreadsheet Workings** button to launch an Excel-style, spreadsheet emulator. As you navigate through the paper, your work will be saved. For human-marked practice tests and exams, spreadsheet workings may be viewed by trainers or examiners, however they will not be marked unless pasted into your answer window.

When you have answered a practice test question click **Next**.

Repeat these steps until you have completed your test.

When you get to the end of your test click **Finish**.

Calculator

Reading Ruler

Note Pad

Spreadsheet Workings

Flag

Navigation

< Back

Finish >

Business Planning and Financial Management Practice Tests: Business Planning and Financial Management Test Learning Outcome 1
 Finish: 9 hours, 40 minutes

Please check through your answers before submitting your paper.

	Marks	Flagged
Question 1	5 Marks	
Question 2	5 Marks	
Question 3	5 Marks	Incomplete
Question 4	5 Marks	Incomplete

< Back

Finish >

You will be prompted to check through your answers before submitting your test.

Click **Finish** to submit your test.

If your test is being auto-marked you will be able to see your results immediately.

Overview

Student	Sherlock Holmes
Test Date	28-Feb-2023 11:28
Time Taken	21 minutes 21 seconds
Score	20% (4/20) Fail

[Back to Business Planning and Financial Management Practice Tests](#)

Question Analysis (select question for more information)

+	Question 1	You scored 3 / 5
+	Question 2	You scored 1 / 5
+	Question 3	You scored 0 / 5
+	Question 4	You scored 0 / 5

The Question Analysis will show correct answers in a green background, incorrect answers in a red background and answers scoring some but not full points in an amber background

By clicking on the question you will see:

What you scored correctly.

Question Requirements:

a) In respect of its trade with the USA the Eurozone, Japol has: (1 mark)

	Trade Surplus	Trade Deficit
USA	<input checked="" type="radio"/>	<input type="radio"/>

b) According to the interest rate parity theory, what will be the exchange rate between the Japol Pound the Euro in 12 months to 4 decimal places of a Euro? Please ensure to add the € sign in your answer. (1 mark)

€2.1413
 €2.0399
 €0.5075
 €1.9703

Incorrect or partially correct answers.

c) In Japol, the price elasticity of demand for imported goods from the Eurozone and the US is 0.3.

If the Japol Pound were to weaken against the US dollar, what would be the effect on the price and overall value of US imports into Japol? (1 mark)

The imports would become more expensive in Japol and the overall value would rise.
 The imports would become more expensive in Japol and the overall value would fall.
 The imports would become less expensive in Japol and over all value would fall.
 The imports would become less expensive in Japol and the overall value would rise.

d) The Japol government has decided to adopt a new policy of lower taxes and lower interest rates.

How would the government's new fiscal and monetary policies be described? (2 marks)

	Expansionary	Contractionary
Fiscal policy	<input checked="" type="radio"/>	<input type="radio"/>
Monetary policy	<input type="radio"/>	<input checked="" type="radio"/>

If you scroll down further, you will also see a Feedback section with the correct answers and supporting explanations.

Feedback: Question 1 a):

	Trade surplus	Trade deficit
USA	X	

(Total: 1 mark)

Question 1 b):
Correct Answer: €2.0399

Forecast exchange rate in € = €2.09 x 1.0.175/1.0425 = €2.0399

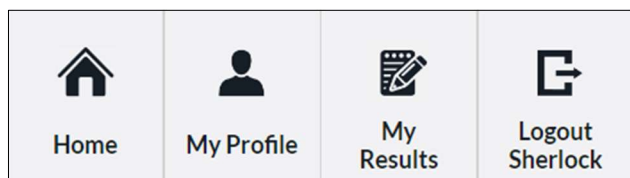
Question 1 c):
Correct Answer: The imports would become more expensive in Japoi and the overall value would rise.

A weakened home currency makes imports more expensive (takes more £ to buy the goods from overseas). However, with a very inelastic demand the quantities demanded will not be sensitive to the price.

For example, if the price of 100 imported goods is £100 and that goes up £110, that is a price increase of 10% but quantity will only fall by 3% to 97.

The overall value of the imports fall from (100 x 100 =) £10 000 to (97 x 110 =) £10 670.

You can also view your test results by clicking on the **My Results** tab in the top right-hand corner of your screen.



Click on **Report** for the test results you wish to see:

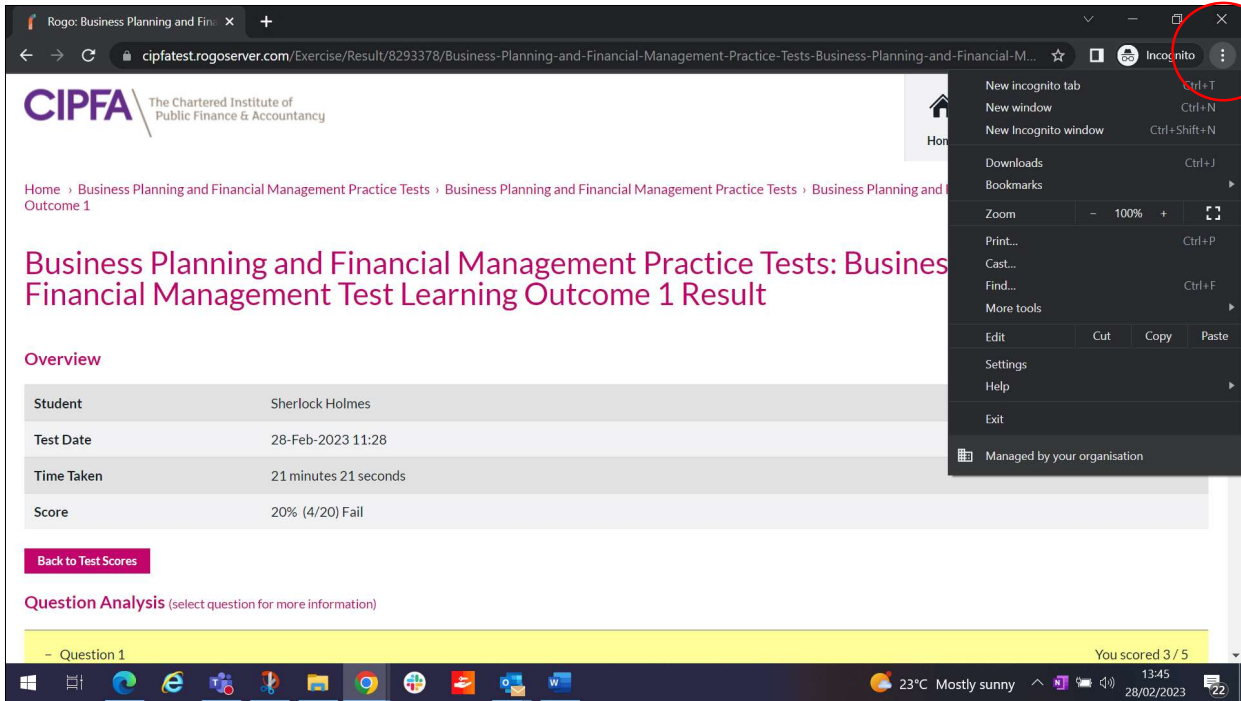
Mr Sherlock Holmes

Results

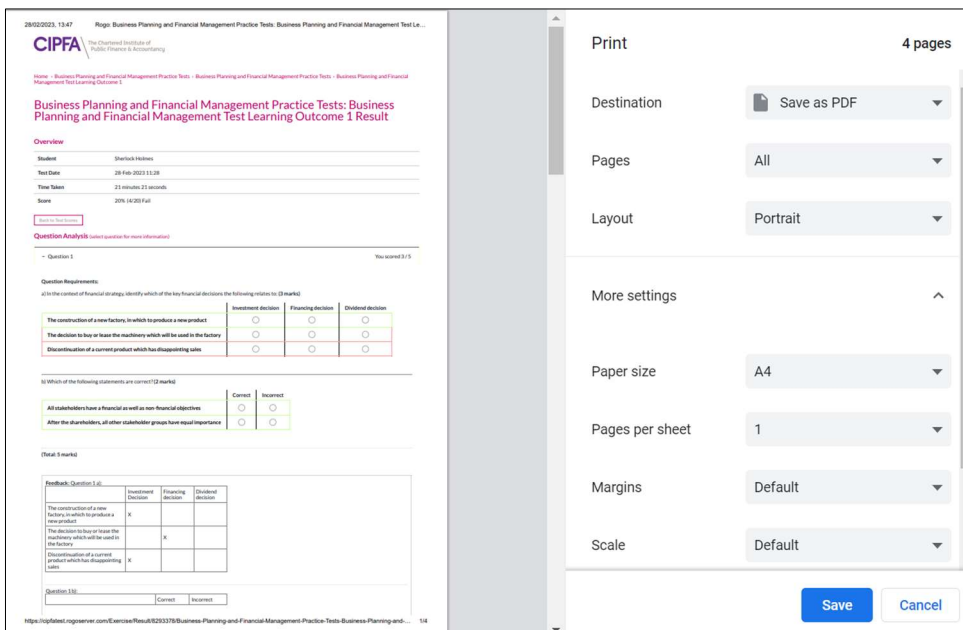
Date	Course	Test	Result	
28-Feb-2023	Business Planning and Financial Management Practice Tests	Business Planning and Financial Management Test Learning Outcome 1	20% (4/20) Fail	Report
28-Feb-2023	Business Planning and Financial Management Progress and Mock Tests (Web/F2F)	Business Planning and Financial Management Progress Test (Web/F2F)	18% (7/40) Fail	Report

You will see your test scores in the same format as previously shown.

If you wish to print a copy of your test results click on the three dots in the top right hand corner of your browser and select **Print**.



You can either print to your printer or select **Save as PDF** in the **Destination** field.



You can also use the **Scale** drop down menu to Customise your report into a desired print format.

Click **Save**.

You can now print your results report.