

Strategic Case Study Practice Exam - Justyna Wachulka-Chan



The following case study exam has been prepared to demonstrate CIMA's intended approach to assessing the 2015 Professional Qualification syllabus.

It is recommended that you download and complete the tutorial before attempting this practice exam.



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Strategic level case study practice exam

This examination is structured as follows:

Section	Number of tasks	Timing of section (minutes)
1	1	60
2	1	60
3	1	60

The time available in each section is for reading, planning and writing your response(s).

This information will be available for you to access during the examination by clicking on the pre-seen button.

Click Next to begin the exam.



📄 Pre-seen

📄 Tables

Today is 16th May 2015. You are a senior manager advising Judith, the new Group CEO, on issues relating to shareholders. The current position is as follows:

Cast is a private company and so its shares are not freely traded. The company was established as a family business, but there are now 40 shareholders. There are no close family ties holding the shareholders together. Over the years the shares have changed hands because of inheritance. The present shareholders are not closely related.

The only significant shareholder is Arnold, who is the great grandson of the shopkeeper who founded the business. Arnold owns 30% of Cast's shares.

Cast's constitution forbids the sale of shares to anyone other than an existing shareholder. That creates two problems. First of all, shareholders cannot liquidate any of their shareholding unless they can find a willing buyer amongst the other shareholders. There is a feeling that the few sales that have occurred have tended to be for less than the real value of the company's shares. Secondly, there is a tax charge when shares change hands because of inheritance. This requires a fair value to be negotiated with the tax authorities and that has created significant problems over the past few years.

Several shareholders believe that Judith's appointment is an ideal time for Cast to seek a stock market quotation. The company is large enough to be in the top 250 companies in its national stock exchange in the event that it is quoted. These shareholders have written to the company with a formal request that the directors begin the process of seeking a quotation. Arnold is aware of this request and has spoken to Judith to express his reluctance to see the company seek a quotation.

Judith has asked you to step into her office to discuss something important.

 Reference Materials

 Pre-seen

 Tables

Judith hands you a copy of a letter which can be accessed in the reference material above. She goes on to say:

"I hope that you slept well last night because today is going to be busy. The CEO has just sent me a copy of a letter and I have to brief the board on the most appropriate response this afternoon.

The only thing that surprises me about this letter is that it has taken so long for them to make a formal request. The shareholders have been talking about this for ages.

My big worry is just keeping everybody happy. I need you to work out who is going to be affected by this. I always think that identifying the stakeholders lets you know who will be affected and how. So I need you to give me a list of stakeholders, along with an explanation of why each is affected and how their interests will be affected.

While you are doing that, I also need you to think about Arnold. He owns so many shares that we need to keep him happy at all costs. I met with him recently and asked what he thought about a quotation, but he just gave me a sneaky smile and said that lots of people ask him that very question all the time, then he changed the subject.

I want to be ready because the board is bound to ask how we should deal with Arnold. He didn't sign the letter from the shareholder group, although I don't know if he was even asked to. I need you to think about a strategy for dealing with Arnold and to put your thoughts down on paper.

I know this doesn't leave you much time but i need all that within the hour."

- 📖 Reference Materials
- 📖 Pre-seen
- 📖 Tables

Write your response to Judith in the box below:

✂️ Cut 📄 Copy 📄 Paste ↶ Undo ↷ Redo **B** *I* U

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Time Remaining 58:51
3 of 3

- Reference Materials
- Pre-seen
- Tables

Write your response to Judith in the box below:

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End Section ✕

 You are about to leave this section of the exam. You will not be able to return once you have left. Do you want to continue?