November 2025 and February 2026
Strategic Case Study
CGMA Professional Qualification
Full post exam support materials

Below are the full post-exam supporting materials for the Strategic Case Study Exam. Use the links on this page to jump to the documents required.

Pre-seen material

November 2025 and February 2026 Strategic Case Study pre-seen.

Examiner's report

The November 2025 and February 2026 examiner's report.

Exam variants

- Variant 1
- Variant 2
- Variant 3
- Variant 4
- Variant 5
- Variant 6

Suggested solutions

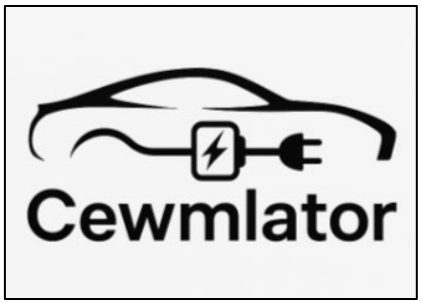
- Suggested solutions for variant 1
- Suggested solutions for variant 2
- Suggested solutions for variant 3
- Suggested solutions for variant 4
- Suggested solutions for variant 5
- Suggested solutions for variant 6

Marking Guidance

- Marking guidance for variant 1
- Marking guidance for variant 2
- Marking guidance for variant 3
- Marking guidance for variant 4
- Marking guidance for variant 5
- Marking guidance for variant 6

If you need any further information please contact us.

Strategic Case Study Examination
November 2025 – February 2026
Pre-seen material



Context Statement

We are aware that there has been, and remains, a significant amount of change globally. To assist with clarity and fairness, we do not expect students to factor these changes in when responding to, or preparing for, case studies. This pre-seen, and its associated exams (while aiming to reflect real life), are set in a context where current and on-going global issues have not had an impact.

Remember, marks in the exam will be awarded for valid arguments that are relevant to the question asked. Answers that make relevant references to current affairs will, of course, be marked on their merits.

Contents

Introduction **2**
Electric cars **3**
Types of electric car 3
The shift away from ICE 5
Electric car market 8
Cewmlator **9**
Extracts from Cewmlator's annual report **12**
Cewmlator's mission, vision and values 12
Cewmlator's Board of Directors 12
Cewmlator's principal risks 15
Cewmlator's financial statements 16
Extract from sustainability report 18
Extract from competitor's financial statements 19
Share price history 21
News stories **22**

Introduction

Cewmlator is a quoted company that manufactures electric cars. All of Cewmlator's products are powered by rechargeable batteries that are linked to electric motors.

You are a senior manager in Cewmlator's finance function. You report directly to the Board and advise on special projects and strategic matters.

Cewmlator's head office is located in Duxland, a developed country that has an active and well-regulated stock exchange. Duxland's currency is the D$. Duxland requires companies to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS).

Electric cars

Electric cars first became commercially available for purchase at the end of the 19th century. They ceased production in the 1920s because technological advances in petrol-powered cars made them more popular. Petrol-powered cars then dominated the market for almost a century because they offered greater convenience in terms of performance and range.

There was very little interest in electric cars throughout the 20th century, although electricity was used to power other types of vehicle in specific applications where those vehicles could be operated close to an electrical source for recharging. For example, forklift trucks, used to move inventory in warehouses, have been powered by electricity for many years. They can operate efficiently indoors without creating harmful emissions that might affect drivers and warehouse staff.

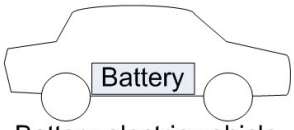
Commercial production of electric cars did not recommence until the 2000s, when a small number of manufacturers launched new models.

Motorists now face a choice between cars that are fitted with internal combustion engines (ICE), fuelled using petrol or diesel, or electric cars that can be driven by electric motors or a combination of ICE and electric motors in various configurations.

Interest in replacing ICE cars with electric cars was driven largely by concerns about the environment. Growing numbers of motorists were interested in switching to electrical power because they perceived it as being cleaner. Governments had also committed themselves to reducing emissions from all sources, including road transport, and many have threatened to introduce legislation that will forbid the sale of new ICE cars after a specific date.

Types of electric car

There are several different types of electric car (EV). Some manufacturers produce both ICE and EV and some produce EV exclusively.



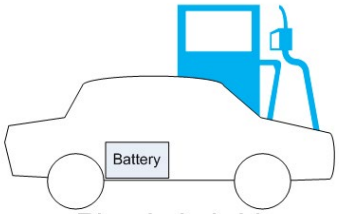
Battery electric vehicle

Battery electric (BEV) cars are powered entirely by electricity. The cars have large batteries that are recharged by plugging them into an electrical source.

BEV cars can be recharged at their drivers' homes, using either a domestic electrical socket or a home charging point. They can also be recharged at public charging points.

BEV cars produce no emissions when they are being driven. Their electric motors are quiet. Unfortunately, they are difficult to recover if they run out of charge when they are not at a recharging point. This is because they cannot be towed and so must be lifted onto a low loader or trailer and carried to the owner's home or a public charging point.

A BEV's range will vary, depending on the size and weight of the car and the capacity of its batteries, as well as the manner in which it is driven. Range can be as little as 160 kilometres or as much as 600 kilometres.



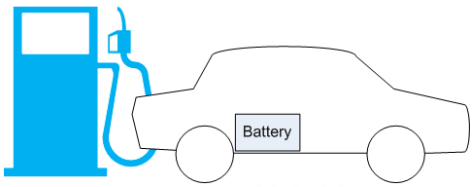
Plug-in hybrid

Plug-in hybrid (PHEV) cars are powered by a combination of both electricity and petrol or diesel, with the driver being able to choose between power sources. They have smaller batteries than BEV cars, but they also have fuel tanks to power their internal combustion engines.

The batteries on PHEV cars are charged by plugging them in to recharge in the same way as for a BEV.

A PHEV may be able to manage 60 kilometres on its battery, which could be sufficient for a daily commute. Drivers may also reserve their battery power for any sections of their journey that involves city driving.

PHEV cars can switch to their internal combustion engines if they run out of battery power and they can be refuelled quickly with petrol or diesel during long journeys. They usually have smaller fuel tanks than those on ICE cars, which means that they have to be refuelled frequently over long distances. There is also a weight penalty associated with carrying both electric and ICE propulsion units.

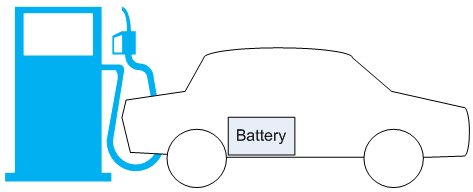


Hybrid

Hybrid (HEV) cars use a petrol or diesel engine to generate electricity, which is used to keep the battery charged while the car is underway. These cars cannot be plugged into external power sources for recharging.

The batteries on HEV cars are too small to enable them to be driven for more than a few kilometres unless the internal combustion engine is running. Those internal combustion engines are used exclusively to generate electricity. HEV cars cannot be driven on petrol or diesel, other than through the electrical power that they generate.

Hybrids produce lower emissions than ICE cars because they use fuel more efficiently.

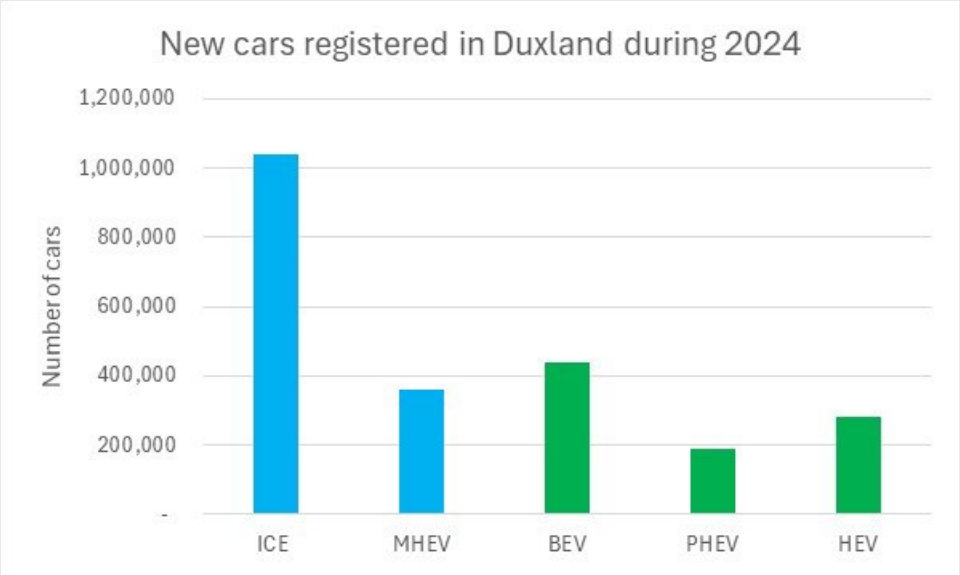


Mild hybrid

Mild hybrid (MHEV) cars have an electric motor that is connected directly to a petrol or diesel engine. The motor assists the internal combustion engine when the car is accelerating, boosting performance and saving fuel compared to an ICE car. The motor assists the engine to turn over when the car is cruising at a steady speed, again using less fuel. The motor reverses and generates electricity when the car is slowing down. That electricity is used to charge the car's battery.

MHEV cars cannot run on their electric motors alone. They use electrical power to supplement the internal combustion engine. Most cars' brakes convert kinetic energy into heat energy, which causes them to slow down. The electric motors in MHEVs convert much of the kinetic energy into electrical energy instead of heat, a process called "regenerative braking". That improves fuel efficiency slightly in comparison to ICE cars, but it is debateable whether MHEVs should be classified as electric cars given that they make very little use of electricity.

ICE cars, excluding MHEV, accounted for 45% of new car registrations in Duxland. If MHEV are classified as ICE, then non-electric cars accounted for 61%.

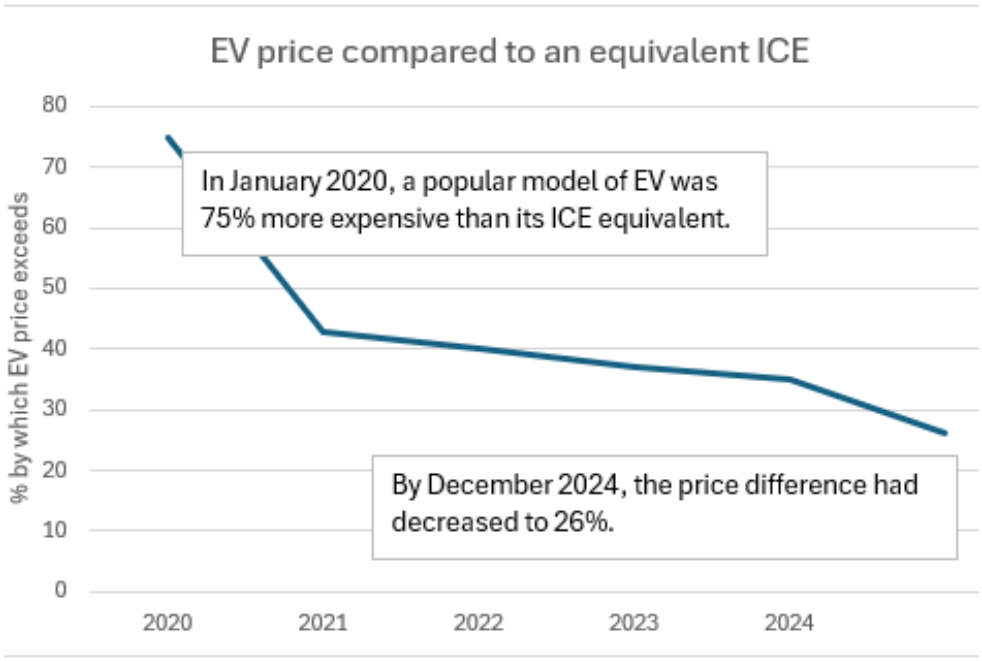


The shift away from ICE

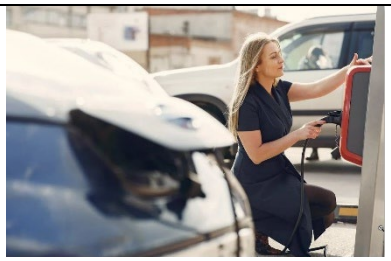
Many governments, including Duxland's, have set targets for a ban on the sale of new ICE cars after 2030. That will not prevent the use of ICE cars purchased prior to the ban, nor will it prevent drivers from buying used ICE cars on the second-hand market.

It had been expected that the prospect of a ban on ICE cars would encourage manufacturers to develop and promote EVs, perhaps ceasing production of ICE cars altogether, long before 2030. That seems unlikely to happen because demand for ICE cars remains high and there is insufficient demand for EVs to bring about a more rapid switch. Electric cars raise issues that many motorists regard as serious disadvantages compared to ICE.

Purchase price	EVs are generally more expensive than ICE cars. Manufacturers must recover the development costs of new models of EV. The cars themselves often require additional components. Batteries are costly and some forms of EV require both electric motors and internal combustion engines. The price differential between EV and ICE cars has fallen, but it remains significant.



Range and charging	The average car journey in Duxland is 15 kilometres. Only 1% of journeys exceed 150 kilometres. Despite that, many motorists are nervous about switching to BEV cars because of concerns about range. Car manufacturers advertise the ranges of their cars on fully charged batteries, but range can be affected by driving styles and road conditions. An electric car may be suitable for a motorist's daily commute, but they could prove impractical for longer journeys.  Arrangements for charging BEV and PHEV cars can be complicated. Batteries need to be plugged into an electrical power source using a cable. That is rarely a problem for owners whose homes are at ground level and have off-street parking such as a garage or drive that allows for a connection to be made. Home charging can be carried out by plugging the car into a normal domestic electrical socket, but charging would be slow. Alternatively, motorists can install rapid chargers that enables them to charge their cars much more quickly. A rapid charger costs roughly D$1,500 to install, although there can be additional costs if their home electricity supply requires modification to deal with the additional current drawn by the charger. For most motorists, the cost of charging an EV at home will be less than the cost of petrol or diesel fuel for a typical ICE car.



Motorists who do not have off-street parking will have to recharge their BEV and PHEV cars at public charging points. These can be found in car parks, motorway service stations and other public spaces that are accessible to cars.

The use of public charging points is more expensive than recharging at home. Running a BEV or PHEV using public charging points can cost more than petrol or diesel for a comparable ICE.

There are concerns about the availability of public charging points. There tend to be plenty in areas of high demand, but access can be limited in areas where none of the companies believe that there would be sufficient revenue to justify the cost of installing charging points.

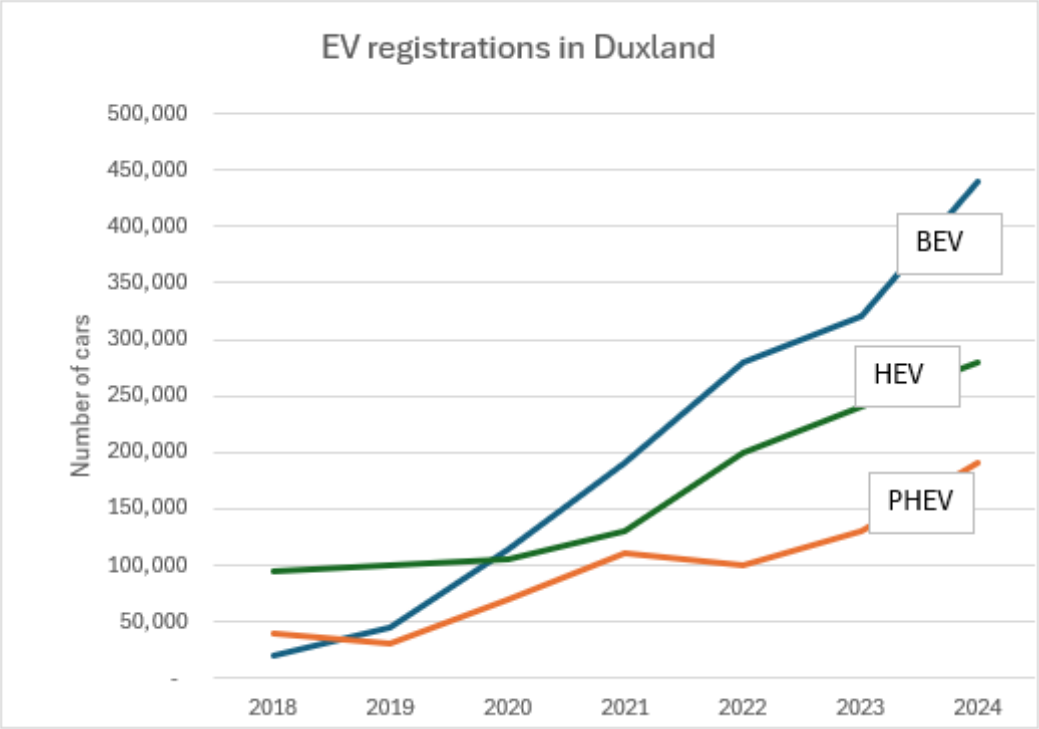
There are two main categories of public charging points: slow/fast and rapid/ultra rapid. Slow/fast points require 7-9 hours to charge an EV battery from 20% to 80% full. Rapid/ultra rapid points can achieve this in as little as 25 minutes.

80% of BEV owners have home chargers. Most of those tend to use their home chargers, although a significant minority of owners are forced to use public charging points for 20% to 50% of their needs. The remaining 20% of owners must rely entirely on public charging points.

Rechargeable batteries tend to degrade over time, which means that cars' ranges tend to decrease over time. That raises concerns about the resale value of EVs whose batteries have degraded to the point where they can no longer offer an acceptable range.

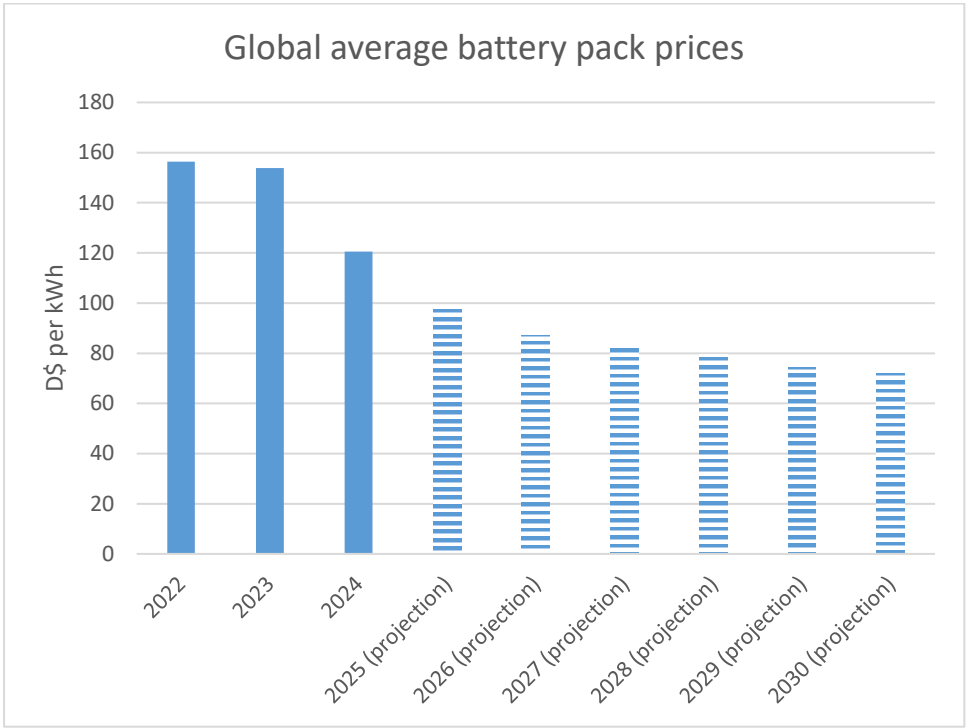
Electric car market

Despite their potential drawbacks, sales of EV have increased rapidly.



Globally, 17 million EVs were sold in 2024. That constituted 25% of new car sales worldwide. The market share of EVs varies between countries, ranging from 12% to 85%. The global EV market is valued at D$250 billion.

It is hoped that demand will be stimulated over time because of reductions in production costs. For example, developments in the chemistry of EV battery packs are expected to increase the range of EVs and reduce the cost of making batteries.



Most car manufacturers have a long history of making ICE cars. Some, including Cewmlator, have ceased production of ICE in order to concentrate on EV.

The global market for EVs is dominated by three companies: Attomm, Dilson and Cewmlator. All three focus on EVs. Attomm and Cewmlator produce only BEVs. Dilson produces both BEV and PHEV cars.

Most of the smaller companies in the EV top 10 produce a range of different types of car, including ICE and MHEV, as well as EVs. Some smaller companies manufacture HEVs.

	% share of EV market by revenue
Attomm	16.7
Dilson	15.9
Cewmlator	15.4
Elchro	6.4
Gorriss	5.2
Khaptro	4.4
Laypout	3.6
Novtin	2.4
Runbort	2.2
Travtorr	1.9
Others	25.9
	100.0

Cewmlator

Cewmlator was established in 1952, manufacturing a range of ICE cars. The company was quoted on the Duxland stock exchange in 1968.

Cewmlator has always focussed on mid-market cars that are attractive to drivers, while offering value for money. The company has always been innovative in terms of introducing new technology into its models and its manufacturing processes. Cewmlator cars are designed to be enjoyable and exciting to drive, while ensuring the safety of its drivers and their passengers.

The company launched its first EV in 2012. This was an all-electric vehicle that offered a range of 219 kilometres. Cewmlator was one of the first manufacturers to sell EVs and the company quickly established a market niche, consisting primarily of customers who wished to drive sustainable vehicles that did not require fossil fuels.

By 2020, Cewmlator had phased out ICE cars, replacing them with BEV models that are designed to be the best in their respective classes in terms of range, performance and value for money.

Cewmlator Tynie 	Tynie is a small BEV, designed for urban commuting. It can carry two people and a limited amount of luggage. Tynie's range between charges is 143 kilometres.
Cewmlator Trapp 	Trapp is a small BEV that offers versatility without compromising on performance. It has room for five people and a large boot. The rear seats can fold down to create additional boot space. Trapp offers sporty performance on the open road and is small enough to handle urban driving with ease.

	Trapp's range between charges is 254 kilometres.
Cewmlator Twistx 	Twistx is a BEV sport utility vehicle, designed to suit the needs of a typical family. It can carry five adults in comfort and has a very large boot. The folding rear seats enable the car to carry a large amount of cargo when required. Twistx's range between charges is 375 kilometres.
Cewmlator Skkorch 	Skkorch is a BEV sports car. It has two seats and room in the boot for a weekend's worth of luggage. Skkorch can accelerate from 0 to 100 kilometres per hour in 3.1 seconds. Skkorch's range between charges is 400 kilometres.

All of Cewmlator's models are competitive within their market segments. For example, each model is in the top three within its segment for range. Cewmlator has a reputation for sound build quality and innovation. That reputation for quality is backed up by Cewmlator's warranty, which guarantees the car, including its battery, for 8 years or 160,000 kilometres. Any manufacturing defects that arise while the warranty is active will be corrected at a Cewmlator dealership free of charge. Batteries are replaced under warranty if the car's range decreases by 20% or more within 8 years from the date of purchase or 160,000 kilometres. The warranty cover on the battery is conditional on the car having been maintained and operated in accordance with the advice provided in the owner's handbook.

Almost every vehicle comes in several different versions. Each version, or trim, offers its own variety of features and equipment. Each of Cewmlator's models can be purchased in three trim levels:

- "Base" cars are designed to be as cheap as possible, with no unnecessary equipment or features. Some customers choose this level of trim to save money. Others do so in order to reduce weight and so extend range. For example, all Base cars come with fabric seats and thin carpets, which are lighter than the seats and carpets in more luxurious models. Base trim Tynie and Trapp cars are not fitted with sound systems, which consume electricity when they are in use. This trim is the most popular for Tynie, which is intended for short journeys.
- "Luxe" cars have better quality trim and additional features compared to Base. For example, Luxe cars have satellite navigation systems. Trapp and Twistx in Luxe trim have superior folding rear seats that offer a choice between three passengers and no additional boot space, two passengers and some additional boot space or one passenger and substantial additional boot space. Base trim Trapp and Twistx have rear seats that can only be folded down as a complete unit, with no scope for a more versatile seating arrangement. Luxe trim is the most popular for Trapp and Twistx because buyers of these models are prepared to pay a little more for additional comfort but are reluctant to pay for the most expensive trim.

- "Grande Luxe" cars offer a further step up in terms of trim and features compared to Luxe. Cars with this trim have leather seats and thick carpets. They have superior sound systems and additional driver features, such as reversing cameras that assist when parking. Most Skkorch cars are sold in Grande Luxe trim. The car is marketed as a luxury model that offers a superb driving experience and so customers tend to pay as much as

necessary to have all of the features that are available. Customers are also prepared to sacrifice a small amount of range in order to have the highest possible trim.

There are six Cewmlator factories, two in Duxland and one in each of four different countries, as shown below:

Factory location	Product
• Duxland Northern	Twistx cars
• Duxland Central	Skkorch cars
• Eastland	Batteries
• Farland	Electric motors
• Winland	Trapp cars
• Groveland	Tynie cars

All of Cewmlator's cars are powered by lithium batteries. The company has a major factory in Eastland that produces the batteries for all of its cars. Batteries for electric cars are large and heavy items that are designed and constructed to be built into the cars themselves. Each model of car requires its own specific size and shape of battery. Mining and transporting lithium for batteries is a significant source of the emissions associated with manufacturing EVs. Cewmlator's focus on BEVs means that its batteries are large, making it a major user of lithium and the other metals used in batteries.

Cewmlator's Farland factory produces all of the company's electric motors. Each model of car requires a motor that fits into the overall design and has sufficient power to achieve a satisfactory performance in relation to its size, weight and class.

Each model of car is manufactured at a factory that is configured to build a specific model. The factories are highly automated, which is common practice across the whole of the motor industry.

Particular care must be taken in designing and constructing electric cars because their bodies must be built around the batteries. Batteries cannot be removed from cars once they have been built, unless the car is completely dismantled. Rechargeable batteries can produce very high currents, which can cause electrical fires in the event of a short circuit. In addition to the potential fire hazard, it is difficult to rectify any errors in production.

Cewmlator's cars are sold through a worldwide network of 4,600 dealerships. These are independent businesses that are authorised to sell and to maintain Cewmlator cars.

Each dealership receives an allocation of cars and must maintain a satisfactory performance in terms of sales and customer feedback.

Each dealership provides:

- A showroom that has space to enable customers to see the cars that they are interested in. The dealership must also have space to accommodate demonstrator cars that are available to offer customers test drives under the supervision of sales staff.
- A team of sales advisers who can assist customers in choosing a car from the Cewmlator range.
- A workshop that has the necessary equipment and staff to maintain and repair Cewmlator cars.

Extracts from Cewmlator's annual report

Cewmlator's mission, vision and values

Our mission

Cewmlator's mission is to make the world a better place by providing desirable and sustainable motor vehicles.

Our vision

Cewmlator vision is to be the leading manufacturer of sustainable motor vehicles.

Our values

- Cewmlator is constantly innovating.
- Cewmlator is committed to enhancing sustainability.
- Cewmlator offers the highest quality in its products.
- Cewmlator pays attention to the needs and desires of its customers.

Cewmlator's Board of Directors

Suren Pillay, Non-Executive Chair

Suren had a successful legal career. He joined one of Duxland's leading commercial law firms after graduating with a law degree. He specialised in mergers and acquisitions and has been involved in the negotiation of many major contracts. Suren was promoted to partner at a relatively young age and served as the firm's managing partner before retiring.

Suren serves on the boards of several charities, most of which focus on environmental issues.

Suren joined Cewmlator's Board as Non-Executive Chair in 2023.

Ke Xue, Chief Executive Officer (CEO)

Ke has a BSc degree in chemistry. She worked as a research assistant after graduating but decided to pursue a career in industry. She has worked for several major manufacturing companies, including 5 years with a lithium mining company.

Ke joined Cewmlator in 2006, initially as a senior manager in research and development. She spent five years in charge of Cewmlator's Winland factory before joining the Board as Operations Director in 2018.

Ke was promoted to CEO in 2023.

Edwin Mit, Operations Director

Edwin has a Bachelor of Engineering degree in mechanical engineering and a Master of Engineering degree in design engineering. He had a varied career working for several leading manufacturing companies. He spent 6 years as operations director of a company that makes gearboxes for ICE cars.

Edwin joined Cewmlator's Board as Operations Director in 2020.

Professor Anna Pohl, Research and Development Director

Anna completed a doctorate in aeronautical engineering before taking up an appointment as a lecturer at the University of Central City. Her research focussed on designing vehicles to minimise wind resistance and so reduce fuel consumption. She had a successful academic career, being promoted to Professor in 2004.

Anna was recruited by a major motor manufacturer to take charge of their research activities in 2012. She was promoted to the manufacturer's board in 2016.

Anna joined Cewmlator as Research and Development Director in 2021.

Suhas Pathak, Finance Director

Suhas has a degree in economics and is a professionally qualified accountant. He completed his professional training while working for a major chain of car dealerships, initially working within a branch as assistant branch accountant before joining the Finance Department at the company's head office. He reached the rank of senior finance manager before leaving to join Cewmlator as Group Treasurer in 2015.

Suhas was promoted to Finance Director in 2019.

Stella Freeman, Sales Director

Stella has had extensive experience in sales. She studied for a diploma in marketing after leaving school before joining a chain of supermarkets as a sales analyst. She has since held several increasingly senior roles with a variety of major companies. Stella joined Cewmlator in 2020, initially to assist in the development of online marketing for the Group.

Stella joined Cewmlator's Board as Sales Director in 2023.

Professor Salem Hegazy, Senior Independent Director

Salem spent most of his career working in a variety of roles at Capital City University. He studied electrical engineering there before completing a doctorate. He taught at the University for the next 15 years, during which time he was promoted to Professor. Salem was Dean of the Faculty of Engineering for 9 years before he retired from full-time academic life. He remains active in education, chairing the Education Committee of the Duxland Institute of Electrical Engineers.

Salem was appointed to Cewmlator's Board as Senior Independent Director in 2021.

Professor Uzma Mussarat, Independent Non-Executive Director

Uzma had a career in journalism, specialising in business news. She spent 20 years in print journalism before moving to television news. Latterly, she was the Business Editor for the Duxland Television channel. Uzma received several prestigious awards in the course of her career. She is employed in a part-time capacity as a visiting professor of journalism at Capital City University.

Uzma joined Cewmlator's Board as an independent non-executive director in 2024.

Stamatios Katsorchis, Independent Non-Executive Director

Stamatios qualified as a lawyer before entering politics. He was elected as a member of Duxland's parliament in 2001. He was re-elected five times but was defeated in 2021. Stamatios served on several parliamentary committees while in office. These focussed on issues relating to sustainability. Stamatios chairs a major charity that promotes sustainable business practices.

Stamatios joined Cewmlator's Board as an independent non-executive director in 2025.

Board responsibilities

Ke Xue Chief Executive Officer			
Edwin Mit Operations Director	Anna Pohl Research and Development Director	Suhas Pathak Finance Director	Stella Freeman Sales Director
• Factory operations • Human resource management • Health and safety	• Research • Product development • Sustainability	• Financial reporting • Management accounting • Treasury	• Marketing • Dealership relations • Customer service • Public relations

	Board committees			
	Audit	Risk and CSR	Remuneration	Nomination
Suren Pillay Non-Executive Chair	♦	♦		♦
Salem Hegazy Senior Independent Director	♦		♦	♦
Uzma Mussarat Independent Non-Executive Director	♦	♦	♦	
Stamatios Katsorchis Independent Non-Executive Director		♦	♦	♦

Cewmlator's Chief Internal Auditor reports to the convener of the Audit Committee.

Cewmlator's principal risks

Risk impact	Risk mitigation
Cewmlator is exposed to the threat of increased competition, particularly from manufacturers of ICE and hybrid cars that might decide to focus on BEV cars instead.	Cewmlator's Board pays close attention to product development. There is a full-time director of research and development. Cewmlator is constantly innovating to ensure that its product range remains attractive to customers.
Consumer preferences in relation to BEVs can change over time, particularly with regard to the availability of charging infrastructure and the capabilities of competing types of car.	Cewmlator works closely with regulators and the providers of charging facilities to encourage the development of infrastructure. The company also works hard to reinforce the message that BEV is the cleanest and most sustainable technology for cars.
Government policies relating to emissions and sustainability are constantly changing. These can affect demand for ICE and hybrid cars.	Cewmlator works closely with government agencies in order to remain informed about plans and proposals. Cewmlator takes care to ensure that government decision makers are aware of the economic and environmental impacts of their proposals.
Demand for Cewmlator's products can be affected by economic factors, such as interest rates and employment concerns. Adverse changes in the economy might lead customers to delay purchasing decisions or to buy cheaper alternatives to BEVs.	Cewmlator pays close attention to movements in relevant economic variables. These are considered when planning production. Cewmlator manages costs carefully in order to ensure that it offers value for money. The company also focusses on the benefits of owning and driving its cars so that buyers are prepared to meet the costs of ownership.
Cewmlator has a complicated supply chain, particularly with regard to the lithium that is used to make its car batteries. Any interruption to that supply chain could severely disrupt production.	Cewmlator maintains the closest possible relationship with its suppliers, whom it treats well in order to obtain priority in the event of shortages of materials or components. Cewmlator maintains inventories of critical materials and components in order to minimise the impact of any shortages.
Cewmlator operates on a global basis, with factories in several countries and sales through a global network of dealerships. The company is exposed to the impact of currency movements.	Cewmlator's Treasury Department is well resourced, with skilled leadership and access to all relevant data sources. The Board pays close attention to the Department's recommendations relating to both the passive and active management of currency risks.

Cewmlator's financial statements

Cewmlator Group
Consolidated statement of profit or loss
for the year ended 30 September

	2025 D$ billion	2024 D$ billion
Revenue	38.2	31.8
Cost of goods sold	(28.9)	(25.5)
Gross profit	9.3	6.3
Selling and administration	(1.2)	(1.1)
Research	(2.5)	(2.2)
Operating profit	5.6	3.0
Finance costs	(1.6)	(1.5)
	4.0	1.5
Tax expense	(0.9)	(0.3)
Profit for the year	3.1	1.2

Cewmlator Group
Consolidated statement of changes in equity
for the year ended 30 September 2025

	Share capital D$ billion	Currency reserve D$ billion	Retained earnings D$ billion	Total D$ billion
Opening balance	5.0	1.1	19.6	25.7
Currency gain		0.3		0.3
Profit for year			3.1	3.1
Dividend			(0.4)	(0.4)
Closing balance	5.0	1.4	22.3	28.7

Cewmlator Group
Consolidated statement of financial position
as at 30 September

	2025 D$ billion	2024 D$ billion
Assets		
Non-current assets		
Property, plant and equipment	27.5	25.0
Goodwill	5.3	5.3
Other intangible assets	7.4	6.3
	40.2	36.6
Current assets		
Inventory	5.3	4.7
Trade receivables	3.3	2.7
Bank	3.7	3.1
	12.3	10.5
Total assets	52.5	47.1
Equity		
Share capital	5.0	5.0
Currency reserve	1.4	1.1
Retained earnings	22.3	19.6
	28.7	25.7
Liabilities		
Non-current liabilities		
Borrowings	20.0	18.5
Current liabilities		
Trade payables	2.8	2.5
Tax liability	1.0	0.4
	3.8	2.9
Total equity and liabilities	52.5	47.1

Extract from sustainability report

<table>
<tr><td>Governance</td><td>Cewmlator's directors receive a report on sustainability at each Board meeting.

The Board Risk and CSR Committee is charged with monitoring sustainability issues related to operations.</td></tr>
<tr><td>Strategy</td><td>Cewmlator focusses primarily on the needs of the communities who are affected by the company's manufacturing processes and the effects of its products. That focus is at the heart of the company's mission statement.

Cewmlator also takes care to ensure that customers can be happy to own and use its products, knowing that their transportation needs are being met in a sustainable manner.</td></tr>
<tr><td>Risk management</td><td>Cewmlator works closely with governments in all key markets to ensure that there are no major surprises in relation to regulations relating to the manufacture and operation of electric vehicles.

Cewmlator acknowledges that the manufacture of an EV causes greater emissions than the manufacture of an equivalent ICE. This is mainly due to the need to make batteries. Cewmlator is working to mitigate the associated environmental concerns designing more sustainable batteries that have longer lives and that consume fewer scare resources over their lives.</td></tr>
<tr><td>Metrics</td><td>Cewmlator pays close attention to its consumption of energy and the associated emissions, including CO2e (carbon dioxide equivalents), in its manufacturing processes.

The company also tracks production waste.

<table>
<tr><th></th><th></th><th>2024</th><th>2023</th></tr>
<tr><td>Total electricity consumption</td><td>Millions of kWh</td><td>12.8</td><td>8.4</td></tr>
<tr><td>Intensity of CO2e emissions</td><td>Tonnes/million D$ of revenue</td><td>226.3</td><td>254.4</td></tr>
<tr><td>Intensity of manufacturing waste</td><td>Tonnes/million D$ of revenue</td><td>30.6</td><td>32.4</td></tr>
</table>
</td></tr>
</table>

Extract from competitor's financial statements

Attomm is a direct competitor to Cewmlator. It has a slightly higher revenue. Its product range consists of BEVs.

Attomm is based in Duxland. It is quoted on the Duxlandian stock exchange.

Attomm Group
Consolidated statement of profit or loss
for the year ended 30 September

	2025 D$ billion	2024 D$ billion
Revenue	41.9	36.5
Cost of goods sold	(32.3)	(29.2)
Gross profit	9.6	7.3
Selling and administration	(1.4)	(1.3)
Research	(3.1)	(2.9)
Operating profit	5.1	3.1
Finance costs	(2.0)	(1.8)
	3.1	1.3
Tax expense	(0.7)	(0.3)
Profit for the year	2.4	1.0

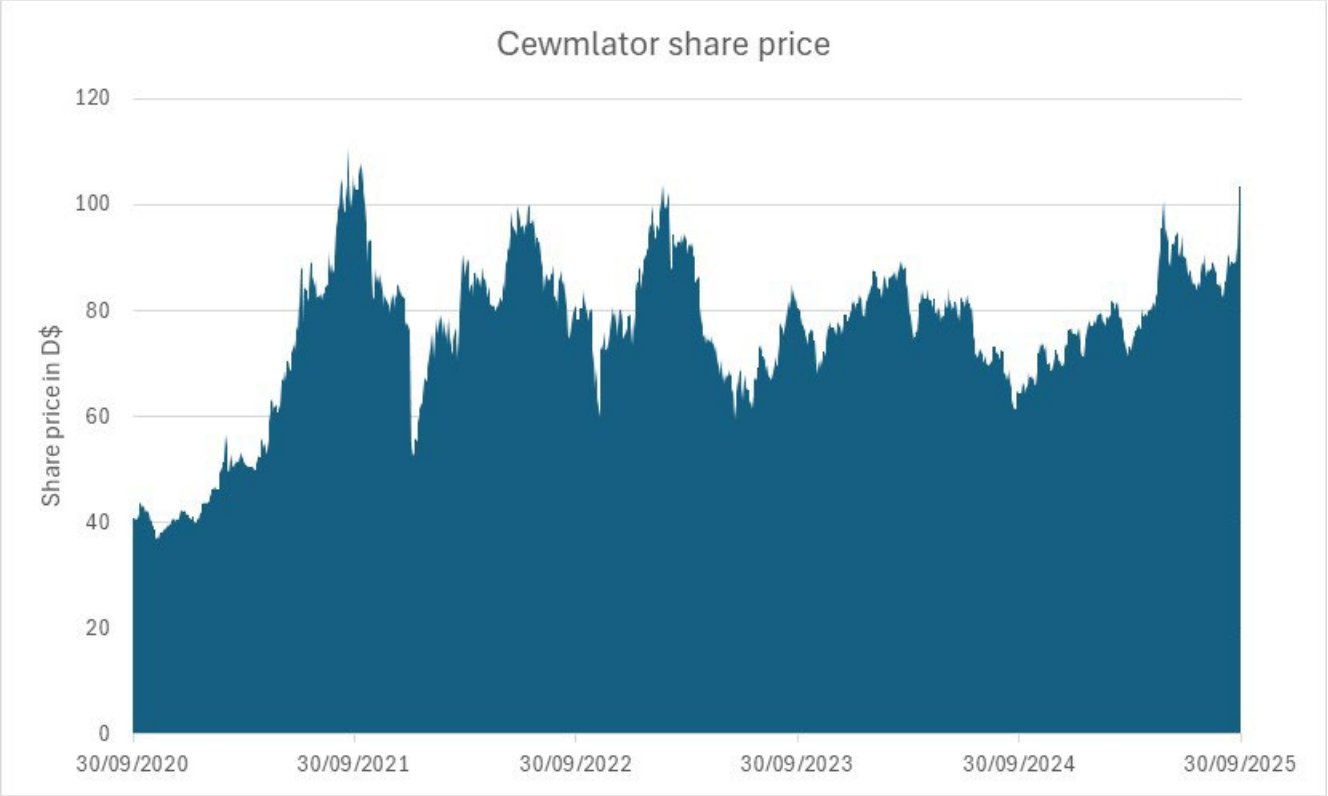
Attomm Group
Consolidated statement of changes in equity
for the year ended 30 September 2025

	Share capital D$ billion	Currency reserve D$ billion	Retained earnings D$ billion	Total D$ billion
Opening balance	8.0	1.9	20.8	30.7
Currency gain		0.5		0.5
Profit for year			2.4	2.4
Dividend			(0.3)	(0.3)
Closing balance	8.0	2.4	22.9	33.3

Attomm Group
Consolidated statement of financial position
as at 30 September

	2025 D$ billion	2024 D$ billion
Assets		
Non-current assets		
Property, plant and equipment	33.2	30.2
Goodwill	7.1	7.1
Other intangible assets	8.2	7.0
	48.5	44.3
Current assets		
Inventory	5.9	5.3
Trade receivables	3.6	3.1
Bank	4.1	3.1
	13.6	11.5
Total assets	62.1	55.8
Equity		
Share capital	8.0	8.0
Currency reserve	2.4	1.9
Retained earnings	22.9	20.8
	33.3	30.7
Liabilities		
Non-current liabilities		
Borrowings	25.0	22.0
Current liabilities		
Trade payables	3.0	2.7
Tax liability	0.8	0.4
	3.8	3.1
Total equity and liabilities	62.1	55.8

Share price history



Cewmlator's beta is 0.56.

News stories

Happy Comic

Readers' questions

Question: Where are the batteries in an electric car?

Martha, age 11

Answer: It depends on the type of electric car. Battery electric cars (BEV) need to have very big batteries because they are totally dependent upon battery power.

The battery in most BEVs is built into the floor, underneath the seats. In most BEVs, the battery consists of up to 800 individual cells that are held inside a sealed box. The cells are connected together so that they can all be charged simultaneously or used to power the car's motor (or motors).

The sealed box makes it impossible to see the batteries. It is sealed because the batteries create a voltage of at least 400 volts, which is high enough to be dangerous if the batteries are handled carelessly and without the correct equipment.

Question: How do rechargeable batteries work?

Noah, age 11

Answer: All batteries consist of three basic parts: two metal electrodes (the "cathode" and the "anode") and a liquid or paste called the "electrolyte", which separates the two electrodes. Connecting the cathode and the anode from the outside of the battery (perhaps by switching on the power in an electric car) causes a flow of electrons, which is just another term for electricity.

The external flow of electrons is driven by a flow of positively charged ions from the anode to the cathode. The ions are created by a chemical reaction inside the battery and they flow through the electrolyte. The chemical reaction inside the battery continues until the electrodes can no longer create or accept the positive ions.

Rechargeable batteries can be restored by applying a voltage to the cathode and anode that reverses the flow and recharges the battery.

Question: Is it true that EVs are faster than ICE cars?

Ryan, age 13

Answer: It is true that *some* EVs are faster than ICE. That is partly because of the way that electric motors perform compared to petrol and diesel. Electric motors can produce a lot of torque, even at low speeds. That means that BEVs can accelerate rapidly, even from a standstill. ICE cars depend a lot on changing gears to get them started and to accelerate to their top speeds.

PHEVs offer drivers a choice between electric and petrol or diesel. But most PHEVs can use both at once, which gives a really powerful combination.

The performance of all modern cars, whether ICE or EV, is controlled by computers that manage the amount of power that is available to the driver. These computers are called "electronic control units" or "ECUs". Most cars could be even faster if the software in their ECUs could be "tweaked" or altered. Tweaking the ECUs to increase the power available to cars' drivers would increase the fuel consumption of ICE cars and reduce the range of EVs.

Question: The satellite navigation system in my mum's car warns her about problems such as traffic jams on the road ahead. How does her car know that the road is busy?

Kuldip, age 11

Answer: When your mum bought her car, she almost certainly linked her smartphone to the car's wireless bluetooth system. That connection has a number of uses. The connection enables the car to receive updates about traffic conditions on the road ahead, enabling the satnav to recommend more efficient routes that will get her to her destination quickly and safely.

Car manufacturers also use these connections to update the software that manages the car's systems, such as the engine or electric motor. The car manufacturer might wish to change the software to improve the car's performance, perhaps improving the efficiency of the motor in an EV so that its range is extended. These updates are downloaded while the car is being driven, but they are not processed until the car has stopped and been switched off.

Most modern cars are in frequent communication with the manufacturers' data centres, either receiving information such as the traffic reports you asked about or transmitting information, such as the frequency and duration of journeys. This communication occurs automatically, whenever the car is being driven.

Question: What happens to old EVs? Are they recycled to make new ones?

Angela, age 12

Answer: Sadly, it is difficult to recycle EVs. ICE cars contain a great deal of iron and steel that can be recycled very easily. EVs consist largely of plastics and electronic waste that can be difficult to recover efficiently.

Far worse than that, the batteries in an electric car are made from a variety of metals such as nickel, cobalt and lithium that can be difficult to recover. That is unfortunate because the growing popularity of EVs might lead to a scarcity of those metals. There is also an

environmental concern with EV batteries. The manufacture of an EV is responsible for far more emissions than the manufacture of an ICE car, largely because of the battery. The battery is responsible for 45% of the emissions from an EV's manufacture and that is the part that is most difficult to recycle.

It is possible to recover metals, including nickel and cobalt, from old EV batteries by heating them to temperatures of 1,600 degrees Celsius. Unfortunately, that destroys the lithium in the batteries in addition to consuming a significant amount of energy.

Alternatively, it is possible to recover the lithium by crushing old batteries and treating the resulting mass with chemical solvents. Unfortunately, the crushing process uses a great deal of energy and the solvents are highly toxic, which can create environmental problems when they are disposed of after the lithium has been extracted.

Duxland Daily

Local governments reluctant to commit to the installation of public EV charging points

Many motorists are reluctant to switch from cars with internal combustion engines to EVs because of concerns about the range of BEVs and PHEVs (when using battery power) and the availability of charging points when their batteries require a top up. Many motorists cannot install chargers by their homes because they do not have access to off-street parking and so must rely on the availability of public charging points that enable them to keep their batteries charged.

Some drivers are keen to encourage the local governments responsible for the services in their towns and cities to provide charging points. They argue that the cost of doing so would not be excessive because it is possible to buy and install a domestic charger in a drive or garage for D$1,500. Sadly, the cost of a rapid charger that is sufficiently robust for use by the public is rather more than that:

	D$
Charger unit	15,000
Installation	5,000
Permits and approvals	4,000
Connection to electricity supply	20,000
Project management	16,000
Total	60,000

It may be some time before there is a public charging point at the end of your street.

Duxland Daily

Should you worry about battery degradation in your EV?

One of the features of rechargeable batteries is that their ability to hold a charge degrades over time. That is true of all rechargeable batteries, including those in mobile phones and laptop computers, but it is a particular concern for the owners of electric vehicles (EVs).

The most obvious sign of degradation is that the car's range decreases as it gets older, but degradation can also lead to longer charging times. Replacement batteries can cost D$20,000 or more, which is a concern for owners. It may be more cost-effective to scrap an EV that is otherwise in good condition rather than replace its battery.

Manufacturers guarantee the batteries in their EVs. The terms of those guarantees vary between manufacturers, but most agree to replace a battery if the EV's range decreases by 30% or more within 8 years of ownership. That suggests that degradation could be a problem for many owners despite the guarantee. For example, a new Attomm Slice has a range of 280 kilometres, but that could decrease to as little as 196 kilometres without being eligible for a replacement under guarantee. The range could decrease even further after the 8-year guarantee period has expired.

Duxland Daily

Where should you recharge your EV?

There are almost 80,000 EV charging points in Duxland, but they are owned and operated by 12 different companies. Some of those specialise in on-street charging in residential areas to cater for EV owners who cannot install charging points at home. Others focus on motorway service stations to attract motorists who are on long journeys. Some have a nationwide coverage across Duxland, while others prefer to have a regional presence.

If you wish to use any given company's charging points, then all you have to do is visit its website and create an account. That will require you to input your credit card details so that the company can take payment for any electricity that you use, but their systems are secure so you should be safe. Once registered, you can download the company's app onto your smartphone, which will enable you to scan the QR code on any of the company's charging points. Scanning the QR code activates the charging point, allowing you to plug in your car and recharge its battery. Payment will be taken from your credit card automatically when you unplug your car.

You can register with as many of these companies as you wish and can download multiple apps. It might be excessive to have all 12, but there is nothing to prevent that if you wish to have access to them all. There are no fees for having accounts.

The companies have different pricing structures. Prices in city centres tend to be lower because of competition, while those on motorways tend to be higher because drivers will pay more to be sure of completing their journeys.

Strategic Case Study Exam

Maximum Time Allowed: 3 Hours

Welcome, Candidate Name

If this is not your name, please let your administrator know.

Click **Next** to start the test.

This examination is structured as follows:

Section number	Time for section (minutes)	Number of tasks	Number of sub-task/s	% time to spend on each sub-task
1	60	1	2	(a) 60% (b) 40%
2	60	1	2	(a) 60% (b) 40%
3	60	1	2	(a) 50% (b) 50%

Each section (task) has a number of sub-tasks. An indication of how much of the time available for the section that you should allocate to planning and writing your answer is shown against each sub-task in the text of the question (and summarised in the table above).

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

Reference Material Pre-seen

Suhas Pathak, Cewmlator's Finance Director, stops by your workspace:

"I have brought you an extract from this morning's Board meeting.

I need two things from you before the next Board meeting:

- Firstly, evaluate the political, economic and legal implications of Cewmlator requiring dealerships to introduce a battery repair service.

[sub-task (a) = 60%]

- Secondly, evaluate the ethical implications of requiring dealership technicians to dismantle high voltage batteries in order to carry out repairs."

[sub-task (b) = 40%]

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Extract from Board minutes

Anna Pohl, Cewmlator's Research and Development Director, briefed the Board on a project that is underway in relation to the repair of batteries as part of the aftersales service offered to customers. Cewmlator's EV batteries are difficult and dangerous to repair because they create high voltages that can cause critical injuries. Very few of Cewmlator's dealerships have suitably trained staff or the equipment required to repair batteries. At present, defective batteries are replaced with new ones. Customers whose batteries are no longer covered by Cewmlator's warranty often scrap their cars if their batteries are defective.

Batteries can fail for several reasons:

- Degradation can reduce the EV's range and/or extend charging times. Mileage ranges might become unacceptable, even after a full charge.
- Minor collisions can create fire risks from short circuits within the battery.
- Very rarely, one of the cells within a battery can fail, causing the entire battery to fail.

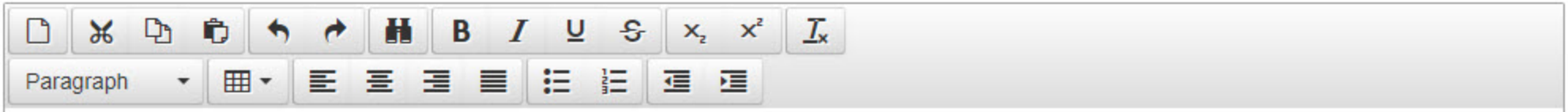
A new battery costs D$20,000. Repairs to a failed battery would usually cost less than half of that amount.

Manufacturing batteries is a major source of emissions. Each battery is responsible for 45% of the CO_2e emissions for the manufacture of an electric car.

Cewmlator's Research and Development Department has a team of engineers designing equipment and developing procedures that will enable dealership staff to repair most of the faults that can lead to battery failure. It is anticipated that repairing an existing battery will be significantly less expensive than a replacement. For example, it would be possible to replace a damaged or defective cell for D$2,500.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.



Reference Material Pre-seen

A month later, you receive the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: FWD: Share price

Hello,

I have forwarded you an email from our CEO.

I need the following from you:

- Firstly, evaluate whether the unique movement in Cewmlator's share price relative to the share prices of other EV manufacturers indicates that we should commit to the development of a battery repair service through our dealership network and whether we should publicise our decision.

[sub-task (a) = 60%]

- Secondly, recommend with reasons a suitable treatment in our risk register for the issues relating to informing our dealerships of confidential strategic information.

[sub-task (b) = 40%]

Regards

Suhas

The email referred to by Suhas can be viewed by clicking on the Reference Material button above.

From: Ke Xue, Chief Executive Officer
To: Suhas Pathak, Finance Director
Subject: Share price

Hi Suhas,

Cewmlator's share price has increased over the past few days, but I cannot see any reason for this. The share prices of the other EV manufacturers have either remained static or have decreased slightly in that same period.

Cewmlator's Dealership Management Department briefed our dealerships a week ago on the possible development of a battery repair service for our cars. Dealerships had to sign non-disclosure agreements before they received this briefing, but Stella Freeman, our Sales Director, was contacted by a journalist who had heard rumours that we have plans to introduce battery repairs. Stella declined to respond, stating that it was against company policy to comment on rumours.

We have 4,600 dealerships. They are independent businesses that are authorised by us to sell and to maintain Cewmlator cars.

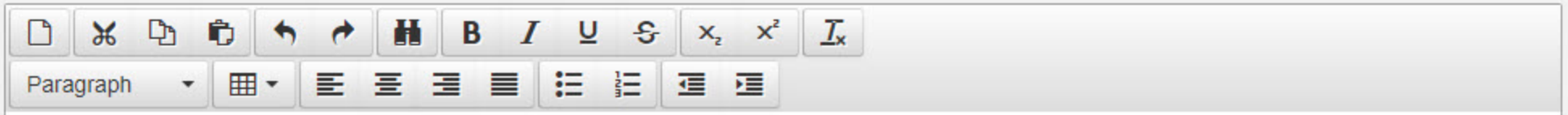
Regards

Ke

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: FWD: RE: Share price



Reference Material Pre-seen

A week later, you receive the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: Training dealership technicians

Hello,

I have attached an extract from the minutes of this morning's Board meeting.

I need your advice on two matters:

- Firstly, evaluate the advantages and disadvantages of acquiring Tektrayn by a share exchange rather than as a cash purchase.

[sub-task (a) = 50%]

- Secondly, recommend with reasons the tests that Cewmlator's Internal Audit Department could carry out to assist the Board in ensuring that dealerships have taken the necessary steps to ensure safe and efficient battery repairs.

[sub-task (b) = 50%]

Regards

Suhas

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Extract from Board minutes

The Board received a report from Anna Pohl, Cewmlator's Research and Development Director, on the development of techniques for the repair of damaged and defective batteries by Cewmlator's 4,600 dealerships, which are spread across 56 countries. This will require dealerships to invest in specialised equipment. They will also have to train technicians to conduct repairs and to do so safely.

Stella Freeman, the Sales Director, is responsible for dealership relations. She has recommended that Cewmlator considers the acquisition of Tektrayn, an unquoted company that specialises in the creation of online training materials for technical staff. Tektrayn would then focus on developing courses, including training for dealership management teams on the new equipment that will be required in dealership workshops for battery repairs and the layout of safe and efficient workshops. Tektrayn could also provide dealership technicians with training in the most common repairs for batteries and the associated safety and reliability issues.

Suhas Pathak informed the Board that the founders of Tektrayn would be unlikely to accept less than D$50 million for their company. He asked the Board to consider whether to fund any acquisition by means of a cash payment or a share exchange.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: RE: Training dealership technicians

Paragraph

Thank you for completing the Strategic Case Study Exam.

Before you leave, don't forget to collect your printed confirmation of attendance.

Please click the End Exam (E) button before leaving the testing room quietly.

Strategic Case Study Exam

Maximum Time Allowed: 3 Hours

Welcome, Candidate Name

If this is not your name, please let your administrator know.

Click **Next** to start the test.

This examination is structured as follows:

Section number	Time for section (minutes)	Number of tasks	Number of sub-task/s	% time to spend on each sub-task
1	60	1	2	(a) 60% (b) 40%
2	60	1	2	(a) 40% (b) 60%
3	60	1	2	(a) 50% (b) 50%

Each section (task) has a number of sub-tasks. An indication of how much of the time available for the section that you should allocate to planning and writing your answer is shown against each sub-task in the text of the question (and summarised in the table above).

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

Reference Material Pre-seen

Suhas Pathak, Finance Director, asks you to join him in a meeting room:

"I have brought you an extract from a document that has been circulated to the Board.

I need your advice on two matters arising from this discussion:

- Firstly, our provision of charging points will impact on rival manufacturers of electric vehicles (EV) and their future policies. Recommend with reasons the matters that should be considered in a competitor analysis of this impact.

[sub-task (a) = 60%]

- Secondly, evaluate the impact that the creation of these charging points will have on our non-financial capitals."

[sub-task (b) = 40%]

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Proposal to build Cewmlator charging points in Duxland
Executive summary

Prepared by Alex Nolan, Senior Marketing Manager

Some owners of ICE cars are reluctant to buy battery electric vehicles (BEVs), such as those manufactured by Cewmlator, because of concerns about the availability of charging points. It is proposed that we address this problem by installing 8,000 charging points across Duxland, which is one of our most important markets. These charging points will be for the exclusive use of drivers of Cewmlator cars.

There are presently 78,000 charging points in Duxland, which are operated by 12 commercial companies. Each charging point can be used by any customer who has an account with the charging company who owns it. The customer uses a smartphone to scan the QR code on the charging point. That opens the charging company's app on the phone and requests the customer's username and password. If the details match, the customer can use the charging point. Once the car is charged, the charging company takes payment using the credit card details linked to the customer's account.

Cewmlator will use an identical system. Cewmlator owners who wish to use these charging points will create accounts through Cewmlator's website and will provide personal information, including credit card details. They will then be able to download the Cewmlator charging app to their smartphones. Only drivers of Cewmlator cars will be able to create accounts and activate the app.

Cewmlator owners will be free to create accounts with other charging companies and to install other charging company apps on their smartphones. They will, therefore, continue to have access to existing charging points. They may prefer to use Cewmlator's charging points because they will be for the exclusive use of Cewmlator cars and so there is less likely to be a queue.

Our new charging points will be located in places where demand is known to be high and so the availability of vacant charging points is limited. The selling price for our electricity will be the same as that of other charging point operators, taking account of location. Prices vary in response to local demand and competition, with higher prices in motorway service stations and lower prices in residential areas.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

Reference Material Pre-seen

A month later, you receive the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: Proposal to build Cewmlator charging points in Duxland

Hello,

I have attached an extract from the minutes of this morning's Board meeting.

I need your help with two matters:

- Firstly, evaluate the Sales Director's use of Cewmlator's vision to justify the implementation of the proposal to provide charging points in Duxland.

[sub-task (a) = 40%]

- Second, recommend with reasons the matters Cewmlator should consider when raising debt to finance the purchase and installation of charging points in Duxland.

[sub-task (b) = 60%]

Regards

Suhas

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Extract from Board minutes

Proposal to build Cewmlator charging points in Duxland

The Board discussed the proposal to provide 8,000 charging points in Duxland. These will be for the exclusive use of drivers of Cewmlator cars.

Stella Freeman, Sales Director, reminded the Board that Cewmlator's vision is "to be the leading manufacturer of sustainable motor vehicles". In her opinion, Cewmlator's provision of charging points would be consistent with that vision and so she recommended that the proposal should be implemented.

Suhas Pathak, Finance Director, informed the Board that it would cost D$480 million to buy and install 8,000 charging points. He warned the Board that none of Cewmlator's existing cash balances are available to make this investment because most of these balances are held by overseas subsidiaries and cannot be remitted to Duxland without suffering seriously adverse tax charges.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: RE: Proposal to build Cewmlator charging points in Duxland

Paragraph

Reference Material Pre-seen

Six months have passed. Cewmlator has installed the first 500 of its charging points and has plans to install a further 7,500 over the next few months to give 8,000 in total.

You receive the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: Customers defrauded

Hello,

I have attached a news report that summarises the problems that occurred yesterday when we brought the first 500 of our charging points online. The Board has decided to take the charging points offline for 2 weeks to give us a chance of resolving the problem.

We need to introduce some new controls into our system for selling electricity and collecting payment from customers. It is too late to modify the design of the charging points themselves but there are other ways in which we might respond. All of our charging points are located in well-lit places that are designed to be convenient for customers. Charging points are equipped with screens that inform customers of the progress of the transaction.

I need your advice on two matters:

- Firstly, recommend with reasons additional internal controls that could be introduced to prevent our charging point customers from being defrauded. Please consider the need to protect customers both when they are setting up their accounts and when they are using the charging points.

[sub-task (a) = 50%]

- Secondly, recommend with reasons the role that Cewmlator's Audit Committee might take in the review of payment systems and the evaluation of ongoing events.

[sub-task (b) = 50%]

Regards

Suhas

The news report referred to by Suhas can be viewed by clicking on the Reference Material button above.

Duxland Daily

Cewmlator customers defrauded

Cewmlator, the EV manufacturer, put the first 500 of its new charging points online yesterday morning. Unfortunately, 120 customers lost large amounts because of fraudulent alterations to a number of these machines.

Each charging point has a metal plate with a QR code and an identification number. Customers access the charging points by opening the Cewmlator app on their smartphones and scanning the QR code. Their phones send a message that activates the charging point and enables them to charge their car batteries.

Criminals applied stickers over the QR codes on 30 of Cewmlator's charging points. These stickers had a QR code that was a link to a website created by the criminals. The website carried the Cewmlator logo and stated that the customer's credit card details were incorrect. Customers were asked to input their credit card numbers and three-digit card security code. The criminals used those details to withdraw funds from customers' accounts.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: RE: Customers defrauded

Paragraph

Thank you for completing the Strategic Case Study Exam.

Before you leave, don't forget to collect your printed confirmation of attendance.

Please click the End Exam (E) button before leaving the testing room quietly.

Strategic Case Study Exam

Maximum Time Allowed: 3 Hours

Welcome, Candidate Name

If this is not your name, please let your administrator know.

Click **Next** to start the test.

This examination is structured as follows:

Section number	Time for section (minutes)	Number of tasks	Number of sub-task/s	% time to spend on each sub-task
1	60	1	2	(a) 50% (b) 50%
2	60	1	2	(a) 60% (b) 40%
3	60	1	2	(a) 40% (b) 60%

Each section (task) has a number of sub-tasks. An indication of how much of the time available for the section that you should allocate to planning and writing your answer is shown against each sub-task in the text of the question (and summarised in the table above).

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

Reference Material Pre-seen

You have received the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: Tweaking engine control units (ECUs)

Hello,

I have attached a news report that has just gone online. We have had complaints from dealerships about customers attempting to obtain repairs under warranty for problems that appear to have been caused by tweaks to their ECU software.

Customers almost always deny tweaking their software unless dealerships use their diagnostic equipment to prove that the software has been modified, which can take up to 3 hours of technician time.

I need your advice on the following:

- Firstly, recommend with reasons controls that might be introduced in order to prevent the tweaking of ECU software.

[sub-task (a) = 50%]

- Secondly, evaluate the impact that software tweaking could have on Cewmlator's non-financial capital.

[sub-task (b) = 50%]

Regards

Suhas

The news report referred to by Suhas can be viewed by clicking on the Reference Material button above.

Duxland Daily

Think before you tweak your EV

EV owners have been warned not to modify the software in their cars' electronic control units (ECUs). There are two main reasons for doing so. Some owners are keen to increase the acceleration and maximum speed of their cars. Modifying software in this way is commonly called "tweaking". Software "tweaks" can override the limits imposed by the ECU on the power that is available when drivers accelerate. The other reason is to allow EV batteries to charge faster. Tweaks can override the restrictions on the electrical current that can flow into batteries, speeding up charges.

EV owners can tweak their ECUs by buying devices on the internet that plug into a socket on the motor. This socket is intended for use by dealership mechanics to enable them to run tests on the motor and battery and are not intended for use by owners.

Tweaks can lead to problems:

- Increasing a car's top speed might reduce its range by a disproportionate amount, as much as 40% loss of range for as little as an extra 10 kilometres per hour of maximum speed.
- Speeding up charges can cause overheating. In extreme cases, the battery can catch fire.
- Manufacturers issue regular software updates that are to improve safety and efficiency. Cars download those updates automatically. Manufacturer's updates in tweaked ECUs can cause permanent damage, which requires the installation of a new ECU at considerable cost.
- Tweaking ECUs invalidates manufacturers' warranties.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: RE: Tweaking engine control units (ECUs)

Paragraph

Reference Material Pre-seen

Three weeks later, you receive the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: FWD: New battery

Hi,

I have forwarded an email from our Research and Development Director.

I need your advice concerning two matters:

- Firstly, evaluate Anna's proposal to develop this new battery using the suitability, acceptability and feasibility (SAF) criteria.

[sub-task (a) = 60%]

- Secondly, recommend with reasons the issues that we should consider when evaluating the loan that has been offered by the commercial bank.

[sub-task (b) = 40%]

Regards

Suhas

The email referred to by Suhas can be viewed by clicking on the Reference Material button above.

From: Anna Pohl, Research and Development Director
To: Suhas Pathak, Finance Director
Subject: New battery

Dear Suhas,

One of my research teams has had some promising results that suggest we could create batteries that will offer extremely rapid charging. These batteries will offer the same range as conventional rechargeable batteries, but they will offer a charging time of 8 minutes to recharge them from 10% to 80% of full capacity.

If we succeed, our customers will be able to stop at a service station on a long journey and recharge their batteries almost as quickly as refuelling ICE cars.

It will be expensive to develop these batteries. I estimate that we will have to spend D$10 billion over the next 3 years in order to complete development and bring the new batteries to market. I am, however, confident that we will succeed.

I was contacted recently by a major commercial bank's lending officer. She was keen to know whether we had any research under way that might require funding and that could be classed as sustainable. The bank wishes to present itself as a supporter of sustainable products and would be willing to give us a small discount against its normal interest rate if we borrowed up to D$10 billion from it and permitted the bank to publicise its support for such a project.

Regards

Anna

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: FWD: RE: New battery

Paragraph

Reference Material Pre-seen

Suhas Pathak asks you to join him in a meeting room:

"I have brought you an extract from the minutes of this morning's Board meeting.

I need your advice on two matters:

- Firstly, identify and evaluate the issues that would determine whether Cewmlator's share price will increase or decrease as a result of the withdrawal of our Skkorch model.

[sub-task (a) = 40%]

- Secondly, evaluate the arguments for and against adjusting the executive directors' performance-related bonuses to protect them from any reduction in bonus arising from the withdrawal of Skkorch."

[sub-task (b) = 60%]

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Extract from Board minutes

Narrowing product range

Stella Freeman, Sales Director, reminded the Board that Cewmlator manufactures four models:

- Tynie – a two-seater, for urban commuting.
- Trapp – a five-seater, an economical hatchback.
- Twistx – a five-seater, for families.
- Skkorch – a two-seater sports car, for enthusiastic drivers.

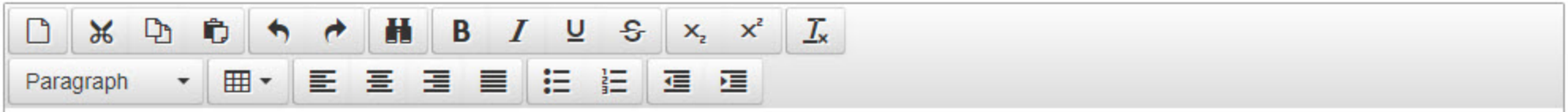
Skkorch accounts for 10% of the cars sold by Cewmlator and 15% of the company's revenue. It is, however, difficult to argue that Skkorch is a sustainable product. The car tends to be purchased by drivers who choose to drive dangerously fast. EVs, including Skkorch, often have to be scrapped after even minor collisions because any deformation or damage to their batteries can create a fire hazard.

The Sales Director recommended that the Skkorch model should be withdrawn from sale and that Cewmlator should market its remaining three models of car aggressively on the basis of their sustainability.

Uzma Mussarat, independent non-executive director and convener of the Board Remuneration Committee, commented that any reduction in profits could result in a decrease in executive directors' performance-related bonuses.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.



Thank you for completing the Strategic Case Study Exam.

Before you leave, don't forget to collect your printed confirmation of attendance.

Please click the End Exam (E) button before leaving the testing room quietly.

Strategic Case Study Exam

Maximum Time Allowed: 3 Hours

Welcome, Candidate Name

If this is not your name, please let your administrator know.

Click **Next** to start the test.

This examination is structured as follows:

Section number	Time for section (minutes)	Number of tasks	Number of sub-task/s	% time to spend on each sub-task
1	60	1	2	(a) 50% (b) 50%
2	60	1	2	(a) 60% (b) 40%
3	60	1	2	(a) 40% (b) 60%

Each section (task) has a number of sub-tasks. An indication of how much of the time available for the section that you should allocate to planning and writing your answer is shown against each sub-task in the text of the question (and summarised in the table above).

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

Reference Material Pre-seen

Suhas Pathak, Finance Director, asks you to join him in a meeting room:

"I have brought you an extract from a proposal that has been circulated to the Board.

I need your advice on two matters before the Board meets to discuss this proposal:

- Firstly, evaluate the environmental, social and governance (ESG) implications for Cewmlator of assisting in the development of Dr Cole's process.

[sub-task (a) = 50%]

- Secondly, evaluate the difficulties of predicting the impact that an investment in support of the development of Dr Cole's process will have on Cewmlator's share price."

[sub-task (b) = 50%]

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Proposal to develop recycling process for car batteries
Executive summary

Prepared by Lauri Aila, Senior Research and Development Manager

The methods that can currently be used for recycling EV batteries are inefficient. Both consume a great deal of electricity and neither can release all of the metals, including nickel, cobalt and lithium, that were used to make the battery.

I spoke to Dr Janet Cole, the Chief Executive of a chemical engineering consultancy, at a motor industry technology conference last week. She was looking for support for the development of a new recycling technology that has the potential to improve the efficiency of recycling batteries from scrapped EVs. This technology will use industrial microwaves to break batteries down into their constituent metals, recovering a much higher percentage of the metals that were used to make those batteries than can be obtained when using existing technologies. The microwaves will require electrical power but will use far less electricity than either of the existing methods.

Dr Cole believes that her new technology is ready for testing, but it will be very expensive to build a working prototype. I told her that I would seek the approval of Cewmlator's Board to support the testing and development of this process, in return for which we would expect an option to purchase exclusive rights to the patents for the developed process.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

Reference Material Pre-seen

Six months have passed. You receive the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: Battery recycling proposal

Hello,

I have attached an extract from the minutes of this morning's Board meeting.

I am briefing the CEO later today and I need your advice on two matters:

- Firstly, evaluate the ethical implications of Cewmlator exercising the option to acquire sole rights to Dr Cole's process for D$200 million and of excluding other EV manufacturers from having access to the process.

[sub-task (a) = 60%]

- Secondly, identify the political risks arising from Cewmlator's adoption of the process, given its relationship with Eastland and recommend, stating reasons, suitable responses to those risks.

[sub-task (b) = 40%]

Regards

Suhas

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Extract from Board minutes
Battery recycling proposal

Anna Pohl, Research and Development Director, informed the Board that the battery recycling technology developed by Dr Janet Cole's third-party chemical engineering consultancy had been tested and found to offer a safe and efficient means of extracting the nickel, cobalt and lithium from scrapped EV batteries. The results had exceeded all expectations in terms of the yield of metal and the saving in energy consumption compared to existing methods.

Cewmlator paid for the construction of Dr Cole's prototype and for the cost of running the tests. It was agreed from the outset that Cewmlator would have the option to purchase exclusive rights to Dr Cole's process for D$200 million. Dr Cole now believes that her process is actually worth at least D$300 million, based on the unexpected success of the tests.

Stella Freeman, Sales Director, expressed concern that the adoption of Dr Cole's process could create problems. The country of Eastland is the world's largest market for EVs. 20% of the cars manufactured by Cewmlator are exported to Eastland. Eastland is also the world's biggest producer of lithium, which is used extensively in the production of EV batteries. Eastland is the host country for Cewmlator's battery factory.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: RE: Battery recycling proposal

Reference Material Pre-seen

Two months later, Cewmlator has acquired the right to the use of Dr Cole's battery recycling process. This acquisition has been announced to the shareholders, even though it will be at least 2 years before the process can be put into operation.

You receive the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: FWD: Collaboration opportunity

Hello,

I have forwarded an email that I received from the Non-Executive Chair.

I need your advice on two matters:

- Firstly, recommend with reasons whether the adoption of Attomm's proposal would be consistent with the suitability, acceptability and feasibility (SAF) criteria.

[sub-task (a) = 40%]

- Secondly, evaluate the arguments for and against the appointment of an executive director to take responsibility for environmental, social and governance (ESG) matters. You should illustrate your arguments using the issues arising from the approach from Attomm.

[sub-task (b) = 60%]

Regards

Suhas

The email referred to by Suhas can be viewed by clicking on the Reference Material button above.

From: Suren Pillay, Non-Executive Chair
To: Suhas Pathak, Finance Director
Subject: Collaboration opportunity

Hello Suhas,

I have recently been approached by Nadia Baline, the Non-Executive Chair of Attomm, our largest competitor in the BEV market. Nadia wishes Attomm to collaborate with Cewmlator in the final development and launch of the battery recycling technology that Cewmlator purchased recently from Dr Cole.

Nadia proposes that Attomm's research and development staff would assist Cewmlator's staff to perfect this technology. Then, the two companies would collaborate on the construction of a battery recycling factory that would supply both Attomm and Cewmlator with nickel, cobalt and lithium from scrapped batteries. Both companies would share the construction and running costs of the factory and would pay the market price for the metals that they purchased. The factory's profit would be shared on the basis of 70% to Cewmlator and 30% to Attomm, with the shares reflecting the fact that Cewmlator owns exclusive rights to the process.

Regards

Suren

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: FWD: RE: Collaboration opportunity

Paragraph

Thank you for completing the Strategic Case Study Exam.

Before you leave, don't forget to collect your printed confirmation of attendance.

Please click the End Exam (E) button before leaving the testing room quietly.

Strategic Case Study Exam

Maximum Time Allowed: 3 Hours

Welcome, Candidate Name

If this is not your name, please let your administrator know.

Click **Next** to start the test.

This examination is structured as follows:

Section number	Time for section (minutes)	Number of tasks	Number of sub-task/s	% time to spend on each sub-task
1	60	1	2	(a) 60% (b) 40%
2	60	1	2	(a) 40% (b) 60%
3	60	1	2	(a) 50% (b) 50%

Each section (task) has a number of sub-tasks. An indication of how much of the time available for the section that you should allocate to planning and writing your answer is shown against each sub-task in the text of the question (and summarised in the table above).

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

Reference Material Pre-seen

You receive the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: Tax on exports to Eastland

Hello,

I have attached a news report that has just gone online.

This could be a serious matter for Cewmlator. Eastland is our largest market, particularly for our Cewmlator Tynie model.

Eastland also plays host to Cewmlator's battery factory. Eastland is a major producer of lithium, the most expensive component of an EV battery. We buy our lithium from Eastlandian mines. The batteries are shipped to our car factories in Duxland, Winland and Groveland. Eastlandian law requires us to value intragroup transfers of batteries at their normal commercial prices for tax purposes.

I am interested in your opinion on two matters:

- Firstly, using scenario planning thinking, explain how each of the following possibilities should be managed:
  - The Eastlandian Government increases its tax on the sale of imported cars to 25%.
  - The Eastlandian Government threatens to nationalise Cewmlator's battery factory.
  - The Eastlandian Government threatens to ban imports of EVs.

[sub-task (a) = 60%]

- Secondly, evaluate the impact of the strengthening of the E$ on Cewmlator's ability to do business.

[sub-task (b) = 40%]

Regards

Suhas

The news report referred to by Suhas can be viewed by clicking on the Reference Material button above.

Duxland Business News

Eastland's Government plans to tax EV imports

Eastland's Government has announced that it intends to impose a tax on the sale of EVs imported into the country. It claims that this will protect its domestic EV industry.

Eastland has the world's largest EV market. There is a strong demand for small electric cars that can cope with the crowded streets and limited parking spaces of the country's cities. Eastlandian buyers often buy imported cars. The Attomm Particle and Cewmlator Tynie occupy the first and second places respectively for the number of new cars sold in Eastland. Both companies have large, franchised dealership networks throughout the country.

Eastland has its own EV manufacturers, including Dilson, Elchro and Gorriss, that sell to both their domestic and the wider global markets. These brands tend to focus on the manufacture of small cars suited to city traffic, which are not particularly popular in other markets. That has led to claims from the Eastlandian Government that its EVs face unfair competition in major export markets such as Duxland, where the most popular EV is the Cewmlator Twistx.

A 10% tax will be imposed on the selling price of all EVs imported into Eastland after the beginning of next month.

Eastland's E$ strengthened on the currency markets immediately after this announcement.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: RE: Tax on exports to Eastland

Paragraph

Reference Material Pre-seen

A week later, you receive the following email:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: FWD: Eastland

Hello,

I have forwarded an email from Suren Pillay, Cewmlator's Non-Executive Chair.

I need your advice on two matters:

- Firstly, evaluate the logic of the Non-Executive Chair's argument that Cewmlator's Board should have predicted the imposition of a sales tax through an analysis of the political and economic environments in Eastland.

[sub-task (a) = 40%]

- Secondly, evaluate the implications of the decrease in Cewmlator's share price and recommend with reasons how the Board should respond to it.

[sub-task (b) = 60%]

Regards

Suhas

The email referred to by Suhas can be viewed by clicking on the Reference Material button above.

From: Suren Pillay, Non-Executive Chair
To: Suhas Pathak, Finance Director
Subject: Eastland

Hello Suhas,

I am writing to each of the executive directors to express my disappointment in the Board's failure to predict the actions of the Eastlandian Government in imposing a sales tax on EV imports. Eastland is our largest market, generating 23% of our total vehicle sales and we should have kept a closer eye on the political and economic implications of our activities there.

Cewmlator's share price has fallen by 30% since the news of the Eastlandian Government's action. Market analysts continue to publish pessimistic reports about our share price. The only consolation is that Attomm, our rival EV manufacturer, has also been affected by the sales tax and has suffered a 35% decrease in share price. Most other competitors, except for those based in Eastland, have suffered smaller decreases. The share prices of Eastlandian EV manufacturers have increased.

Regards

Suren

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: FWD: RE: Eastland

Paragraph

Reference Material Pre-seen

A month later, Suhas Pathak, Finance Director, asks you to join him in a meeting room:

"I have brought you an extract from the minutes of this morning's Board meeting.

It is worrying that one of our managers can be accused of bribery. We have sales offices and factories in several foreign countries, in addition to our operations in Duxland.

I have spoken to our Head of Internal Audit, who claims that bribery prevention is not part of internal audit's responsibility. The Head of Internal Audit also claims that it would be difficult for Internal Audit to detect bribery.

I need your advice on two matters:

- Firstly, recommend with reasons the internal controls that we could use to prevent bribery.

[sub-task (a) = 50%]

- Secondly, evaluate the Head of Internal Audit's claims concerning bribery prevention."

[sub-task (b) = 50%]

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Extract from Board minutes

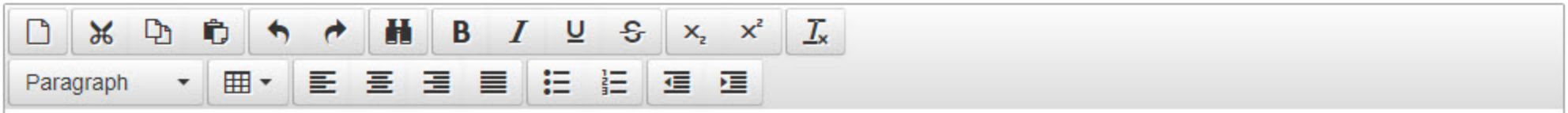
Stella Freeman, Sales Director, reminded the Board that Cewmlator has a permanent Sales Office in Eastland's First City. The office is responsible for marketing activities in Eastland, supporting the independent sales dealerships that we have across the country.

The Eastland Head of Sales, who is in charge of the First City Sales Office, has been arrested by Eastlandian police and now faces trial. He has been accused of attempting to bribe a senior Eastlandian Government official in order to obtain information about the possibility that the sales tax on imported EVs will increase.

The Eastland Head of Sales has been accused of asking the official to submit a large invoice for consultancy advice. The official's role includes briefing representatives of foreign companies based in Eastland and the Eastlandian Government does not charge for such advice. The official reported the matter to the First City Police Department, who arrested the Head of Sales.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.



Thank you for completing the Strategic Case Study Exam.

Before you leave, don't forget to collect your printed confirmation of attendance.

Please click the End Exam (E) button before leaving the testing room quietly.

Strategic Case Study Exam

Maximum Time Allowed: 3 Hours

Welcome, Candidate Name

If this is not your name, please let your administrator know.

Click **Next** to start the test.

This examination is structured as follows:

Section number	Time for section (minutes)	Number of tasks	Number of sub-task/s	% time to spend on each sub-task
1	60	1	2	(a) 50% (b) 50%
2	60	1	2	(a) 40% (b) 60%
3	60	1	2	(a) 60% (b) 40%

Each section (task) has a number of sub-tasks. An indication of how much of the time available for the section that you should allocate to planning and writing your answer is shown against each sub-task in the text of the question (and summarised in the table above).

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

Reference Material Pre-seen

Suhas Pathak, Finance Director, asks you to join him in a meeting room:

"I have brought you an extract from this morning's Board meeting.

Battkem's market capitalisation is roughly 25% of Cewmlator's.

I need your advice on two matters:

- Firstly, evaluate the importance of the key resources that Cewmlator will require in order to make a success of this acquisition.

[sub-task (a) = 50%]

- Secondly, evaluate the challenges associated with negotiating a share exchange in order to bring about Cewmlator's acquisition of 100% of Battkem's equity."

[sub-task (b) = 50%]

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Extract from Board minutes
Solid state batteries

Suren Pillay, Non-Executive Chair, informed the Board that he has held some informal meetings with Sally Kim, the Chair of Battkem, a quoted company based in Farland and quoted on the Farlandian stock exchange. Battkem manufactures batteries for EVs, using technology that is very similar to that used by Cewmlator at its battery factory in Eastland.

Battkem's Research and Development (R&D) Department has been working on the development of a practical solid-state battery for EVs. All current EV batteries use a lithium-based liquid as the electrolyte. That can create safety concerns, such as the risk of fire in the event that the EV is involved in a collision or if the battery overheats while being recharged.

Solid-state batteries use solid electrolytes that significantly reduce the fire hazard and permit faster charging. They can also provide a much greater storage capacity from any given size or weight of battery pack than traditional batteries, so they can offer a greater range for EVs. Solid-state batteries are also less susceptible to battery degradation, so cars will last longer before having to be scrapped.

The advantages of solid-state batteries are well known, but they have never been manufactured on a commercial scale because of difficult technical problems. Battkem's R&D Department is close to resolving those problems but does not have sufficient resources to complete this work. Sally Kim recognises Cewmlator's expertise in battery manufacturing and wishes Cewmlator to acquire a controlling interest in Battkem. Cewmlator will then support the completion of the development work, both financially and with technical assistance.

Suren Pillay asked that the Board treat this information in confidence. Its R&D Department has been working on solid-state battery technology under conditions of extreme secrecy.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

Reference Material Pre-seen

Six months later, Cewmlator has acquired 100% of Battkem's equity:

From: Suhas Pathak, Finance Director
To: Senior Finance Manager
Subject: FWD: Battkem

Hello,

I am forwarding an email that I received from Ke Xue, our Chief Executive Officer.

I need your advice on two matters:

- Firstly, identify the political risks associated with the location of the solid-state battery factory and recommend, stating reasons, a response to those risks.

[sub-task (a) = 40%]

- Secondly, evaluate the ethical implications of delaying the completion of the R&D work in order to assist in negotiations with governments who have an interest in the location of the factory.

[sub-task (b) = 60%]

Regards

Suhas

The email referred to by Suhas can be viewed by clicking on the Reference Material button above.

From: Ke Xue, Chief Executive Officer
To: Suhas Pathak, Finance Director
Subject: Battkem

Hello Suhas,

The R&D team at our Battkem subsidiary is making good progress. We should be ready to start designing and building a solid-state battery factory within 2 years.

The battery is the most expensive component in an EV. It makes sense for Cewmlator to supply as many manufacturers as possible with solid-state batteries, so that we can generate revenues from our rivals' sales. I believe that we should build a single large factory that will produce sufficient solid-state batteries to equip all of Cewmlator's cars and to meet the needs of the EV manufacturers who presently buy their batteries from Battkem. The factory will be large enough to enable us to expand if further manufacturers wish to buy from us.

We face some political problems over the location of this factory:

- Cewmlator currently has a factory in Eastland for the manufacture of our batteries. Our factory employs 8,000 workers and is a source of revenue for many local suppliers of goods and services. Eastland is our largest market for EVs.
- Battkem's headquarters and factory are both located in Farland. It employs a total of 9,000 workers. That factory supplies four EV manufacturers with batteries. Farland is the location of Cewmlator's factory for electric motors, which employs 6,000 workers.
- The new factory will employ up to 20,000 workers. The Duxlandian Government is putting us under some pressure to locate that factory in Duxland, where we already have two car factories. The Eastlandian and Farlandian governments are also keen to host our new battery factory.

I have instructed the R&D team to delay the completion of the development work on solid-state batteries so that we can delay deciding on the location of our factory.

Regards

Ke

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.

From: Senior Finance Manager
To: Suhas Pathak, Finance Director
Subject: FWD: RE: Battkem

Paragraph

Reference Material Pre-seen

Four months later, the development work on solid-state batteries has been completed. Cewmlator's share price increased significantly when the completion was announced.

Suhas Pathak asks you to join him in a meeting room:

"I have brought you an extract from the minutes of this morning's Board meeting.

I need your advice on two matters:

- Firstly, evaluate the arguments for and against Cewmlator's Remuneration Committee taking account of the recent increased share price and the prospect of future increased profit when deciding on the executive directors' performance-related bonuses.

[sub-task (a) = 60%]

- Secondly, evaluate whether further investments in R&D are justified given the experience of the development of solid-state batteries. Your thinking should be based on suitability and acceptability criteria."

[sub-task (b) = 40%]

The extract referred to by Suhas can be viewed by clicking on the Reference Material button above.

Extract from Board minutes
R&D activities

The Board noted that Cewmlator's share price had increased significantly over the previous 12 months. Part of that increase occurred when Cewmlator acquired 100% of the equity of Battkem and an announcement was made concerning Battkem's work on solid-state batteries. The remainder occurred when the completion of the R&D work on this battery technology was announced.

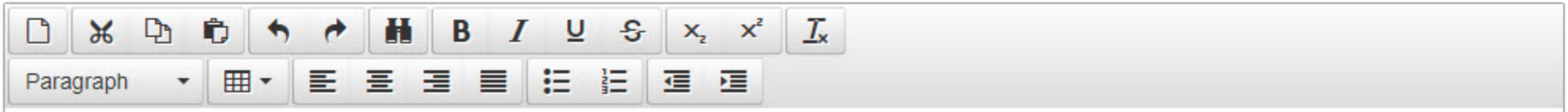
The Board anticipates a significant increase in profitability once the solid-state batteries go into production, which should be within a year.

The Board agreed to be vigilant in watching for further opportunities to invest in R&D.

The Board welcomed Beatriz Blasco as a new member. She was formerly Battkem's Research and Development Director but has joined Cewmlator's Board as a replacement for Anna Pohl, formerly Cewmlator's Research and Development Director, who is stepping down with immediate effect.

Reference Material Pre-seen

Draft your response to Suhas' requests in the box below.



Thank you for completing the Strategic Case Study Exam.

Before you leave, don't forget to collect your printed confirmation of attendance.

Please click the End Exam (E) button before leaving the testing room quietly.

Strategic Case Study

November 2025 & February 2026

Exam Answers

Variant 1

These answers have been provided by CIMA for information purposes only. The answers created are indicative of a response that could be given by a good candidate. They are not to be considered exhaustive, and other appropriate relevant responses would receive credit.

CIMA will not accept challenges to these answers on the basis of academic judgement.

Section 1

Requirement 1 – Battery repair service

The main political implication is that Cewmlator will be less exposed to the threat of legislation to discourage the scrapping of EVs. Concerns about battery problems could undermine the implementation of government policies to discourage the purchase of ICEs. Many governments have such a policy, but they could meet resistance from motorists who are concerned that their cars will have limited lives because of battery problems. Environmental concerns associated with scrapping cars involved in collisions that would have been survivable by ICE cars could lead to the introduction of further legislation, which might create difficulties for EV manufacturers. If Cewmlator is seen to be doing something about that problem, then it will have greater influence in lobbying governments on the environmental issues associated with the disposal of EVs. Governments could, for example, be particularly concerned about the disposal of BEVs because their batteries are larger than those of other types of EV and contain significant quantities of potentially hazardous materials such as lithium. Cewmlator is a major manufacturer of this type of car and should be able to claim that it is taking responsibility for enhancing the lives of its batteries and leading the EV industry in the process.

The main economic implication for Cewmlator is that it will be less exposed to fluctuations in the prices of the commodities that are used to make EV batteries. Equipping dealerships with the means to repair batteries will make it possible to reduce the number of new batteries that have to be made and installed, reducing the need to buy metals such as lithium. The cost of these metals is likely to increase in the medium term because of growing demand created by increased production of new EVs. It could be to Cewmlator's benefit to require dealerships to repair batteries rather than replace them because there could be significant adverse publicity associated with the cost to

customers of replacing batteries after, say, minor road traffic accidents. These savings will not necessarily be sufficient to avoid such publicity if battery repairs will cost roughly 50% as much as battery replacements. Cewmlator manufactures its batteries in Eastland, so introducing repairs at dealerships will reduce the company's exposure to movements in Eastland's currency. Local repairs will also avoid the cost of shipping batteries around the world for replacement of damaged or failed units.

The legal implications will arise from the fact that dealerships might regard the imposition of this requirement as a significant addition to their existing agreement with Cewmlator. They might argue that Cewmlator has no right to insist on a significant change to their dealership agreements. Dealerships might be reluctant to agree to this change because of issues with buying equipment or employing suitable staff. Implementation could be very expensive in some countries, giving dealerships an incentive to resist agreeing to Cewmlator's terms. The company has thousands of franchised dealerships, spread across many countries, which could complicate the enforcement of this requirement. Each country will have its own contract laws, which might affect Cewmlator's ability to enforce this new requirement. It may be necessary to hire legal representatives in several different countries. It may be difficult to ensure that dealerships respect the spirit of any agreements that Cewmlator manages to impose on them through negotiation or legal actions.

Requirement 2 – Ethical implications

The principle of professional behaviour requires that Cewmlator complies with relevant laws and regulations. Health and safety regulations will have to be complied with so that employees are not put at risk of fatal or critical injury. In this case, that will require the company to identify the risks associated with handling damaged and failed batteries and opening them in order to effect repairs. Cewmlator's R&D staff will have to develop guidance, so that dealership staff can carry out this work in an informed and safe manner. Care will have to be taken because of the differing health and safety regulations in different countries. It would be sensible for Cewmlator to base its guidance on the rules imposed by the strictest country. That way, it will not be open to accusations that it is abusing loopholes created by weak safety requirements.

The principle of professional competence and due care will require dealership staff to be advised at a professional level that keeps them safe. It will also be necessary to ensure that repairs do not leave customers at risk because of repairs carried out on their cars. It may be necessary for Cewmlator's R&D staff to seek expert advice from professionals such as electricians to ensure that only safe working practices are being recommended. The dealership staff will also have to be trained to identify situations in which batteries cannot be repaired safely. Even though the intention is to repair batteries, it may be necessary to remove and scrap batteries that will create fire hazards if they are repaired and left in place. Cewmlator cannot and should not take risks with the health and safety of the dealership technician staff and customers. There is also an argument that it would be unethical to make repairs to batteries that are less cost-effective than the installation of a new battery.

Section 2

Requirement 1 – Share price movement

If the stock market is efficient, then Cewmlator's share price will reflect all available information in an unbiased manner. Share price movements are rational, reflecting new information that provides additional information about future cash flows. The fact that Cewmlator's share price has increased suggests that the market has interpreted fresh information as positive. It may not be possible for the Board to be certain of the factors that affected the share price. For example, investors might interpret economic changes as being beneficial for manufacturers in general, including EV manufacturers. The Board might not necessarily interpret those changes in the same way. In this case, there has been a decrease in the share prices of rival EV manufacturers and an increase in Cewmlator's, which would be consistent with the market becoming aware that Cewmlator had obtained some benefit at the expense of its rivals. It is possible that details of the confidential briefing have been leaked and that the market believes that Cewmlator will benefit from the strategy of repairing batteries.

If the share price has increased because of a leak that battery repairs might be introduced, then it is realistic to expect that the share price will increase still further if a formal announcement that confirms the new strategy is made. The Board might consider the possibility that some or all of the information provided to dealerships has been leaked despite the non-disclosure agreement that was signed. In that case, there is unlikely to be any loss of commercial advantage from an announcement of the facts relating to this development. It would be possible to meet with investment analysts and other market participants with a view to setting out Cewmlator's plans in broad terms that would confirm that changes were in progress. Making a public announcement would inform the shareholders that the company is innovating and leading the EV industry in key areas. The increase in the share price would reinforce the Board's argument that this is a positive move that can be expected to benefit the company. The alternative would probably be to say nothing, knowing that investment analysts will attempt to investigate the rumours about battery repairs and so the Board will lose the initiative.

The fact that the share price has increased while our rivals' share prices have either remained constant or decreased slightly suggests that the market believes that Cewmlator will obtain a commercial advantage from launching this repair service. Furthermore, the increase in our share price is consistent with the notion that any investment in repairs would have a positive net present value. While it is encouraging that the market appears to agree with our logic, we should not rely on that belief in making any decision as a board. Even if we make an announcement to confirm the rumours, the market will not have access to the detailed forecasts and costing information that we will rely on for our final decision. The market is also unaware of the intentions of our rivals, who may decide to introduce their own approach to battery repairs. Even if markets are efficient, market prices cannot reflect information that is not available and so the Board must still make its own decision about the merits off proceeding with this plan. It would be possible to withdraw from the proposal and to inform the market accordingly, in which case the share price would probably revert to its previous position.

Requirement 2 – Risk register

The risk register should identify the risk. The nature of the information that has to be disclosed to dealerships should be made clear so that the risk can be understood. It seems likely that most disclosures will relate to marketing decisions, such as the launch of a new model of EV or a change to a related service such as warranty cover. The risk register should recognise that the likelihood of any breach of confidence is high because there are thousands of dealerships and it would only require one to pass information to a journalist or a competitor to cause a leak.

A risk owner should be identified so that there is a designated person to take responsibility for the management of this risk. It would make most sense for the Sales Director to take ownership. The Sales Director is responsible for dealership relations and so should be aware of the information that dealers receive. All strategic announcements to dealerships should be cleared in advance with the Sales Director.

The potential impact of unauthorised leaks should be indicated in order to reflect that impact of the risk. The most likely concern is that information that is passed to dealerships could become public knowledge sooner than anticipated, which could alert competitors. Competitors will be better equipped to take advantage of such news if they are informed well in advance and can make their own plans. For example, there is nothing to prevent competitors from creating their own battery repair service.

The mitigation of the risk should be reflected in the risk register. The simplest mitigation would be to withhold all strategic information unless it is absolutely necessary for dealerships to have it. Information that must be communicated, such as sales promotions that require dealerships to prepare, should be timed so that it is passed to dealers as late as possible. Cewmlator could impose sanctions, such as threatening to withdraw franchises from dealerships who are caught leaking corporate announcements.

Section 3

Requirement 1 – Share exchange

A share exchange means that Cewmlator will not have to find upwards of D$50 million to fund the acquisition. It will simply be a matter of issuing additional shares. Cewmlator has a healthy bank balance, but this belongs to the Group as a whole and much of that cash could be held by foreign subsidiaries who might be unable to remit large amounts to Duxland without local repercussions. It is also possible that the cash balance has been accumulated in order to fund a project and so it may not be convenient to spend D$50 million in cash at this time. The shareholders might be happier to see a share exchange, with Tektrayn's founders sharing the risk. Their equity is unlikely to be diluted to a significant extent in the process.

Acquiring Tektrayn by means of a share exchange could reduce the risk of the founders departing as soon as they sell their company to Cewmlator. If the purchase is for cash, then the founders will be in a strong position to leave as soon as they have been paid, perhaps to start another business or even to retire. If they receive shares in Cewmlator, then they could sell them, but that might be difficult, even though Cewmlator is a quoted company. The sale of D$50 million of shares might make the market nervous and so drive down the share price, which would discourage the founders from selling immediately.

A share exchange could be complicated by the fact that Tektrayn is an unquoted company and so valuing it is terms of a multiple of Cewmlator shares could be difficult. Tektrayn's founders could believe that the acquisition of their company will add value to the Group and so they might expect their share allocation to reflect that. Cewmlator's shareholders might be concerned that the Board has been reckless in offering too many shares for this acquisition, despite the fact that Tektrayn is so small in relation to Cewmlator that any overpayment will not be material. It might be easier to justify a generous cash payment for the training company than to justify a realistic share exchange.

Tektrayn's founders will receive a generous share allocation under an exchange, which will provide them with a stream of dividend income. We do not know what proportion of the Group they will own, but Cewmlator's most recent dividend was D$0.4 billion and the founders will receive a percentage of that. They could decide that they need not continue to work for Tektrayn if they have an adequate income from their shares.

Requirement 2 – Internal audit

The starting point would be for internal audit to ensure that the dealerships have taken delivery of the tools and safety equipment that are required by workshop technicians. Internal audit should take guidance from Cewmlator's R&D Department concerning these purchases and also from the subject matter experts who will advise Tektrayn's staff in the creation of the training courses. Once Internal Audit has a definitive list of these requirements, the next step would be to ensure that the equipment is present. Ideally, this would require a physical inspection by members of audit staff, but the large number of dealerships and the fact that they are spread across the world would restrict the number of physical inspections that can be carried out. It would be sensible for a limited number of workshops that are located close to the Internal Audit Department's base in order to enable audit staff to familiarise themselves with the equipment that is needed. Internal Audit could then select a sample of dealerships for testing and ask for

evidence in the form of purchase invoices to prove that the tools and equipment have been acquired. Audit staff could also have the workshop manager show them the equipment, perhaps by making a video call to the manager's smartphone.

The training material created by Tektrayn should be reviewed to ensure that it is both technically correct and contains all necessary information. Audit staff should arrange to have the training course taken by the R&D team who developed the procedures and they should feed back on whether the course content is technically correct and complete. At least one member of the audit team should complete the training course in order to ensure that the content is clear and unambiguous. Any concerns arising from these reviews should be reported back to Tektrayn's content team and the resulting corrections should be checked before workshop staff take the course. Internal audit may also have to check that the course content has been translated correctly to ensure that technicians from different countries can understand it in their native languages. It may be possible to arrange for one or two dealership technicians from outside Duxland to complete the course after it has been translated to their native tongues and to feed back to Internal audit on its clarity.

Internal audit will have to check that the course is completed by all staff who complete battery repairs. Ideally, it will be possible for internal audit to review workshop bookings and timesheets to identify repairs to customers' batteries. A sample should be taken and the technicians who carried out the work identified. Audit staff should check that all technicians identified in this way have completed the course. Ideally, the course will be designed so that staff have to log in with their names and staff numbers before they can work through the materials. The course should also have multiple choice questions embedded through it in order to check employee engagement. The audit staff should check that selected technicians scored a pass mark in the questions.

Strategic Case Study

November 2025 & February 2026

Exam Answers

Variant 2

These answers have been provided by CIMA for information purposes only. The answers created are indicative of a response that could be given by a good candidate. They are not to be considered exhaustive, and other appropriate relevant responses would receive credit.

CIMA will not accept challenges to these answers on the basis of academic judgement.

Section 1

Requirement 1 – Competitor analysis

Cewmlator will have to identify its competitors, taking care to reflect the context of this analysis. It could be argued that it will be selling two separate products, namely cars and electricity from charging points and that it is competing with both the other charging companies and rival manufacturers of BEV cars. Cewmlator intends to make a substantial entry to the market for charging points. The average charging company has 78,000/12 = 6,500 charging points, which is fewer than Cewmlator's planned network. Rival charging point companies might feel threatened by Cewmlator's initiative and might attempt to compete by reducing the prices of their electricity or by installing additional charging points close to Cewmlator's in order to attract Cewmlator's customers. Paradoxically, either of these strategies will benefit Cewmlator by making BEVs more attractive to potential customers. Reducing electricity prices will make BEVs cheaper to operate and additional charging points will benefit all BEV drivers. Cewmlator must decide whether it intends to do more than match competing charging companies in terms of pricing and service.

Cewmlator should probably focus on the potential response of rival car manufacturers to this development because they might be capable of responding to Cewmlator's new strategy by copying it. If a rival manufacturer establishes its own large network of charging points that are for the exclusive use of its customers, then Cewmlator may derive relatively little benefit from its charging points, other than whatever profit it makes from the sale of electricity. Rivals should be evaluated on the basis of their abilities to create a network of charging points that would be sufficient to undermine Cewmlator's attempt to offer an advantage in terms of recharging its cars. Attomm is the only direct competitor that can rival Cewmlator in the BEV market in terms of size. Cewmlator should consider whether Attomm would be able to benefit from copying it in

the charging point industry. It could be that Attomm's BEVs have longer ranges than their Cewmlator equivalents and so the need to access charging points would be less of an issue. Dilson is of a similar size, but its product line includes PHEVs, which enable drivers to deal with running out of charge by switching to their internal combustion engines. The other EV manufacturers are significantly smaller than Cewmlator and none of those focus exclusively on BEVs, so it is unlikely that any would benefit from creating significant networks of charging points.

The EV industry is relatively new and so it should be possible for Cewmlator to form an opinion of the likely responses that its competitors will offer to any new strategy. Any such opinion could be based on experience and knowledge gained from studying the industry. Cewmlator will be committing itself to a major investment in order to install 8,000 charging points. The Board should consider the likelihood that this will provoke an immediate response, particularly from Attomm. If experience suggests that there will be an inevitable and aggressive response to the investment in charging points, then Cewmlator should adjust its implementation strategy accordingly. It could, for example, help to delay the announcement of the new service for as long as possible so that competitors have less time to consider their response. If competitors tend not to offer a direct response to any new strategies, then Cewmlator might have more freedom to create as much positive publicity as possible during the implementation process. Competitors who do not respond will probably focus on their own strategies and will avoid the distractions associated with attacking their rivals. Cewmlator should regard this possibility as a reason to develop new ideas of its own.

Requirement 2 – Non-financial capitals

The construction of this new network will have an impact on intellectual capital because Cewmlator will be acquiring and/or creating intangible assets. There will be legal assets in terms of the right to locate charging points and connect them to the electricity supply. The charging points will also be run over the internet, which will mean that there will be further intellectual capital in the form of software that will be owned by the company. There will also be capital in the form of knowledge and experience that will be obtained by the managers and technical staff who will be responsible for choosing sites and obtaining the rights to use them.

There will be social and relationship capital associated with the entities who will work with Cewmlator and who will benefit from the network of charging points. Increasing the number of charging points by more than 10% will benefit stakeholders such as residents of communities that will have additional charging points. Local properties might increase in value because of this new facility, even if present occupants do not enjoy any immediate direct benefit. Business partners such as the operators of service stations will also benefit from the provision of additional charging point because they could attract visits and so boost revenues.

Cewmlator might argue that this network will enhance natural capital because it will encourage the replacement of ICE cars with BEVs. It might also discourage the growth of less sustainable forms of EV. For example, PHEVs can encourage drivers to use fossil fuels even though they can be run on battery power. Increasing demand for electricity might also encourage the construction of new generating facilities which will, hopefully, emphasise low emissions, such as wind power. This is particularly important to Cewmlator because its products are marketed on the basis of sustainability.

Section 2

Requirement 1 – Vision

A company's vision statement sets out its long-term aspirations. Pursuing a clearly defined set of aspirations should encourage consistency in decision making and so should benefit the strategic management of the company. Shareholders and other stakeholders should be able to see that the company's performance is moving in the direction set out in the vision statement, which should be encouraging. It could be argued that the investment in charging points will take Cewmlator closer to the goals implied by its vision statement.

There could be an argument that individual decisions, even at the strategic level, cannot be based solely on consistency with the vision statement. The Board should always focus on the maximisation of shareholder wealth, which takes account of the risks and benefits associated with decisions. There could be alternative strategies that would be of greater benefit to Cewmlator, even though they were not directly consistent with the company's vision. The vision could also be too vague to support decisions. For example, the charging points might deliver electricity that does not come from sustainable sources.

The vision is a useful basis on which to start discussions of strategy, but there is a risk that the vision will become outdated and so could become a distraction for the Board. While that is unlikely to be the case in the short term, Cewmlator could find itself in a situation where social changes have an impact on the relevance of this vision. For example, demand for cars of all descriptions might diminish and people might prefer to rely on public transportation for their needs. If the use of the vision statement is qualified by the possibility that it might become outdated, then it would not be a suitable basis for making such a large investment.

Requirement 2 – Debt finance

Cewmlator should start by identifying the entity that will be seeking the finance and considering its ability to service this loan. The Cewmlator Group has a healthy cash balance and a moderate gearing ratio of 20.0/(28.7+20.0) = 41%, which would make the Group attractive to a potential lender if viewed in isolation. Unfortunately, it may not be practical to call upon assets held by some of Cewmlator's foreign subsidiaries, which might be an issue when negotiating a loan. Lenders are likely to require the Group as a whole to guarantee a loan made to the parent company or a subsidiary, but at least some of the members of the Group cannot offer a credible guarantee because any funds that they repatriate to their parent company will be subject to a heavy tax penalty. Cewmlator should identify the Group members who are based in either Duxland or in countries from which funds can be transferred to the parent without serious penalty. Their assets should be identified and valued and their cash flows forecast for the duration of the loan. Hopefully it will be possible to structure a guarantee that meets the lender's needs without risking massive tax penalties in host countries.

Cewmlator already has borrowings of D$20.0 billion which means that it already has a significant relationship with at least one lender. Ideally, that has been a good working

relationship in which Cewmlator has met its commitments on time. Hopefully, existing lenders will be prepared to consider a further loan, taking account of the trust established by Cewmlator having been a responsible borrower. The loan that is being requested represents an increase of only 0.48/20.0 = 2.4% increase in Group borrowings. If Cewmlator has managed its existing loans efficiently, then it is reasonable to expect it to be equally efficient in the management of the additional loan. It will be easier to negotiate a loan of almost half a billion D$ with a Duxlandian bank. If the existing loans are from overseas banks, then it might be possible to persuade existing lenders to introduce Cewmlator to the lending officers of their Duxlandian affiliates.

Cewmlator should prepare a detailed business plan for its investment in charging points. Lenders prefer to have their loan payments funded from borrower's normal cash flows, avoiding the inconvenience of negotiating revised payment schedules or the cost of foreclosures. The easiest way to assure lenders that this will be possible would be to demonstrate that the project will generate sufficient net cash inflow to service the loan. That will be particularly important in this case because Cewmlator is planning to invest the borrowed funds in a completely new business venture. If the venture fails, then Cewmlator will have to repay the loan from existing cashflows, which could put it under pressure and so might inconvenience the lender. It is unlikely that the charging points that Cewmlator plans to invest in will have a significant resale value in the event that Cewmlator cannot keep track with the loan payments and the bank forecloses. That might require the bank to take assets from the car manufacturing side of the business, which could force Cewmlator to make staff redundant. That could lead to bad publicity for the bank.

Section 3

Requirement 1 – Internal controls

Cewmlator could email all of its customers to warn them that this fraud has occurred and that there is a need for vigilance when using their phones to activate charging points. Customers should check charging points for labels or other alterations before they scan the QR code. They should be advised not to use a charging point if they are in any way suspicious, which should reduce the risk of loss. The email should state that all information relating to a transaction will be communicated through the electronic screen in the charging point. Their phones will only be used to activate the charging point. That will make it much more difficult for third parties to interact with customers and to obtain information.

The app should be modified so that customers can inform Cewmlator of suspicious charging points. A link on the app could allow customers to input the charging point's identification number. Charging points should be taken offline immediately after the receipt of such a notification so that no other users can be exposed to the risk of loss. Cewmlator should employ maintenance staff to check and repair charging points. Charging points should not be brought back online until they have been examined by a member of maintenance staff.

Customers should be informed that any communication from Cewmlator will come in the form of a text message or email that will include a detail such as the first line of the customer's address. Messages that claim to be from Cewmlator but lack that detail should be treated as suspicious and deleted immediately. Cewmlator will already have obtained this information from its customers from when they set up their accounts with the company, so it will be a relatively easy control to implement. Cewmlator will not communicate with customers through a website, so any webpage that is opened by scanning a QR code on a charging point should be regarded as fraudulent. It will be far more difficult for fraudulent third parties to trick customers by attaching their own QR codes to charging points if all legitimate contact is through email or text and carries personal details.

Cewmlator should track the volumes of transactions through individual charging points. Charging points will be unable to make sales if their customers are being diverted by falsified QR codes, regardless of whether or not the customers are tricked. If the gap between sales is suspicious, then the affected charging points should be taken offline until they can be checked by maintenance staff. The maintenance staff should also make regular checks of charging points to ensure that they do not appear to have been interfered with in any way. Checks could include scanning QR codes to check that they are correct. It would also be sensible to use seals or similar devices to check that the charging points have not been opened and their electronics have not been replaced.

Requirement 2 – Audit Committee

The Audit Committee should ensure that Cewmlator's internal controls are adequate in terms of both design and execution. The Committee members are not personally responsible for creating control systems, but they should provide strategic oversight. In this case, the Audit Committee should ask the managers responsible for the operation of the charging points to list the ways in which the system for operating the charging points and collecting payments from customers might be vulnerable. The managers should set out the controls that could be put in place to address those vulnerabilities.

The Audit Committee should satisfy itself that the relevant managers have an adequate understanding of the control issues and the responses that need to be put in place.

The Audit Committee should advise on any significant choices that have to be made in relation to setting controls. For example, there could be concerns that the implementation of some controls could be expensive. The Audit Committee should set parameters for the decision concerning acceptable costs. It might also be necessary to set a balance between security and commercial considerations. For example, the Audit Committee will have to consider whether it would be appropriate to risk discouraging the use of its charging points by taking devices offline and so inconveniencing customers who planned to use them.

The Audit Committee will also take responsibility for setting any role that Internal audit might have in relation to these events. Members of Internal audit could review the control procedures developed by managers acting in response to the Audit Committee's instructions. The purpose of this review would be to ensure compliance with the policies established by the Board. Internal audit could also be asked to check compliance with controls relating to the security of charging points after the implementation of the new procedures. Regular reviews will encourage the management team to ensure that the system operates in accordance with the Audit Committee's expectations.

The Audit Committee should consider requesting regular reports on the performance of the managers responsible for ensuring customer security. The sale of electricity is a new development for Cewmlator's business, so it would be helpful to feed back to the Audit Committee on the effectiveness of the new controls. It would, for example, be useful to know how many incidents of customer fraud had occurred in case additional controls should be introduced. It would also be helpful to know whether the costs of some controls were disproportionate and whether they should be relaxed.

Strategic Case Study

November 2025 & February 2026

Exam Answers

Variant 3

These answers have been provided by CIMA for information purposes only. The answers created are indicative of a response that could be given by a good candidate. They are not to be considered exhaustive, and other appropriate relevant responses would receive credit.

CIMA will not accept challenges to these answers on the basis of academic judgement.

Section 1

Requirement 1 – Controls

Cewmlator should pay dealerships to conduct diagnostic checks on “high risk” cases where cars have been brought into their workshops for repair under warranty. These cases will include cars that have problems that might be attributable to software tweaks, such as a sudden and unexplained loss of battery life. Cewmlator’s Customer Service Department should be informed of any concerns immediately and no work should be undertaken under warranty. Cewmlator should contact the owners of these cars immediately to inform them that their warranties are now void and that all repairs will have to be paid for. It is likely that such action will lead to complaints from owners on social media, which is desirable for Cewmlator because it will discourage other owners from tweaking their software. Cewmlator will have to retain evidence of software tweaks so that it can respond to complaints on social media without risking claims of defamation by customers who have lost their warranties.

Cewmlator should develop a seal or similar device that will block access to the port on the motors of its cars. Owners who wish to tweak their software require access to those ports. Blocking that access will prevent tweaking. The seal could be as simple as a self-adhesive sticker that includes security features such as holograms that make them difficult to forge. Dealership technicians can then check that the seal is in place whenever a car is brought in for service or repair. Cewmlator should instruct dealerships to attach the seal to any cars that were sold before this security measure was developed, without seeking owners’ permission. That will reduce the risk that older cars will be tweaked, which is ideal because there might be a greater benefit to tweaking older cars that are slower and that take longer to recharge.

Cewmlator should issue frequent software updates that check the version of the software in each car’s ECU. Those updates could trigger an error code if the software

version is unexpected when the car is next started, thereby preventing it from moving. All owners should be notified of the existence of this procedure in order to deter tweaks. For the sake of publicity, this should be presented as a safety issue that is intended to ensure that Cewmlator cars are safe to drive and to charge. The update should also check that the most recent legitimate update has been processed, otherwise owners might attempt to circumvent the control by removing the Cewmlator app from their smartphones so that Cewmlator cannot access their software.

Requirement 2 – Non-financial capital

Tweaking software will have an adverse effect on Cewmlator's intellectual capital. The company will no longer have control over its software. The changes that will occur as a result of that lack of control could interfere with the safe and efficient operation of the software. Cewmlator could be open to criticism because of software problems that lead to the destruction of cars or damage caused by cars catching fire because of software issues. Cewmlator will have to accept responsibility for any such problems, even if the software changes have been made by third parties, because it failed to prevent them. It is well known that some owners are keen to make unauthorised changes to their software in the belief that doing so enhances performance. Cewmlator should be transparent with respect to the potential harm that third-party modifications could have caused for its ECU software.

Software tweaks could have serious implications for Cewmlator's social and relationship capital because of the damage that might be caused. Tweaks can have the effect of increasing the top speed of cars, which could put road users at risk. Drivers who wish to increase their top speeds are likely to put this capability to use and that could lead to road traffic accidents. The cars have not been designed to travel safely at these speeds and so drivers might lose control and cause collisions. There could also be concerns about cars using public charging points catching fire and so risking injury and property damage.

Tweaking could have serious adverse implications for Cewmlator's natural capital, arising from the potential destruction of cars. Making batteries charge faster overrides safety systems, creating the possibility that the car will catch fire. It is unlikely that a burnt out BEV can be repaired because the battery itself is highly flammable and batteries cannot be easily replaced even if any fire can be dealt with quickly. Tweaks could lead to the scarce resources that were used to build the cars being wasted. The destruction of a car by fire will also release toxic fumes into the atmosphere.

Section 2

Requirement 1 – SAF

The development of this battery is a suitable strategy for Cewmlator to follow. Its vision is to be the leading manufacturer of sustainable motor vehicles. The successful development of this new battery is consistent with that. Cewmlator manufactures only BEVs, which are wholly reliant on their batteries for propulsion. This new battery should give it an advantage over Attomm, its larger competitor, and so should give it additional market share in its push to be the leading manufacturer in this market. Cewmlator will also be addressing the major concerns of many potential buyers that EVs can have a limited range and may be time consuming to charge on long journeys. Resolving those concerns by creating a BEV car that can be recharged almost as quickly as an ICE car can be refuelled would be very consistent with the company's overall strategy. This strategy would also reduce any advantage that manufacturers of hybrids might have because their vehicles can switch to petrol or diesel use. BEV technology is potentially more consistent with government intentions to ban the sale of new ICE cars in the medium-term future.

The question of acceptability depends on the perceptions of Cewmlator's shareholders. It is difficult to tell how they will react to any decision to proceed with this investment. The shareholders will be aware that many governments plan to ban the sale of new ICE from 2030 onwards, which will boost demand for EVs. These new batteries will enhance Cewmlator's ability to capitalise on that opportunity, which should please the shareholders and will hopefully increase the share price. In the short term, shareholders may have relatively little opportunity to evaluate this investment because the Board will take care not to alert competitors to this new product. Analysts might seek clarification from the Board when they see that heavy investment is being made in development and the Board might feel it necessary to provide confidential briefings. If the analysts have a positive impression of this work, they may offer buy recommendations, which could be sufficient to boost the share price to some extent. The shareholders should be happy to see Cewmlator investing in improvements to its BEV products. The shareholders can benefit from any positive NPV projects, while protecting themselves by diversifying their investment portfolios.

The feasibility of this project may be the biggest concern. The most immediate concern is whether the technical problems associated with developing a viable product can be overcome. The research team has had some promising results, but they anticipate taking 3 years to complete this work. It is unlikely that all potential problems can be predicted at this stage and their successful resolution guaranteed. Even if the technical problems can be overcome, there may be commercial constraints that will affect the feasibility of this project. It may be possible to design a battery that can be charged in 9 minutes, but it might cost an uneconomic amount to manufacture. There are also the financial issues associated with completing this project. The investment is substantial in comparison to Cewmlator's current financial position. Providers of finance may be unwilling to commit to such a major investment in the pursuit of what is presently an experimental product.

Requirement 2 – Loan

Cewmlator should consider the normal commercial aspects of the loan, ignoring the sustainability issues for the moment. The bank's interest rate should be compared to

the rates that will be available from other potential lenders. It may not be cheaper, even after the discounted rate is taken into account. The repayment terms should also be considered, allowing for the scheduling of interest payments and loan repayments to ensure that they are consistent with the project's cash flows. The bank's need for collateral should also be considered. That could be complicated by the fact that Cewmlator is unlikely to have sufficient tangible assets against which to secure the loan.

The publicity associated with the bank's support could be a major concern for Cewmlator. If the commercial bank insists on announcing that it is financing a new battery technology that is highly sustainable, then rival manufacturers might use that information to beat Cewmlator to the market. That concern might be partly overcome by the fact that Cewmlator would probably announce that it had negotiated a loan of this size, but it would not necessarily offer a detailed explanation of the development work that is being financed. Cewmlator's research staff will have to advise the Board on the likely value of any disclosures made by the bank in relation to this project, focussing on the risk that they could assist rival manufacturers. There may also be concerns that announcing the new battery technology at this early stage will affect Cewmlator from a marketing point of view, with customers delaying the purchase of BEVs until the new batteries are available.

Cewmlator should consider the extent to which the loan conditions will be affected by the success or failure of the project. The Board needs to be clear about what will happen if the development work fails. One possibility is that unforeseen snags will delay completion. The bank should be asked to clarify whether it would expect to extend the loan term in those circumstances. There could also be a possibility that the project will have to be scaled back or even abandoned altogether. It may be that the resulting findings from the development work are disappointing from a sustainability perspective. The bank should be willing to accept some of those risks, for example, by being willing to permit any unused portion of the D$10 billion loan facility to be withdrawn without significant penalty if the need arises.

Section 3

Requirement 1 – Share price

The Skkorch model is manufactured in a factory in Duxland, which is Cewmlator's home country. That could lead to political problems for the company because it seems likely that stopping production of Skkorch will lead to redundancies in its home country. There may be alternatives, such as transferring production from one of the foreign factories that produce the Trapp and Tynie models, although that will not necessarily eliminate political problems, especially if the country that loses a factory is a major market. The capital markets will also consider the profits generated from sales of Skkorch. It contributes only 15% of total revenue, despite being one of only four models in production.

The impact on share price will also depend partly on the extent to which the markets accept the Board's belief that ceasing production of Skkorch will create a more coherent marketing strategy. The shareholders may be concerned that Cewmlator is withdrawing from an important market segment for no good reason, which could push the share price down. It is unlikely that customers who presently buy Skkorch will be interested in any of Cewmlator's other models, so they will probably switch to EV sports cars produced by rivals. On the other hand, the share price might be protected if the market believes that withdrawing Skkorch will enhance Cewmlator's reputation for sustainability and will enable it to increase its market share in other segments.

There is also the question of whether the shareholders will be surprised by the announcement that Skkorch is to be withdrawn. If the Duxlandian capital market is efficient, then share prices will reflect all available information. It is to be expected that the shareholders would be aware of any controversy over sports cars and so they might anticipate the possibility that this model will be withdrawn. In that case, the market will have made at least a partial adjustment to the share price, either positive or negative, before any announcement concerning Skkorch is made. If the withdrawal of the model is announced, then the share price will be adjusted to allow for the uncertainty over the possibility that the model range will be reduced.

Requirement 2 – Bonuses

It could be argued that the purpose of performance-related bonuses is to align the interests of the executive directors and the shareholders. In that case, the executive directors should accept the impact that any decrease in profits will have on their bonuses on the basis that the shareholders are suffering a reduced profit because of a board decision. If the bonus scheme has been properly designed, then it should ensure that the directors are at least partly exposed to the same gains and losses that affect the shareholders. The directors should be aware of the potential risks and rewards associated with discontinuing Skkorch and so should be prepared to decide on the basis of maximising shareholder wealth. In that case, they should not be protected against any adverse effects arising from their decision. Doing so might actually give them an incentive to make risky decisions that will increase their bonuses when the decisions prove beneficial, but will cost them nothing when they turn out to be unsuccessful.

It is important that the shareholders should understand the remuneration system from a governance point of view. There should be consistency and transparency in terms of the implementation of the bonus scheme so that the shareholders can understand the

Board's motives. If the directors can adjust the bonus scheme on a case-by-case basis whenever they have a major decision to make, then it will be difficult for the shareholders to understand the effects of the scheme on Board behaviour. Furthermore, the shareholders bear the cost of directors' remuneration, including bonuses. If the process for making payments is unduly complicated, then the shareholders will struggle to decide whether they are obtaining value for money.

There could be a risk that performance-related bonuses will lead to dysfunctional behaviour if they are granted on the basis of mechanical criteria, such as a percentage of reported profit. The Board might be reluctant to implement strategies that could lead to short-term reductions in profits, even though they could have long-term benefits. The Board could, for example, be reluctant to discontinue Skkorch because doing so will create a temporary decrease in profit and an associated decrease in their bonus. It may be preferable to protect directors' bonuses from the impact of potentially risky Board decisions so that the shareholders can be satisfied that the Board is motivated to act in their best interest at all times. It would be possible for the Board Remuneration Committee to oversee a policy of modifying the bonus scheme in response to events that might create "unfair" disruption of bonus payments.

It could be argued that it is potentially misleading to set performance-related bonuses on the basis of mechanical formulae such as percentages of profit. It might make more sense for the Board Remuneration Committee to decide such bonuses on the basis of the quality of each directors' strategic leadership. It could be argued that executive directors should not necessarily be evaluated on the basis of the outcomes of Board decision, but on their involvement in those decisions. The decision to cease production of Skkorch might be evaluated on the basis of the logic of that decision as it was understood at the time. Directors might be evaluated on the basis of the extent to which they demonstrated initiative and sound judgement prior to the decision being made. The non-executives on the Committee are experienced directors who are capable of determining whether each executive director is contributing effectively.

Strategic Case Study

November 2025 & February 2026

Exam Answers

Variant 4

These answers have been provided by CIMA for information purposes only. The answers created are indicative of a response that could be given by a good candidate. They are not to be considered exhaustive, and other appropriate relevant responses would receive credit.

CIMA will not accept challenges to these answers on the basis of academic judgement.

Section 1

Requirement 1 – ESG implications

The environmental issues are significant because EVs are often scrapped when they reach the end of their useful lives. It is not usually viable to recycle them. The recycling process itself will reduce the need to mine metals such as lithium in order to manufacture batteries for new EVs, which will make the EV industry far more sustainable. The recycling process will make it possible to reuse the same metals multiple times. Recycling facilities can be built close to battery factories and so there will be less need to transport metals from mines. The availability of the new process will create an incentive to dismantle scrapped EVs in order to remove their batteries for recycling. That might encourage more recycling of the plastics and electronic components that are used to build EVs.

The social issues are difficult to predict because a great deal depends on the extent to which Dr Cole's process reduces the need to mine metals for EV batteries. Recycling significant quantities of these key metals will change employment practices, with fewer miners and more factory workers. The location of mines is dependent on the availability of exploitable deposits of lithium, nickel and cobalt and also on the health and safety issues arising from mining in potentially suitable areas. Recycling plants are likely to be located in industrial areas that have a suitable infrastructure in terms of transportation and proximity to battery factories. Developing this process could involve reducing employment opportunities in areas that are dependent on mining for their local economies. Any such pressure on employment is likely to increase in the medium term as increasing numbers of EV batteries are recycled.

From a governance point of view, the Board needs to ensure that all procedures are followed before agreeing to support the development of this process. The

shareholders will expect Cewmlator to have formal processes in place to evaluate investment projects. The focus of any evaluation should reflect the shareholders' wishes. It is acceptable to pursue sustainability in making investment decisions because that is consistent with the company's mission. There is, however, a more fundamental need to maximise shareholder wealth. The scale of this investment suggests that there should be a formal discussion involving all Board members, including non-executives who will be required to evaluate the basis on which the investment is decided.

Requirement 2 – Impact on share price

The share price will respond to the information that is made available to the stock market after agreement has been reached with Dr Cole. The stock market cannot predict the impact that investing in Dr Cole will have unless both she and Cewmlator agree to make a public announcement after signing a contract. Cewmlator may be reluctant to release too much information about this project in case it encourages rival EV manufacturers to pursue their own version of the microwave process or an alternative recycling technology. This project is still at an early stage of development. Dr Cole has not yet created a working prototype. It may be too early to tell whether this process will ever be technically feasible and whether it will be economically viable. Investment analysts will undoubtedly seek expert advice about the technology, but experts might disagree over the likely outcome.

The stock market might be uncertain about Cewmlator's ability to capture the intellectual property in this new recycling process. Dr Cole has attended at least one conference and may well have attended more. It is unlikely that Cewmlator is the only potential investor she has spoken to, so the potential value of microwave technology may be known to rival EV manufacturers. Analysts who follow the EV industry might have conflicting opinions about whether Cewmlator's investment in support of Dr Cole will have a positive NPV. There could be a concern that Cewmlator will invest heavily and will be the first to put a viable microwave process into operation, but that rivals might quickly launch their own versions. Being first to produce this technology could prove to be a disadvantage if rivals are able to create an improved version that outperforms Cewmlator's original.

The stock market might be concerned that this new process is intended to make EV production more sustainable than more profitable. The use of microwaves will allow most of the metal to be recovered from an EV battery, but it will require a considerable amount of electricity to do so. The commercial issues associated with the process may be unclear. It may be cheaper to mine for fresh metals than to extract them from old batteries. That uncertainty could have a negative impact on Cewmlator's share price, unless there is a clear expectation that manufacturing costs will be reduced. Customers are unlikely to pay more for one of Cewmlator's BEVs just because its batteries are more sustainably produced.

Section 2

Requirement 1 – Sole rights

It could be argued that Cewmlator is lacking in integrity because it is not being straightforward in its business relationship with Dr Cole. She approached the company in search of limited funding so that she could test the effectiveness of her process. Cewmlator provided this funding but took an option to buy the rights to use this process for D$200 million in return. Arguably, this gave Cewmlator a very limited downside in the event that the trials failed, while creating an almost unlimited upside in the event that the option was exercised. Dr Cole created this process, but her ability to benefit from doing so has been limited by Cewmlator's insistence on this option. Cewmlator is effectively benefitting from her inability to raise finance through a conventional loan.

It could be argued that Cewmlator's actions are consistent with the principle of objectivity, which requires the avoidance of a conflict of interest. Strictly speaking, the Board's only duty is to maximise shareholder wealth. The Board has no real obligation to pursue Dr Cole's benefit. The opportunity has arisen for Cewmlator to acquire some valuable intellectual property and the Board was correct to make that acquisition. The exercise of the option in view of Dr Cole's recalculation may appear unfair, but account needs to be taken of the fact that Cewmlator had to bear the risks that the prototype and associated testing would prove unsuccessful. She agreed to pass the downside risks relating to the testing on to Cewmlator, in return for offering them the upside risk arising from successful tests.

Retaining the knowledge gained from Dr Cole is consistent with the principle of confidentiality, which requires that the Board should not disclose information without proper authority. Details of the microwave process would be useful to Cewmlator's rivals, who would be able to make their businesses more sustainable. Cewmlator has used substantial shareholder funds in excess of D$200 million to acquire that knowledge. It would not be appropriate to share knowledge of the process with business rivals because doing so would reduce shareholder wealth. The only circumstances in which information might be released would be if a rival paid an acceptable amount to purchase that information.

It could be argued that Cewmlator is in breach of the principle of professional behaviour because it is indulging in behaviour that might discredit its reputation. Dr Cole has created a process that will enhance the sustainability of EVs by allowing for metals to be recovered from scrapped batteries. The other methods that can be used to recycle metals are very wasteful, perhaps to the extent that there is little point in recycling. By obtaining sole rights to use this process, Cewmlator is preventing other EV manufacturers from recycling batteries and so the industry as a whole will be less sustainable. Cewmlator may appear both greedy and irresponsible because of this.

Requirement 2 – Political risks

Eastland's Government might confiscate Cewmlator's battery factory in retaliation for reducing demand for the country's lithium. Alternatively, it might require the Cewmlator to close its factory or reduce production. One response to this risk would be to offer to build a recycling facility in Eastland in order to extract metals from batteries scrapped by Eastlandian EV owners. Eastland's Government might be prepared to guarantee the security of the battery factory in return for the inward

investment and additional employment that would be created by this proposal. It would also make Eastland a major producer of nickel and cobalt in addition to lithium, which would give the country a further economic advantage. Cewmlator could agree to sell metals extracted from scrapped batteries to Eastlandian battery factories in addition to its own, which would make the local EV industry reliant on the company's operations.

The Eastlandian Government could ban or restrict imports of Cewmlator cars, thereby imposing a sanction against the company and protecting domestic car production. Alternatively, it could modify legislation relating to safety or environmental issues so that Cewmlator cars have to be modified before they can be used on Eastlandian roads. One response would be for Cewmlator to enter into a joint venture with an Eastlandian manufacturer to build a model that could be sold under the local manufacturer's brand. For example, it could ship parts for Cewmlator Trapp that can be assembled locally with minor modifications. That would give the local manufacturer an incentive to assist Cewmlator in responding to any government action. It would also discourage action against Cewmlator because this joint venture will create jobs and generate wealth in Eastland.

Section 3

Requirement 1 – SAF

This would be a suitable development because Cewmlator's vision includes the provision of sustainable motor vehicles. Attomm is the largest BEV manufacturer, so this proposal will lead to a significant increase in the production of recycled metals. From a strategic point of view, Cewmlator is already committed to the production of battery powered cars, so it would be consistent to enhance that capability by working with Attomm. The proposal will not put Cewmlator at any significant disadvantage because both companies will pay the market price for the metals that they purchase from the recycling facility and the facility will benefit from Attomm's expertise.

It seems likely that this proposal will pass the acceptability criterion because Attomm is effectively offering to reduce the risk associated with Cewmlator's investment. The company will build a recycling factory in any case, but Attomm's proposal will lead to the construction of a larger facility that will offer economies of scale. The additional technical support from Attomm will reduce the risk of implementation issues and problems with quality management. The shareholders might also appreciate the fact that this will be a sustainable investment and the sustainability issues will be enhanced by the factory's expansion.

The proposal will almost certainly be feasible because both Cewmlator and Attomm will be keen to succeed and neither has a reason not to make the factory work. Combining the technical resources of both companies will reduce the risk of any problems proving impossible to resolve. It would, however, be important to introduce a mechanism for addressing any disagreements in case Attomm's technical staff do not support Cewmlator's plans. It will also be necessary to ensure that both parties agree to the manner in which factory profits are calculated so that the profit-sharing mechanism does not lead to any conflict.

Requirement 2 – Board appointment

Having an executive director who was responsible for ESG matters might help to ensure that adequate attention is paid to such matters. The new Board member would be responsible for setting ESG strategy, which could enhance Cewmlator's reputation with stakeholders who are interested in sustainability and social responsibility. A strong emphasis on ESG matters could attract a range of stakeholders, including ethical investors and customers who wish to buy sustainable products. The approach from Attomm suggests that Cewmlator is taking a reactive approach to environmental matters. An executive director who was responsible for ESG might have taken a more proactive approach to the recycling of EV batteries, perhaps agreeing to recycle metals for all manufacturers. The fact that Attomm had to approach Cewmlator suggests that the recycling technology might not have been shared if Attomm had not taken the initial decision to approach Cewmlator.

An ESG director might offer a fresh perspective to the Board's discussions by taking a broader view of the issues associated with strategic opportunities. Individual directors might be inclined to focus on their own specific areas of responsibility, such as Finance or Sales. An ESG director will have a much wider remit that will overlap with those of the other executives. That may help to resolve any conflicts between the priorities of different Board members. The Attomm case could create conflicts between directors because the proposal might reduce profits in the short term if

recycled metal is cheaper, but it could create long-term reputational benefits. An ESG director might be able to intervene between, say the Finance Director and Sales, in order to reach an acceptable compromise.

There is a risk that the ESG Director will replicate some of the duties of the non-executive directors, wasting time and effort. It could be argued that the non-executives have a duty to ensure that an entity is meeting its non-financial obligations and complying with governance requirements. Having an executive ESG director could lead to conflicts that might undermine the supervision of the non-executives. In the Attomm case, the initial correspondence was between the non-executive chairs of the two companies. Cewmlator's non-executives appear to be capable of providing a satisfactory service in relation to the management of ESG.

Appointing a full-time ESG executive director could lead to an excessive emphasis on ESG matters that might distract from the basic objective of maximising shareholder wealth. While ESG is important, it could be argued that these issues are secondary to developing effective business strategies. The Board, as a whole, should aim to create profits while avoiding excessive environmental, social or governance problems. In this case, Attomm's non-executive chair is focussing on the financial implications of sharing in the recycling process. Arguably, the decision concerning Attomm's offer should be based on financial implications in the first instance. Cewmlator will proceed if there is a strong financial benefit and should reject the proposal is there is a significant financial cost. ESG will only become a deciding factor if the financial outcome is difficult to predict.

Strategic Case Study

November 2025 & February 2026

Exam Answers

Variant 5

These answers have been provided by CIMA for information purposes only. The answers created are indicative of a response that could be given by a good candidate. They are not to be considered exhaustive, and other appropriate relevant responses would receive credit.

CIMA will not accept challenges to these answers on the basis of academic judgement.

Section 1

Requirement 1 – Scenarios

The most immediate concern would be to consider the elasticity of demand for Cewmlator's cars if the additional tax is imposed. Demand will inevitably decrease, but the extent of that decrease could be limited by the popularity of Cewmlator's cars in this market. It may be possible to gauge the market's response by reviewing the impact that the 10% tax has on sales volumes.

Cewmlator should consider the political impact that this additional tax will have at a global level. Governments, including Duxland, may object to their economies being undermined by the imposition of heavy taxes on imports to Eastland. Cewmlator's Board should lobby the Duxlandian Government to protest against the 10% tax in the hope that doing so will discourage further tax increases.

Cewmlator should seek the support of its franchised Eastlandian dealerships, who will undoubtedly suffer a loss of revenue if the tax rate is increased even further. The dealerships will employ sales staff and servicing technicians and so the tax could lead to significant unemployment in Eastland.

The nationalisation of the battery factory raises concerns about the sourcing of batteries for Cewmlator's BEVs. Production will cease immediately if it cannot obtain batteries. The Board could consider establishing an alternative source of supply from a battery manufacturer that is not based in Eastland, perhaps even buying some of its batteries from that supplier in place of making all of its batteries in Eastland. The Eastlandian Government might be less interested in nationalising the factory if there is a possibility that there will not be a market for its output. If Cewmlator buys its batteries from elsewhere, then a nationalised factory might struggle to generate revenue.

Cewmlator could respond to this threat by selling its battery factory to an Eastlandian investor, perhaps at a discounted price. In that case, the nationalisation of the factory would avoid the loss of the equity that Cewmlator had invested in the factory's property, plant and equipment. An alternative would be for the subsidiary that operates the factory to take out a large loan from an Eastlandian bank in order to refinance the factory PPE. Any nationalisation would rob a domestic bank of its loan collateral.

A ban on EV imports would lead to a major loss of an important market for Cewmlator and other manufacturers. It might be possible to persuade home governments to retaliate by banning EV imports from Eastland. It would probably be easy to persuade Duxland's Government to ban imports of Eastlandian EVs because these are not imported in large numbers in any case. Any such action would discourage Eastland's Government from maintaining a ban on EV imports in case Duxland's Government extends its ban to other products that have significant export markets.

Alternatively, Cewmlator could consider entering into a joint venture with an Eastlandian EV manufacturer to develop a model that might appeal to export markets. The Eastlandian EV industry struggles to export cars because they are designed to appeal to the home market, which has different requirements from the export market. Cewmlator could address the argument that Eastland's EVs are treated unfairly by collaborating with an Eastlandian manufacturer on the design and manufacture of a model that would appeal to potential export markets. These cars could be built in Eastland and so would reduce the government's argument that its exports are treated unfairly. Cewmlator would benefit from its share of the revenue from the new models and also from maintaining the Eastlandian market for its Tynie market.

Requirement 2 – Currency change

A strengthening of the E$ will make it more expensive to import Eastlandian cars into countries whose currencies are now weaker against Eastland's. It will also be cheaper for Eastland to import cars from those countries. The overall effect will be to make Cewmlator's cars even more competitive with those produced in Eastland. Unfortunately, that will be of limited benefit to Cewmlator because its cars are already competitive in Eastland's home and export markets. Its most significant competitor in Eastland's EV market appears to be Attomm, which is also exporting to the country. Cewmlator is unlikely to enjoy any direct benefit in terms of expanding sales. A strengthening of the E$ could make the political issues faced by Cewmlator more significant because the government might feel obliged to offer even more protection for its EV industry. The fact that the currency markets have responded in this way might indicate that the sanctions the Eastlandian Government intended to impose are expected to be effective.

The strengthening of the E$ could have implications for the operation of Cewmlator's battery factory. Some of the expenses are likely to be set in terms of E$, which will be costly from Cewmlator's point of view. Staff costs will be incurred in E$, which will push up the cost of batteries when charged to the factories in Duxland and elsewhere that make cars. The situation with materials is more complicated because it depends on the source of those materials. If they are sourced in Eastland, then they could also increase the cost to the Cewmlator Group. Commodities such as lithium might be cheaper for the battery factory subsidiary if they are imported into Eastland, but there will be a corresponding additional cost to the Group as a whole if the Eastlandian tax

authorities require the prices for exported batteries to be set in terms of E$. There could also be implications for the cost of any debt that is borrowed from an Eastlandian lender, with the cost of the interest and the effects of the cash payments to service that debt being inflated by the currency gain. If the gain is prolonged, then it could have implications for the currency reserve in the consolidated statement of financial position.

Section 2

Requirement 1 – Predicting sales tax

The validity of the Non-Executive Chair's arguments really depend on the extent to which the imposition of the tax could realistically have been foreseen. It is unlikely that the Eastlandian Government would have briefed foreign companies who had invested there. If anything, the government would have taken great care to make a surprise announcement so that the companies who would be affected could not disrupt the implementation of the tax. Clearly, the local management team in charge of the local subsidiary should have been paying close attention to Eastland's business news as a matter of routine, in case there was some indication of a political or economic change. Having said that, it is unlikely that the press would have been in a position to report on this tax before any public announcement. The government would undoubtedly have made any briefings on a confidential basis.

It does seem reasonable that the Board should have anticipated some form of sanction by the Eastlandian Government, without necessarily having predicted that it would take the form of a sales tax. The Board should pay close attention to the rivals in its industry and should have been aware that the Eastlandian EV industry was struggling to export cars, while struggling to compete against imports to its domestic market. The Board should have recognised that the Eastlandian Government might interfere with the smooth operation of market forces because of the harm that imported EVs were causing the country's economy. Unfortunately, it is likely that any such prediction would have had limited value because the preparations for any such response would have required some expectation of the nature that the response would take.

It could be put to the Non-Executive Chair that share prices did not move until after the announcement of the tax. It is reasonable to assume that both the Duxlandian and Eastlandian stock markets are efficient, which suggests that all information is processed and incorporated in share prices. If information had been available to the market that anticipated "bad" news for Cewmlator and Attomm, then those companies' shares would have decreased in price. Similarly, Eastlandian EV manufacturers would have enjoyed an increase in price. The fact that the price reaction did not occur until after suggests that there was no information available in the public domain, which implies that Cewmlator's Board should not be criticised for failing to make this prediction.

Requirement 2 – Share price

The reduction in share price implies a decrease in the shareholders' wealth. It is to be expected that the shareholders will express their disappointment in such a significant and unexpected decrease. This could put the directors under some pressure because they could be concerned that the shareholders will wish to share this loss with them by reducing executive remuneration. If they are seriously dissatisfied, the shareholders might even consider replacing the Board. The Board should respond by pointing out the possibility that the share price may have been temporarily reduced by speculative forces. It would be advisable to wait until the shareholders can be satisfied that the share price has settled down and is not being influenced by short sellers who wish to

benefit from panic reactions. The Board should also ensure that the shareholders are reassured that they are working on a recovery plan to address the issues arising from the tax.

If the market has settled at a decrease of 30%, then that price will remain until new information concerning Cewmlator's future cash flows becomes available. The main implication is that the market believes that the present value of future cash flows has decreased. One implication is that the cost of equity has increased because of the additional risks faced by the company. An increase in the cost of equity will have a possible impact on the company's ability to finance future projects because it will cost more to service any additional equity that the company raises. The Board should attempt to mitigate these risks as quickly and effectively as possible and should inform the market of any successes in that regard. The reduced share price will, however, take account of the possibility that the Board will attempt to resolve the problems created by the tax. That does not reduce the need to seek a resolution, but it does mean that any recovery in the share price may be smaller than expected.

It could be argued that the loss of value in relation to this new tax is effectively a permanent result of a change in the industry and all stakeholders should accept it as such. The shareholders have suffered a loss of wealth, but it is unlikely that there is anything that they can do to recover that loss, certainly not be selling their shares. The attitude of market analysts will encourage the shareholders to adopt an equally pessimistic view of the future and so the share price will remain low. Even if the market is efficient, market participants are likely to be persuaded by the possibility that analysts have insights that give them a superior understanding. Cewmlator's Board should consider meeting with the key analysts who specialise in the EV market and briefing them on both their plans and their expectations concerning the future of the industry. It is unlikely that such briefings will result in buy recommendations, but the analysts may be persuaded to issue hold recommendations that will prevent the price from decreasing further. Care should be taken to ensure that any such briefings are credible, otherwise the Board could appear to be out of touch with reality.

Section 3

Requirement 1 – Controls

There should be a formal written policy that Cewmlator regards bribery as unacceptable and that any member of staff involved in bribery will be dismissed. Senior managers who have access to discretionary funds should be trained in the recognition of illegal acts, including bribery. Having a clear and unambiguous position on bribery will enhance Cewmlator's control environment. Members of staff will be unable to claim that they believed that they were acting in the company's best interests when they paid a bribe. There will be no reason for a member of staff who is guilty of bribery to expect Cewmlator to provide legal support or other protection.

All non-routine payments for business expenses should be authorised by at least two designated managers who have been identified as being of appropriate seniority. Staff should be listed, with levels of authority based on their position within the company and their length of service. Large payments should be authorised by senior staff at Head Office. It may be necessary for large payments to be made from time to time in relation to legitimate business expenses. There should be a mechanism in place to enable such payments to be made. Requiring two signatures of senior members of staff would deter anyone wishing to commit bribery as to succeed collusion would be required.

All payments should be made by bank transfer to an approved supplier's bank account. There should be a formal process for approving suppliers and recording their details before any payments are made. It will be more difficult to commit bribery if it is impossible to make payments in cash. In the recent case of attempted bribery, there would have been a document trail to the official in the form of an invoice and bank transfer, which may have played a part in the official's decision to report the attempt to the police.

There should be a budgetary control system for the review of business expenses so that Head Office can track subsidiary expenditure. Only routine transactions should be budgeted, so that any non-routine payments are highlighted as variances. Such a budgetary control system would highlight the extent of any non-routine payments and would enable Head Office to decide whether there was a need to investigate possible dishonesty. The Board will be able to identify any subsidiaries that have unexpectedly high levels of discretionary payments and they can be asked to furnish an explanation.

Requirement 2 – Role of internal audit

It is fair to argue that bribery prevention is the responsibility of Cewmlator's Board and that Internal Audit has no direct responsibility for doing so. The fundamental role of Internal Audit is to support the Board by checking on compliance with the company's controls and other procedures. The Board should accept responsibility for the prevention of bribery by supervising Cewmlator's operations at a strategic level and by ensuring that satisfactory controls are in place. Internal Audit might then support those controls by conducting compliance tests to ensure that the controls are operating as they should. The Board could set priorities for Internal Audit, identifying areas of the control system that are to be focussed on. Those priorities could include compliance in relation to bribery prevention controls.

The Audit Committee should work with the Chief Internal Auditor in order to develop plans for audit investigations. The Audit Committee can then provide specific

instructions with regard to the areas that are to be subject to investigation. It is important for the Board to be aware that the resources available to Internal Audit are not infinite and that setting objectives such as preventing bribery could be a major distraction from other objectives. While the prevention of bribery is important, Internal Audit has other major areas of responsibility.

The detection of bribery will always be difficult because it is a criminal offence in most countries to either offer or accept a bribe. Both sides of a bribery transaction are likely to collude in order to conceal that crime as carefully as possible. For example, if the attempted bribery of the Eastlandian official had proceeded, it would have resulted in a payment that would have been supported by documentation. Presumably, the managers who offered the bribe had the authority to place a formal order for the supposed consultancy work. The payment itself would have been triggered by the official's invoice, which would have been third-party documentary evidence that the payment was valid.

Detecting bribery will also be complicated by the fact that there may be no reason to believe that bribery has occurred. Bribery payments will be concealed as normal business expenses, which might complicate their detection. It will be impossible for Internal Audit to be certain whether they have detected every instance of bribery, which will make it difficult to manage bribery investigations. At best, the conduct of bribery investigations might act as a deterrent, although they will not necessarily deter managers unless there are cases of successful disciplinary actions to demonstrate that there are risks associated with bribery.

Strategic Case Study

November 2025 & February 2026

Exam Answers

Variant 6

These answers have been provided by CIMA for information purposes only. The answers created are indicative of a response that could be given by a good candidate. They are not to be considered exhaustive, and other appropriate relevant responses would receive credit.

CIMA will not accept challenges to these answers on the basis of academic judgement.

Section 1

Requirement 1 – Key resources

Cewmlator's Board will have to investigate the constraints that are delaying the completion of Battkem's development work. There would be very little point in making this acquisition unless Cewmlator was able to provide or obtain the necessary resources. It may be that the problem is a lack of expertise in a particular technical area. If Cewmlator does not already employ experts in that area, then it will have to ensure that it is able to recruit suitable experts. Cewmlator will also have to be confident that it can retain the services of the technical staff who have brought the development work to its present point. This will be complicated by the possibility that Battkem may be reluctant to provide Cewmlator with details about the product that is under development and the technical advances that have been made to date. Battkem may be reluctant to provide such insights in case Cewmlator withdraws from negotiations and uses the information obtained to create its own solid-state battery.

Cewmlator will have to ensure that it will have the necessary financial resources to exploit the solid-state battery design. That will include the cost of completing the development work, which may be significant. The new battery design will have to be tested extensively to ensure that it can be used as intended in a safe manner. Cewmlator will also have to consider the costs associated with building a factory where solid-state batteries will be manufactured. There is little point in acquiring this new technology if Cewmlator cannot afford to make use of it. There is also the need to fund the modification of Cewmlator's car factories to enable the new batteries to be installed on the production lines.

It will be necessary to ensure that the rights to the new battery design can be protected from unlicensed copying by rival manufacturers once the product has been launched. Cewmlator will have to ensure that it has the means to protect any investment that it

makes in this technology. It will be necessary to ensure that the company has access to legal experts who specialise in the protection of intellectual property. It will also be necessary to ensure that the intellectual property is of a nature that permits it to be protected by patents or other safeguards. Cewmlator will also have to ensure that all of Battkem's research staff are willing to sign binding non-disclosure agreements.

Requirement 2 – Negotiating share exchange

In the initial stages, Cewmlator will seek to reach an agreement with Battkem's directors, in the hope of obtaining the directors' support for the bid. The directors have a duty to maximise shareholder wealth, which complicates negotiations because it may be difficult for Battkem's directors to tell whether any price offered by Cewmlator achieves that goal. Battkem's directors will have to consider the value of the intellectual property that Cewmlator will gain from this acquisition. The directors have to consider that value from Cewmlator's perspective rather than attempting to reach an objective value of the intangible asset itself. Any agreement that Cewmlator reaches with the directors will result in a recommendation to accept or reject Cewmlator's offer. There can be no guarantee that any price that is agreed by the directors will be acceptable to the shareholders, which may result in Cewmlator having to make a generous offer in order to obtain acceptance.

Cewmlator will have to take care in the wording of offer documents and the timing of their issue. The announcement of an acquisition is usually sufficient to increase the target company's share price, simply because the capital markets expect that the bidder will be prepared to pay a premium for outright control. It could be argued that the current share price immediately before the bid is a fair price for the company in an efficient market. The share price might be driven up by speculative forces beyond that, with buyers expecting Cewmlator to meet that inflated price in order to get the control that they clearly desire. Cewmlator might address this by offering a price that is slightly lower than the current market price, stressing that speculative pressure has made the acquisition unaffordable. Unfortunately for Cewmlator, there is no coherent body of shareholders with whom to negotiate. Share prices will fluctuate in accordance with buy and sell decision by individual shareholders.

Both companies are quoted and so the negotiations will effectively have to be conducted in public. Cewmlator will be at a disadvantage in some respects because it will have to allow for the interest of its own shareholders in the outcome of the negotiation. Cewmlator will have to increase its issued equity by 25% or more in order to acquire Battkem, so this is a material transaction from the perspective of its shareholders. Any offer that is announced may have to be justified on the basis that it is a good deal for Cewmlator, which may weaken its bargaining position in relation to the shareholders of Battkem. Any weakness in Cewmlator's bargaining position could lead to the loss of this opportunity because there is nothing to prevent a rival from offering to acquire Battkem.

Section 2

Requirement 1 – Political risks

Cewmlator is in a difficult position because each of the three countries wishes to persuade it to build the new battery factory there and each can create different political risks in order to do so. Eastland can threaten Cewmlator's ability to import EVs to the country where it has its largest market. The Eastlandian Government might impose restrictions, such as changing car safety requirements so that Cewmlator cars cannot be sold legally without costly modifications.

Farland's Government may feel that it has to protect the 9,000 jobs at Battkem's existing battery factory, with the additional motivation that the workforce will increase to 20,000 if the new factory is built there. The government can threaten the operation of Cewmlator's electric motor factory, which would clearly affect worldwide production because all Cewmlator cars rely on motors that will be imported from Farland.

Cewmlator has its Head Office in Duxland and has two car factories there. The company is quoted on the Duxlandian stock exchange. All of these factors make Cewmlator especially vulnerable to action by the Duxlandian Government. The government could, for example, apply pressure to Cewmlator's Board through changes to company law, in addition to the usual ways in which governments can withhold financial incentives and impose tax charges.

The most effective response to these risks would be to locate the factory in the country where Cewmlator has the least effective response available to it. Building the battery factory in Eastland will help protect the major market there for Cewmlator cars. The Eastlandian Government would have an incentive to support the construction and operation of the battery factory, which will essentially be an extension of Cewmlator's existing presence in the country.

Farland's Government might be difficult to deal with because it is highly motivated, but Cewmlator might respond by relocating its electric motor factory to another country in response to any undue pressure. That threat might prove effective because the Farlandian Government will be reluctant to lose a further 6,000 jobs. While this would be undesirable, Cewmlator would be able to find an alternative source for its motors.

Cewmlator has the greatest flexibility in Duxland, which could suggest that it has the least to fear in terms of political risk in that country. It could, for example, relocate its Head Office to another country and seek a listing on that country's stock exchange. It could take less drastic action in the first instance by threatening to close one of its car factories, which would probably put the government under some pressure.

Requirement 2 – Ethical implications

The integrity principle requires Cewmlator to be honest and straightforward in its relationships. Delaying the decision on the location of the solid-state battery factory suggests that the company plans to be dishonest with regard to its negotiations with the various governments who will be affected by this decision. The biggest ethical concern will be in relation to negotiations with the Farlandian Government. Making it seem that it will take some time to complete the development work will mislead the government into believing that work at the existing battery factory is secure for the time being. It would be far more honest for Cewmlator to provide an accurate timeline for the likely closure of the existing factory in its negotiations with stakeholders. Cewmlator is

not under any particular pressure to announce the completion of this project, so it could simply negotiate on the basis of the dates for the selection of a site and the completion of the construction work on the factory. It would then be acceptable to explicitly threaten to delay the announcement of its final decision in order to strengthen its bargaining position.

The principle of objectivity requires Cewmlator to be unbiased with regard to decisions. It could be argued that the development team is being asked to influence decisions concerning the completion of the project to develop solid-state batteries. There is no particular commercial reason to delay the completion and there may be advantages associated with completing the project as quickly as possible. That will enable work to commence on the factory's design and construction at the earliest possible date. Cewmlator's shareholders will wish the development work to be completed as quickly as possible if only because of the significant investment that has been made in the acquisition of Battkem.

The principle of professional competence and due care requires that the Board should provide a competent professional service. Cewmlator finds itself in a situation in which it has to negotiate with at least three governments in order to achieve the best possible outcome for its investment. The shareholders will expect its Board to demonstrate sound skills with respect to negotiating agreements that have strategic significance. The shareholders will undoubtedly be disappointed if the directors are forced to lie about the progress of their product's development in order to achieve an acceptable outcome. The Board should ensure that it has the required skills, even if that involves hiring consultants to negotiate on Cewmlator's behalf.

The principle of confidentiality requires the Board to protect Cewmlator by ensuring that information relating to the company's operations is not disclosed without good reason. There is no reason for Cewmlator to release information about the progress of development work on a new product. It may be that there was a need to release some information about Battkem's intellectual property in the area of solid-state batteries in relation to the negotiation of the company's acquisition, but that does not justify ongoing announcements about the development work. It should be unnecessary for Cewmlator's technical staff to delay completion of the project because nobody outside of the Group to be aware of progress. It is disturbing that the Board should distort the truth concerning the development work rather than simply choosing to ensure that all information is withheld.

Section 3

Requirement 1 – Remuneration committee

It could be argued that the shareholders will be encouraged to see the directors' remuneration linked to their wealth. If the directors are paid more when the share price rises, then they will be seen to have an incentive to work towards further gains. By implication, there will also be at least an opportunity cost associated with Board decisions that lead to decreases in the share price. If the shareholders are confident that the directors' interests are aligned with their own, then there will be less uncertainty about the company's future and so the share price will hopefully be protected. The directors will be motivated to remain in the company if their contribution to its success is noted and taken into account when setting their bonus. Retaining directors will ensure continuity and consistency in decision making, which will further reduce perceived risk.

Allowing for the expectation of future profits associated with the creation of this new product will give the executive directors an opportunity to benefit from making sound business decisions. The Remuneration Committee's recommendations concerning bonuses will not simply be a mechanical response to performance indicators such as reported earnings. Basing bonuses on expected figures will reflect a degree of trust between the executive directors and the non-executives who serve on Board committees. That relationship will enhance the effectiveness of the non-executives and so lead to improved governance. The non-executives will also have to consider greater skills in the factors that will contribute to business success, which will improve their oversight of the executive Board's performance.

Changing the basis on which the bonus is set in response to recent past performance could set a dangerous precedent. The Remuneration Committee will presumably have set criteria for determining bonuses and other rewards and those criteria are presumably acceptable to both the shareholders and the executive directors. Changing those criteria in response to positive events could have the effect of inflating bonuses in response to random and unplanned occurrences. The same logic might be applied in relation to adverse changes, which might be excluded from the determination of bonuses on the grounds that the Board had not foreseen the problem. The overall effect would be to pay the Board more, regardless of the risks that they are taking. The shareholders could be suffering additional cost for no real benefit.

Paying a bonus on the basis of expected future profits could set a further precedent in which the Board is being rewarded for having an optimistic outlook that may not be entirely justified. If the bonus will be withdrawn in the face of any expected decrease in profits, then the Board might have an incentive to take risks or pursue unethical business practices in order to reverse any anticipated downturn. There could be further complications if the bonus system regards reported performance as well as anticipated performance. In that case, the directors might be paid more than once for the same work. It could be difficult to separate actual reported profit from profit that has previously been accrued and bonus paid. Rewarding performance after the profits have been earned will also give the executive directors a financial incentive to remain with the company. If they anticipate strong profits, then they will also expect a substantial bonus payment.

Requirement 2 – Suitability and acceptability

The suitability of the additional investment might be justified in terms of Cewmlator's mission to make the world a better place by providing desirable and sustainable motor vehicles. It could be argued that EVs can and should be improved in terms of their desirability and sustainability, given that many governments plan to ban the sale of new ICE cars in the relatively near future. There would be no need to ban ICE cars if the perceived shortcomings of EVs were not so serious. There are key areas, particularly in relation to range and charging times, in which improvements have to be made in order to make EVs desirable. Cewmlator is competing against EV manufacturers whose products include hybrids. Any additional research into batteries or electrical power can only make Cewmlator's BEVs both more desirable and more sustainable. It could be that the success of the work done to date on solid-state batteries will make it difficult to conduct further meaningful research that will enhance Cewmlator's products.

The recent success of Cewmlator's research in terms of improving the share price would suggest that further research would be regarded as desirable by the shareholders. Cewmlator has already demonstrated that it has the technical skills available to it to implement solid state technology that will improve range and reduce charging times. The company's knowledge, based on feedback from existing BEV customers, will help Cewmlator to evaluate potential areas for further research. The shareholders might be encouraged by any additional expenditure on R&D, but any associated increase in the share price will be constrained by the possibility that the research work will fail. The full benefit of the research will only be incorporated into the share price when the outcome of the research is both known and disclosed by the company. There is a risk that the shareholders will start to take a negative view of R&D if Cewmlator has a number of failed attempts at further development work.

Strategic Level Case Study – Examiner's report

November 2025 – February 2026 exam session

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

General comments

The Strategic Case Study (SCS) examinations for November 2025 and February 2026 were based on a pre-seen scenario which provided information about Cewmlator, a quoted company that manufactures electric cars.

Electric cars are promoted as a sustainable alternative to traditional cars powered by internal combustion engines (ICE). Several governments have announced their intention to ban the sale of new ICE cars within the next few years. That is a controversial proposal. Many drivers have concerns about the range of battery powered electric cars. Some environmentalists are concerned about the externalities caused by the manufacture of electric car batteries. There are also concerns that electric cars have relatively short useful lives because their batteries degrade over time. Those batteries are difficult and expensive to replace and electric cars are difficult to recycle once they reach the ends of their useful lives. These concerns have a significant impact on the governance of electric car manufacturers.

A total of six variants were set on Cewmlator. The focus for each variant was as follows:

- Variant 1: Cewmlator is considering requiring its dealerships to offer a repair service for its electric cars, thereby extending their useful lives.
- Variant 2: Cewmlator is considering the creation of a network of charging stations for the exclusive use of its cars.
- Variant 3: Cewmlator has been accused of overstating the range of its cars.
- Variant 4: Cewmlator is considering a method for recycling electric car batteries.
- Variant 5: Cewmlator is considering the potential impact of tariffs that have been threatened by the government of a key country.
- Variant 6: Cewmlator is considering the use of a new type of battery.

All six variants complied with the published blueprint and covered the core activities in the prescribed weightings. Each variant consisted of three tasks and each task was further subdivided into separate requirements. The weighting attached to each requirement was stated and candidates were advised to allocate the time available for each requirement on the basis of those weightings. Markers were instructed to adopt a holistic approach to marking, which meant that the answer to each requirement was read and judged on its merits. Markers were provided with specific guidance as to the characteristics of level 1, level 2 and level 3 answers for each separate requirement.

As always, the key to achieving a passing mark or better is to answer the question as set. Failure to do so is one of the main reasons candidates fail the case study.

Read the questions and the scene setting pages carefully before attempting the questions. It is also vital that the candidates understand the pre-seen material. Candidates should apply their judgement to answering the requirements as fully as possible. Scenario-based questions often allow scope for differences of opinion and markers are instructed to mark different approaches on their merits.

To achieve a level 3 in most traits, it was expected that a candidate would demonstrate good technical understanding of the topic being tested through clear and logical application to the circumstances described in the scenario. It may also help to develop an argument by offering justification for any recommendations made. One way to formulate an answer to a typical requirement would be to imagine it as a task that had been set by a director who was delegating an important task.

Level 1 answers generally demonstrate either poor exam technique or fail to offer a logical response to the circumstances in the scenario (or both). Poor exam technique is generally due to a failure to answer the question. Poor logic generally suggests that the candidate has misunderstood the scenario. For example, the specific issues arising in the case of Cewmlator include:

- Many potential customers have severe doubts about the practicality of electric cars.
- Some of the claims made in relation to the sustainability issues associated with electric cars are open to dispute.
- The batteries in electric cars leave manufacturers open to currency risks associated with imports of expensive commodities.

While each attribute may not necessarily inform every requirement, level 1 marks tended to be associated with a failure to appreciate the specifics of the business.

Variant 1 comment on performance

	Designed to test	Core activity
Task 1	What are the political, economic and legal implications of requiring dealerships to provide a battery repair service?	B – Conduct an analysis of stakeholder needs and recommend appropriate responses
	What are the ethical implications of requiring dealership technicians to dismantle high voltage batteries?	D – Identify ethical dilemmas and recommend suitable responses
Task 2	How should the Board interpret a movement in Cewmlator's share price?	C – Recommend and apply business valuation models
	How should the risk register deal with the risk of dealerships leaking confidential information?	D – Evaluate risks and recommend responses and can maintain the corporate risk register
Task 3	What are the advantages and disadvantages of acquiring a subsidiary by means of a share exchange?	A – Evaluate potential acquisitions and divestment opportunities
	How might internal audit ensure that dealerships can carry out safe and efficient battery repairs?	E – Apply internal audit resources

Task 1

Cewmlator is developing a process that will make it possible to repair batteries in electric cars. At present, cars often have to be scrapped and replaced when their batteries fail because it is difficult and dangerous to dismantle batteries and replace damaged components. The new process will make repairs possible, which will offer significant cost savings compared to buying a new car.

The first sub-task asked for an evaluation of the political, economic and legal implications of requiring dealerships to make the necessary investment in training and equipment to enable their technicians to repair batteries in accordance with the processes that are under development. Level 3 answers were generally structured round the categories of implications listed in the task. Answers at this level demonstrated logical thought about the implications for Cewmlator of enabling customers to have their batteries repaired. Stronger answers developed those arguments in some detail. Level 1 answers were generally underdeveloped, with little real discussion of the implications for Cewmlator of dealerships offering this service.

The second sub-task asked about the ethical implications of requiring dealership technicians to dismantle high voltage batteries for the purposes of repair. Most candidates responded by evaluating the ethical issues raised by CIMA's ethical guide, although a significant minority focussed on the ethical dilemmas raised by the matter. Dilemmas included the relationships between the potential risk to staff safety, the impact on sustainability and the need for Cewmlator to generate profits. Level 3 answers offered reasoned and logical discussions of the application of the ethical guide (or ethical dilemmas) to the scenario. Some candidates developed those discussions well, demonstrating a good grasp of the pre-seen. Level 1 answers were generally

underdeveloped, with the focus consisting of detailed summaries of individual principles of the ethical guide. Answers at this level often included the duty of confidence, despite that having little relevance to the scenario.

Task 2

Cewmlator has briefed its dealers on the proposal, requiring each to sign a non-disclosure agreement (NDA). Cewmlator's share price has suddenly increased despite competitors' share prices remaining unchanged. A journalist has contacted Cewmlator to ask about rumours concerning battery repairs.

The first sub-task asked whether the share price movement suggests that Cewmlator should proceed with the development of this service. It also asked whether the company should publicise any decision that it makes. Level 3 answers tended to commence by arguing that the movement in share price could be evidence that information concerning the repair service has been leaked and that the stock market regards this as good news. Better arguments focussed on the possibility of strong form market efficiency, which could lead to investors buying shares on the strength of their inside knowledge of the new process. Some answers at this level offered sensible arguments that the share price movement had been driven by speculation that could have had little or nothing to do with the proposal. Furthermore, the increased share price cannot be taken as a guarantee that the investment in this process will yield a positive net present value. Level 3 answers generally weighed these issues up before moving on to the need to publicise any decision that is taken with regard to proceeding or abandonment. Answers at this level generally focussed on the negative impact of any uncertainty and the need. They also discussed the need for the Board to have made a final decision before making any announcement. Level 1 answers frequently described capital market efficiency in some detail, with very little real application of the EMH to the issues raised in the sub-task.

The second sub-task asked for a recommended treatment of business confidence in relation to dealers and their respect for commercial confidence in relation to announcements made by Cewmlator that were intended for circulation within the business network. Level 3 answers were generally structured around the content of a risk register entry, with clear and specific recommendations of the ways in which Cewmlator might structure its management of the risks associated with briefing dealers. For example, answers at this level often recommended a specific owner for the risk and provided logical steps for the mitigation of the risk. Level 1 answers tended to be much less practical, often offering impractical responses to the risk of breaches of confidence.

Task 3

The Board is considering the acquisition of a training company that could be used to train dealership technicians in the procedures associated with maintaining batteries.

The first sub-task asked for an evaluation of the advantages and disadvantages of funding the acquisition of the new subsidiary through a share exchange. Level 3 answers generally recognised that this is a relatively small transaction in relation to the Cewmlator Group as a whole, but still discussed the possible costs and benefits of a share exchange. Level 1 answers tended to

summarise the respective advantages and disadvantages of debt and equity, with relatively little direct application to the scenario.

The second sub-task asked for recommendations for the tests that Cewmlator's Internal Audit Department might carry out to reassure the Board that dealership staff were capable of conducting safe and efficient repairs to car batteries. Level 3 answers generally offered realistic tests that were capable of yielding the expected result. Answers at this level reflected the constraints associated with conducting this investigation. For example, Cewmlator is a global business that has a dealership network that spams many countries. Level 1 answers often lacked detail concerning the work that internal audit would actually undertake. These answers frequently failed to identify the purpose of the recommended audit work and so lacked credibility.

Variant 2 comments on performance

	Designed to test	Core activity
Task 1	Would building a network of charging stations for the use of Cewmlator cars imply a change in the industry ecosystem?	B – Conduct an analysis of stakeholder needs and recommend appropriate responses
	What impact will establishing charging stations have on Cewmlator's non-financial capital?	A – Recommend responses to opportunities and threats arising from digital technologies
Task 2	Is it acceptable to justify the provision of charging stations on the basis of Cewmlator's vision?	A – Evaluate strategic options
	How should the provision of the charging stations be funded?	C – Recommend suitable sources of finance
Task 3	What internal controls could have prevented customers for charging stations from being defrauded?	D – Evaluate and mitigate cyber risks
	What role might the Audit Committee have in managing the threat of a recurrence of this fraud?	E – Recommend responses to the threats arising from poor governance

Task 1

Concern about a lack of available charging points makes some customers reluctant to buy battery electric vehicles. In response to this, there is a proposal for Cewmlator to set up its own charging points for the exclusive use of the drivers of its cars. Currently, charging points are operated by commercial companies and available for any customer who holds an account with them.

The provision of charging points will impact on rival manufacturers of electric vehicles and their future policies. Candidates were first asked to recommend with reasons the matters that should be considered in a competitor analysis of this impact.

Level 3 responses made sensible recommendations for matters to be considered, such as the need to identify competitors, the importance of focussing on the potential response of rival car manufacturers and the likelihood of an aggressive response to the investment. Level 2 answers were often less well focussed, discussing matters which should be considered in an analysis rather than specifically a competitor analysis. Level 1 answers provided some analysis but did not give reasoning and justification for their recommendations.

The second task asked candidates to evaluate the impact that the creation of these charging points will have on Cewmlator's non-financial capitals.

Level 3 responses discussed the impact on intellectual capital as Cewmlator creates or acquires intangible assets, the social and relationship capital associated with the new network and the potential enhancement of natural capital as customers are encouraged to replace ICE cars with BEVs. Answers were well developed and points justified. Level 2 answers correctly identified potential impacts on non-financial capitals but did not fully develop the points made or justify conclusions. Level 1 responses often showed insufficient knowledge of non-financial capital.

Task 2

The Board discussed the proposal to provide charging points. The Sales Director expresses the opinion that the charging point project is consistent with Cewmlator's vision and so should be implemented. The Finance Director warns that Cewmlator's cash balances are held by overseas subsidiaries and cannot be remitted to Duxland without heavy tax charges and so cannot be used to finance the project.

Candidates were first asked to evaluate the Sales Director's use of Cewmlator's vision to justify the implementation of the proposal to provide charging points in Duxland.

Level 3 responses provided good evaluation of the use of the vision, pointing out that this is a useful basis on which to hold discussions on strategy but also that decisions cannot be solely based on consistency with the vision. Level 2 answers often did not focus on the specific question but discussed how a project should be justified in more general terms, with many using the suitability acceptability feasibility framework rather than concentrating on use of the vision. Level 1 answers identified some relevant issues but did not evaluate them.

Candidates were next asked to recommend with reasons the matters Cewmlator should consider when raising debt to finance the purchase and installation of charging points in Duxland.

Level 3 responses considered key points such as the impact on gearing, the potential need for the Group as a whole to offer a guarantee and the need to identify which Group members could transfer funds without penalty. The need to prepare a detailed business plan to support a loan application was also often discussed. Level 2 answers were often too generic, setting out issues which should be considered when borrowing but not making reference to the specific scenario. Level 1 answers identified some relevant points but did not provide evaluation or justification.

Task 3

In the final task, candidates were told that the first 500 new charging points became operational and 120 customers lost money due to fraudulent alterations to a number of machines. Criminals had applied stickers over the QR codes which customers scan in order to activate the charging point and instead linked the customers to a fraudulent website.

Candidates were asked to recommend with reasons additional internal controls that could be introduced to prevent charging point customers from being defrauded.

Level 3 responses gave well justified suggestions which would be practically useful, such as emailing customers to warn them to be vigilant, modifying the app so that customers can notify Cewmlator of suspicious charging points and asking maintenance staff to regularly check charging points. Level 2 answers often did not fully justify their suggestions or proposed checks which would not be practically feasible, such as having an internal auditor stand by each charging point to monitor it. Level 1 answers made some suggestions but did not give reasons or justification for them.

Finally, candidates were asked to recommend with reasons the role that Cewmlator's Audit Committee might take in the review of payment systems and the evaluation of ongoing events.

Level 3 answers sensible recommendations which showed a good understanding of the role of the Audit Committee, such as providing strategic oversight, advising on choices to be made concerning controls and setting any role for the Internal Auditors. Level 2 answers made some

appropriate recommendations but often did not differentiate between the role of the Audit Committee and tasks which would be carried out by the Internal Auditors. Level 1 answers often offered a general description of the role of the Audit Committee but did not consider what the Committee should be doing in this specific scenario.

Variant 3 comments on performance

	Designed to test	Core activity
Task 1	How should Cewmlator respond to owners tweaking the software that governs the performance of their electric cars?	D – Evaluate and mitigate cyber risks
	How does tweaking this software impact on Cewmlator's non-financial capital?	A – Recommend responses to opportunities and threats arising from digital technologies
Task 2	Will the switch to a new type of battery be consistent with SAF?	B – Select and apply suitable strategic analytical tools
	How should a "green" loan that is available be evaluated?	C – Recommend suitable sources of finance
Task 3	How might withdrawing a popular model of car impact Cewmlator's share price?	C – Recommend and apply business valuation models
	Should the Remuneration Committee protect directors' performance-related bonuses in response to the withdrawal of this model?	E - Recommend responses to the threats arising from poor governance

Task 1

The scenario opens with a press report concerning "tweaking" ECU software to override limitations imposed by Cewmlator. These tweaks might compromise safety restrictions whilst also compromising warranty. Candidates are asked to recommend with reasons controls that might be introduced in order to prevent the tweaking of ECU software.

The majority of candidates appeared comfortable with this task. Level 3 candidates understood the difference between soft preventative controls such as: communicate with all customers, warn of dangers, remind them of warranty invalidations, whilst also tackling the problem at the dealer end, detecting modification and policing warranty conditions. Level 1 and 2 responses gave a variety of physical and communications controls, some which would be impossible to implement but some that would be good. The best answers got inside the scenario and made relevant comments such as: it is impossible to stop but possible to detect once done and aimed at prevention methods, including differentiating the types of customers liable to try to modify or compromise car safety features. There were some very good and interesting answers.

Secondly, candidates were asked to evaluate the impact that software tweaking could have on Cewmlator's non-financial capital.

There were some good but generic answers on Intellectual, Human, Social and Relationship and Natural Capitals. Most candidates knew the capitals but were not good at applying that knowledge to the case and these more generic answers achieved level 1 or 2 scores. Level 3 answers were good and very clearly related their answers to the scenario.

Task 2

The scenario moves forward a few weeks and candidates are presented with findings from the R&D Director that suggest new fast charging batteries could be developed, needing an extensive capital investment and a commercial source of funding may also be available. Candidates were asked to evaluate this proposal using the suitability, acceptability and feasibility (SAF) criteria.

Again, good answers on the whole, including some very well-structured answers. Candidates often try to apply SAF where it does not fit. Where SAF was explicitly asked for, most candidates were very able to apply Suitability and Acceptability with ease, but it was the better candidates who were able to apply Feasibility well, as this is certainly the most difficult in the circumstances provided by the scenario. Ultimately, this is a long and costly project and it needs strategic thinking. Level 1 responses tended to talk more about SAF itself rather than how it could be applied in this scenario.

In the next task, candidates were asked to recommend with reasons the issues that should be considered when evaluating the loan that has been offered by the commercial bank.

Again, there is plenty of scope for good answers here. Better answers consider the effects of publicity required for the bank and how requirements for disclosures might compromise secrecy needs. Some candidates discussed engaging with the lender to take the long view of loan extensions or project failures into account. Poorer answers generally were rather vague about the specifics of the project and tended to accept everything without much consideration.

Task 3

The scenario presents candidates with extracts from a Board meeting proposing the discontinuation of one of four car models manufactured by Cewmlator: the Skkorch, a sporty model and the least sustainable of the Cewmlator product line. Candidates were asked to identify and evaluate the issues that would determine whether Cewmlator's share price would increase or decrease as a result of the withdrawal of the Skkorch model.

Generally, candidates did reasonably well here, with arguments being made both ways. Either is correct if supported by relevant arguments. Level 3 responses highlighted the need to use the market forces to promote good news, suggesting communication about the reasons behind the discontinuation of the product whilst also promoting safety and sustainability issues with the customer base through marketing. Level 1 answers were less detailed or failed to give good insight relevant to the scenario.

Finally, candidates were asked to evaluate the arguments for and against adjusting the executive directors' performance-related bonuses to protect them from any reduction in bonus arising from the withdrawal of Skkorch.

On the whole, this was rather poorly answered and was probably the weakest part of the paper for many candidates. There were very mixed answers. Level 3 gave good support to arguments for and against with some very good topical answers. Level 1 tended to be rather one-sided and were either for or against sometimes with fairly weak or conflicting reasons.

Variant 4 comments on performance

	Designed to test	Core activity
Task 1	What are the environmental, social and governance (ESG) implications for Cewmlator of assisting in the development of Dr Cole's process?	A – Recommend strategic decisions (digital and otherwise)
	What are the difficulties of predicting the impact that an investment in support of the development of Dr Cole's process will have on Cewmlator's share price?	C – Recommend and apply business valuation models
Task 2	What are the ethical implications of Cewmlator exercising the option to acquire sole rights to Dr Cole's process for D$200 million and of excluding other EV manufacturers from having access to the process?	D – Identify ethical dilemmas and recommend suitable responses
	What are the political risks arising from Cewmlator's adoption of the process, given its relationship with Eastland and recommend, stating reasons, suitable responses to those risks?	B – Recommend responses to economic, political and currency risks
Task 3	Will the adoption of Attomm's proposal would be consistent with the suitability, acceptability and feasibility (SAF) criteria?	B – Select and apply suitable strategic analytical tools
	What are the arguments for and against the appointment of an executive director to take responsibility for environmental, social and governance (ESG) matters?	E – Recommend responses to the threats arising from poor governance

Task 1

The methods that are currently used to recycle electric vehicle batteries are inefficient. Recycling uses a great deal of energy and fails to release all of the metals that were used to make the battery. A business contact is seeking support to complete the development of a new recycling technology that will overcome these problems.

The first sub-task asked for an evaluation of the ESG implications of assisting in the completion of the development of the new recycling process. Level 3 answers generally worked through each of environmental, social and governance implications, addressing each in turn and offering a logical argument in support of the arguments relating to implications. Answers at this level focussed on the scenario. Level 1 answers tended to focus on the environmental implications, with relatively little being said about social or governance. The explanation of governance in these answers tended to address the legal implications of recycling rather than Cewmlator's governance.

The second sub-task asked about the difficulties of predicting the impact that supporting this new technology might have on Cewmlator's share price. Level 3 answers generally offered a range of reasons for the outcome of this investment being difficult to predict. For example, the new process is still under development and so there is no guarantee that the investment will succeed. Level 1

answers tended to summarise the concept of market efficiency and made little real attempt to relate those summaries to the scenario.

Task 2

The new recycling process has been completed successfully. Cewmlator has an option to buy the exclusive use of this process for D$200 million. The engineer who developed it believes that it is worth D$300 million.

The first sub-task asked for an evaluation of the ethical implications of exercising the option to acquire exclusive rights for D$200 million. Level 3 answers tended to apply the ethical principles to the scenario, with a clear explanation of the ethical issues arising. Many answers at this level discussed both the ethical implications of exercising the right to purchase the rights to the process for the sum agreed in the option, which now appears to be less than the process is worth, as well as the ethical implications of denying the use of the process to other manufacturers. Level 1 answers tended to summarise the ethical principles, with relatively little being said about the scenario itself.

The second sub-task asked about the political risks associated with Cewmlator's relationship with Eastland, the country that mines most of the company's lithium and that is a major export destination for its cars. Level 3 answers identified the key risks associated with replacing lithium mined in Eastland with metal obtained from recycling. Answers at this level tended to be realistic in terms of the evaluation of the risks and in terms of their mitigation. Level 1 answers tended to offer very limited evaluation of the risks, describing the concept of political risk rather than addressing the requirement. Answers at this level also offered very little about the mitigation of the risks that were identified.

Task 3

A rival company has suggested a collaboration with Cewmlator to bring the new recycling process into operation.

The first sub-task asked whether agreeing to the rival company's suggestion would be consistent with the suitability, acceptability and feasibility (SAF) criteria. Level 3 answers addressed each criterion in turn and offered a realistic application of each to the situation in the scenario. Answers demonstrated an appreciation of the meaning of each criterion but remained focussed on the application throughout. Level 1 answers tended to consist of summaries of the SAF criteria but offered very little application to the scenario itself. Some level 1 answers failed to distinguish the criteria and used virtually the same definitions for each.

The second sub-task asked for arguments for and against the appointment of an executive director to take responsibility for ESG matters. Level 3 answers offered a logical discussion of both the advantages and disadvantages. Most answers at this level offered a final conclusion on whether or not the advantages of such an appointment outweighed the disadvantages. It did not matter whether candidates chose to argue for or against in drawing such a conclusion, but it was encouraging to see the candidates at this level could draw conclusions based on their arguments. Level 1 tended to offer a very limited range of arguments, meaning that they offered very little in the way of development. The Board would be unlikely to be satisfied with such a basic argument.

Variant 5 comments on performance

	Designed to test	Core activity
Task 1	How should the three scenarios listed in the task be managed?	A – Evaluate strategic options (digital and otherwise)
	How will the strengthening of the E$ affect Cewmlator's ability to do business?	B – Recommend responses to economic, political and currency risks
Task 2	Is it logical to argue that Cewmlator's Board should have predicted the imposition of a sales tax through an analysis of the political and economic environments in Eastland?	B – Conduct an analysis of stakeholder needs and recommend appropriate responses
	How should the Board respond to a decrease in Cewmlator's share price?	C – Recommend and apply business valuation models
Task 3	What internal controls could be introduced to prevent bribery?	D – Recommend internal controls
	Are the Head of Internal Audit's arguments concerning bribery prevention valid?	E – Apply internal audit resources

Task 1

Eastland's Government has announced a proposal to tax the sale of EV's imported into the country at a rate of 10%. Eastland is Cewmlator's largest market and is also the location of the company's battery factory.

Candidates were first asked to use scenario planning thinking to explain how each of the following possibilities should be managed:

- The Eastlandian Government increases its tax on the sale of imported cars to 25%.
- The Eastlandian Government threatens to nationalise Cewmlator's battery factory.
- The Eastlandian Government threatens to ban imports of EVs.

Level 3 responses gave well justified recommendations for each of the possibilities, considering issues such as the impact on the franchised Eastlandian dealerships, difficulties with the sourcing of batteries and the loss of a key market for vehicles. Responses such as entering into a joint venture with an Eastlandian EV manufacturer and lobbying the Duxland Government to persuade them to protest were explored. Level 2 responses were less detailed but did recommend appropriate responses, although justification for recommendations was insufficient. Level 1 answers did not go beyond identifying the issues, with some candidates attempting to apply inappropriate models such as Suitability/Acceptability/Feasibility.

Candidates were next asked to evaluate the impact of the strengthening of the E$ on Cewmlator's ability to do business.

Level 3 answers explored two key impacts; firstly, that it will be cheaper for Eastland to import cars from countries with weaker currencies which will make Cewmlator's cars more competitive than those produced in Eastland, and secondly, that some costs incurred in the operation of

Cewmlator's battery factory in Eastland will rise. Level 2 responses were often less precise, with some candidates discussing the impact of currency movement in more general terms rather than identifying the specific changes in this scenario, such as the likely increase in battery costs. Level 1 answers identified some currency impact but did not provide evaluation.

Task 2

The Non-Executive Chair has expressed disappointment that the Board has failed to predict the Eastlandian Government's actions. Eastland is Cewmlator's largest market and the company's share price has fallen by 30% since the news.

Candidates were first asked to evaluate the logic of the argument that the Board should have predicted the imposition of a sales tax through an analysis of the political and economic environments in Eastland.

Level 3 responses discussed a balance of arguments, including the view that the tax might not have been foreseeable as the Government would not have briefed about it in advance and share prices did not move until after the announcement which would indicate that the markets did not anticipate the news. On the other hand, the Board should pay attention to such an important market and might have anticipated that the Government would take some form of action to support its EV industry. Level 2 answers were less detailed and often only presented one point of view; for example, stating that the Board should have predicted the tax imposition without considering how this might be done or what difficulties it might present. Level 1 answers identified some issues but did not explore them in sufficient depth or detail.

Candidates were next asked to evaluate the implications of the decrease in Cewmlator's share price and recommend with reasons how the Board should respond to it.

Level 3 answers evaluated a range of implications and gave justified recommendations as to how the Board should respond. This included the view that the loss in value might be a permanent change which would have to be accepted by all stakeholders. On the other hand, the Board could seek to reassure shareholders that they are working on a recovery plan and should seek to increase future cash flows and reduce the cost of capital. Level 2 responses were less detailed; some gave extensive explanations of the efficient markets hypothesis without relating it to the specific scenario. Level 1 answers identified some implications but did not give clear recommendations regarding responses by the Board.

Task 3

The Eastland Head of Sales has been arrested by police following accusations that he attempted to bribe a senior Government official. The Head of Internal Audit has claimed that bribery prevention is not part of internal audit's responsibility and that it would be difficult for Internal Audit to detect bribery.

Candidates were first asked to recommend with reasons the internal controls we could use to prevent bribery.

Level 3 responses recommended appropriate controls and justified their recommendations. Suitable controls included the development of a formal written policy regarding bribery, training for

staff, appropriate authorisation of all non-routine payments and a formal process for approving suppliers. Level 2 answers recommended some suitable controls but did not fully justify their recommendations. Level 1 answers described some controls but often included descriptions of actions which would not help to prevent bribery or were not controls at all.

Finally, candidates were asked to evaluate the Head of Internal Audit's claims.

Level 3 responses showed clear understanding of the role of Internal Audit, recognising that bribery prevention is the responsibility of the Board and that the Internal Auditors role is to support the Board by checking on compliance with controls. The Board should ensure that satisfactory controls are in place, then Internal Audit could conduct compliance tests. Level 3 answers also recognised that detecting bribery is difficult because both sides of a transaction are likely to collude in order to conceal the bribe. Bribes may be concealed as normal business transactions and there may be no reason to suspect that bribery has occurred. Level 2 responses were often less accurate about the role of the Internal Audit function but did include some tasks the Internal Auditors could appropriately carry out. They often did not recognise that detecting bribery can be difficult Level 1 answers often stated that preventing bribery is a fundamental Internal Audit responsibility and that if the Head of Internal Audit finds bribery difficult to detect then further training is required, without addressing the difficulties inherent in bribery detection.

Variant 6 comments on performance

	Designed to test	Core activity
Task 1	How important are the key resources that Cewmlator will require in order to make a success of this acquisition?	A – Evaluate potential acquisitions and divestment opportunities
	What are the challenges associated with negotiating a share exchange in order to bring about Cewmlator's acquisition of 100% of Battkem's equity?	C – Recommend suitable sources of finance
Task 2	What are the political risks associated with the location of the solid-state battery factory and how should those risks be addressed?	B – Recommend responses to economic, political and currency risks
	What are the ethical implications of delaying the completion of the R&D work in order to assist in negotiations with governments who have an interest in the location of the factory?	D – Identify ethical dilemmas and recommend suitable responses
Task 3	What are the arguments for and against Cewmlator's Remuneration Committee taking account of the recent increased share price and the prospect of future increased profit when deciding on the executive directors' performance-related bonuses?	E – Recommend responses to the threats arising from poor governance
	Would further investments in R&D be justified, given the experience of the development of solid-state batteries?	B – Select and apply suitable strategic analytical tools

Task 1

The scenario outlined the possibility of acquiring Battkem, a battery manufacturer whose R&D appear close to achieving a technological breakthrough in the EV Battery environment. Battkem's CEO has invited a friendly takeover from Cewmlator in return for technical and financial support to bring the technology breakthrough to commercial fruition. Candidates were asked to evaluate the importance of the key resources that Cewmlator will require in order to make a success of this acquisition.

Level 3 candidates identified that Cewmlator's Board would have to be confident that they can provide the means to assist Battkem's R&D work, and thereafter they could proceed with the acquisition making special recognition of those key resources: finance, skills availability, manufacturing capacity, ability to create Patents and protect IPR. This was not an exhaustive list, but level 3 candidates tended to focus on these five elements, highlighting the need to consolidate activities around each to ensure the possibility of the success of the project was maximised.

Some candidates failed to progress past the first element here, without ever progressing to consider the "Key Resources".

Level 3 candidates often made an excellent assessment of the importance of these resources and the need to address them all in order to optimise the outcome for all parties. Close attention to the scenario was key here, as this is a very complex business area.

Candidates were then asked to evaluate the challenges associated with negotiating a share exchange in order to bring about Cewmlator's acquisition of 100% of Battkem's equity.

Level 3 candidates recognised that with both entities being listed, much of this will take place in a fully public environment. Securing a mutually satisfactory commitment from both boards and all key shareholders is tricky in open market conditions with speculation both on the acquisition and on the future of the project under development. Good answers focused on what each party needed from the other in order to achieve success.

Task 2

The scenario moves forward 6 months and we learn that Cewmlator has acquired 100% of Battkem's equity, R&D are making good progress and the need to design and build manufacturing facilities for the new battery is being raised. Candidates were asked to identify the political risks associated with the location of the solid-state battery factory and recommend, stating reasons, a response to those risks.

Again, this was answered very well on the whole. With three separate countries to deal with and a different scenario in each, there was plenty of material to use to form good answers both on the risk identification and on possible mitigations available in each of the cases. There were many varied and valid answers provided with recommendations and reasons for those being given. Poorer answers tended to be weak on the reasons given or dealt only with a subset of the scenario.

Candidates were then asked to evaluate the ethical implications of delaying the completion of the R&D work in order to assist in negotiations with governments who have an interest in the location of the factory. Most candidates used the CIMA framework to progress through the implications involved here. This was not an essential part of the response, but it did provide structure to work from. Level 3 candidates were simply able to provide greater depth of response by using more of the detail applied from the scenario, showing an awareness of the conflict between business risk including duties to the shareholders and wider stakeholders as opposed to the countries at large. Poorer answers tended to give a list without depth or detail, often not mentioning how it applies to the scenario.

Task 3

The scenario has evolved a further four months and the solid-state battery development has been completed and noted by the marketplace. Candidates were asked to evaluate the arguments for and against Cewmlator's Remuneration committee, taking account of the recent increased share price and the prospect of future increased profit when deciding on the executive directors' performance-related bonuses

Generally, this was quite well answered, with level 3 candidates showing balanced arguments from both sides and taking account of the scenario details and the need to avoid setting precedents or taking reward before benefits have been realised, whilst also ensuring longevity for well executed Board activity and alignment with shareholder views and needs. Level 1 answers tended to be one dimensional, opting either for or against. Either was correct if supported by relevant arguments taken from the detail of the scenario. Poor scripts tended to give generic lists about the remunerations committee, shareholder wealth and efficient markets.

Finally, candidates were asked to evaluate whether further investments in R&D are justified given the experience of the development of solid-state batteries.

Candidates were given an invitation to use Suitability and Acceptability here and many added Feasibility despite the fact there were no specific project criteria to be assessed.

Level 3 candidates gave good balanced answers, using the scenario extensively and identifying several possible potential areas of investigation which are both Suitable and Acceptable. Level 1 answers were rather shallower, with few areas identified and giving a more generic assessment.

Strategic Level Case Study

November 2025 – February 2026

Marking Guidance

Variant 1

About this marking scheme

This marking scheme has been prepared for the CGMA Professional Qqualification Strategic Case Study [November 2025 – February 2026].

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, and markers are subject to extensive training, 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 no 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 where 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 sub task

Sub-task	Core activity		Sub-task weighting (% section time)
Section 1			
(a)	**B**	Battery repair service	60%
(b)	**D**	Ethical implications	40%
Section 2			
(a)	**C**	Share price movement	60%
(b)	**D**	Risk register	40%
Section 3			
(a)	**A**	Share exchange	50%
(b)	**E**	Internal audit	50%

SECTION 1			
Task (a) **Evaluate** the political, economic and legal implications of Cewmlator requiring dealerships to introduce a battery repair service.			
Trait			
Political	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies implications	1-2
	Level 2	Evaluates implications	3-5
	Level 3	Evaluates implications with justification	6-7
Economic	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies implications	1-2
	Level 2	Evaluates implications	3-5
	Level 3	Evaluates implications with justification	6-7
Legal	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies implications	1-2
	Level 2	Evaluates implications	3-5
	Level 3	Evaluates implications with justification	6-7
Task (b) **Evaluate** the ethical implications of requiring dealership technicians to dismantle high voltage batteries in order to carry out repairs			
Trait			
1st principle	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1-2
	Level 2	Evaluates principle	3-4
	Level 3	Evaluates principle with justification	5-6
2nd principle	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1-2
	Level 2	Evaluates principle	3-4
	Level 3	Evaluates principle with justification	5-6

SECTION 2			
Task (a) **Evaluate** whether the unique movement in Cewmlator's share price relative to the share prices of other EV manufacturers indicates that we should commit to the development of a battery repair service through our dealership network and whether we should publicise our decision.			
Trait			
1st argument	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1-2
	Level 2	Evaluates argument	3-5
	Level 3	Evaluates argument with justification	6-7
2nd argument	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1-2
	Level 2	Evaluates argument	3-5
	Level 3	Evaluates argument with justification	6-7
3rd argument	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1-2
	Level 2	Evaluates argument	3-5
	Level 3	Evaluates argument with justification	6-7
Task (b) **Recommend** with reasons a suitable treatment in our risk register for the issues relating to informing our dealerships of confidential strategic information.			
Trait			
Identify risk and risk owner	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issues	1-2
	Level 2	Recommends treatment	3-4
	Level 3	Recommends treatment with justification	5-6
Impact and mitigation	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issues	1-2
	Level 2	Recommends treatment	3-4
	Level 3	Recommends treatment with justification	5-6

SECTION 3			
Task (a) **Evaluate** the advantages and disadvantages of acquiring Tektrayn by a share exchange rather than as a cash purchase.			
Trait			
Advantages	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies advantages	1-3
	Level 2	Evaluates advantages	4-6
	Level 3	Evaluates advantages with justification	7-9
Disadvantages	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies disadvantages	1-2
	Level 2	Evaluates disadvantages	3-5
	Level 3	Evaluates disadvantages with justification	6-8
Task (b) **Recommend** with reasons the tests that Cewmlator's Internal Audit Department could carry out to assist the Board in ensuring that dealerships have taken the necessary steps to ensure safe and efficient battery repairs.			
Trait			
1st test	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issue	1-2
	Level 2	Recommends test that addresses issue	3-4
	Level 3	Offers sensible reasons for recommendation	5-6
2nd test	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issue	1-2
	Level 2	Recommends test that addresses issue	3-4
	Level 3	Offers sensible reasons for recommendation	5-6
3rd test	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issue	1
	Level 2	Recommends test that addresses issue	2-3
	Level 3	Offers sensible reasons for recommendation	4-5

Strategic Level Case Study

November 2025 – February 2026

Marking Guidance

Variant 2

About this marking scheme

This marking scheme has been prepared for the CGMA Professional Qualification Strategic Case Study [November 2025 – February 2026].

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, and markers are subject to extensive training, 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 no 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 where 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 sub task

Sub-task	Core activity		Sub-task weighting (% section time)
Section 1			
(a)	**B**	Competitor analysis	60%
(b)	**A**	Non-financial capitals	40%
Section 2			
(a)	**A**	Vision	40%
(b)	**C**	Debt finance	60%
Section 3			
(a)	**D**	Internal controls	50%
(b)	**E**	Audit committee	50%

SECTION 1			
Task (a) Recommend with reasons the matters that should be considered in a competitor analysis of the impact that our provision of charging points might have on rival manufacturers of electric vehicles (EV).			
Trait			
1st matter	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes matter	1-2
	Level 2	Recommends matter with reasons	3-5
	Level 3	Recommends matter with reasons and justification	6-7
2nd matter	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes matter	1-2
	Level 2	Recommends matter with reasons	3-5
	Level 3	Recommends matter with reasons and justification	6-7
3rd matter	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes matter	1-2
	Level 2	Recommends matter with reasons	3-5
	Level 3	Recommends matter with reasons and justification	6-7
Task (b) Evaluate the impact that the creation of these charging points will have on our non-financial capitals.			
Trait			
1st capital	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies capital	1
	Level 2	Identifies and evaluates impact	2-3
	Level 3	Identifies and evaluates impact with justification	4
2nd capital	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies capital	1
	Level 2	Identifies and evaluates impact	2-3
	Level 3	Identifies and evaluates impact with justification	4
3rd capital	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies capital	1
	Level 2	Identifies and evaluates impact	2-3
	Level 3	Identifies and evaluates impact with justification	4

SECTION 2			
Task (a) **Evaluate** the Sale's Director's use of Cewmlator's vision to justify the implementation of the proposal to provide charging points in Duxland.			
Trait			
1st argument	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issue	1
	Level 2	Evaluates issue	2-3
	Level 3	Evaluates issue with justification	4
2nd argument	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issue	1
	Level 2	Evaluates issue	2-3
	Level 3	Evaluates issue with justification	4
3rd argument	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issue	1
	Level 2	Evaluates issue	2-3
	Level 3	Evaluates issue with justification	4
Task (b) **Recommend** with reasons the approach Cewmlator should take to raising debt to finance the purchase and installation of charging points in Duxland.			
Trait			
1st step	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes step	1-2
	Level 2	Recommends step with reasons	3-5
	Level 3	Recommends step with reasons and justification	6-7
2nd step	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes step	1-2
	Level 2	Recommends step with reasons	3-5
	Level 3	Recommends step with reasons and justification	6-7
3rd step	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes step	1-2
	Level 2	Recommends step with reasons	3-5
	Level 3	Recommends step with reasons and justification	6-7

SECTION 3			
Task (a) **Recommend** with reasons additional internal controls that could be introduced to prevent our charging point customers from being defrauded.			
Trait			
1st control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1
	Level 2	Recommends control	2-3
	Level 3	Recommends control with justification	4-5
2nd control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1
	Level 2	Recommends control	2-3
	Level 3	Recommends control with justification	4
3rd control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1
	Level 2	Recommends control	2-3
	Level 3	Recommends control with justification	4
4th control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1
	Level 2	Recommends control	2-3
	Level 3	Recommends control with justification	4
Task (b) **Recommend** with reasons the role that Cewmlator's Audit Committee might take in the review of payment systems and the evaluation of ongoing events.			
Trait			
1st role	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes role	1
	Level 2	Recommends role	2-3
	Level 3	Recommends role with justification	4-5
2nd role	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes role	1
	Level 2	Recommends role	2-3
	Level 3	Recommends role with justification	4
3rd role	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes role	1
	Level 2	Recommends role	2-3
	Level 3	Recommends role with justification	4
4th role	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes role	1
	Level 2	Recommends role	2-3
	Level 3	Recommends role with justification	4

Strategic Level Case Study

November 2025 – February 2026

Marking Guidance

Variant 3

About this marking scheme

This marking scheme has been prepared for the CGMA Professional Qualification Strategic Case Study [November 2025 – February 2026].

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, and markers are subject to extensive training, 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 no 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 where 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 sub task

Sub-task	Core activity		Sub-task weighting (% section time)
Section 1			
(a)	**D**	Competitor analysis	60%
(b)	**A**	Non-financial capitals	40%
Section 2			
(a)	**B**	Vision	40%
(b)	**C**	Debt finance	60%
Section 3			
(a)	**C**	Internal controls	50%
(b)	**E**	Audit committee	50%

SECTION 1			
Task (a) **Recommend** with reasons controls that might be introduced in order to prevent the tweaking of ECU software.			
Trait			
1st control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1-2
	Level 2	Recommends control with reasons	3-4
	Level 3	Recommends control with reasons and justification	5-6
2nd control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1-2
	Level 2	Recommends control with reasons	3-4
	Level 3	Recommends control with reasons and justification	5-6
3rd control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1
	Level 2	Recommends control with reasons	2-3
	Level 3	Recommends control with reasons and justification	4-5

Task (b) **Evaluate** the impact that software tweaking could have on Cewmlator's non-financial capital.			
Trait			
1st capital	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes impact	1-2
	Level 2	Evaluates impact	3-4
	Level 3	Evaluates impact with justification	5-6
2nd capital	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes impact	1-2
	Level 2	Evaluates impact	3-4
	Level 3	Evaluates impact with justification	5-6
3rd capital	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes impact	1
	Level 2	Evaluates impact	2-3
	Level 3	Evaluates impact with justification	4-5

SECTION 2			
Task (a) **Evaluate** Anna's proposal to develop this new battery using the suitability, acceptability and feasibility (SAF) criteria.			
Trait			
Suitability	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes suitability	1-2
	Level 2	Evaluates suitability	3-5
	Level 3	Evaluates suitability with justification	6-7
Acceptability	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes acceptability	1-2
	Level 2	Evaluates acceptability	3-5
	Level 3	Evaluates acceptability with justification	6-7
Feasibility	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes feasibility	1-2
	Level 2	Evaluates feasibility	3-5
	Level 3	Evaluates feasibility with justification	6-7
Task (b) **Recommend** with reasons the issues that we should consider when evaluating the loan that has been offered by the commercial bank.			
Trait			
1st issue (1)	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes issue	1-2
	Level 2	Recommends issue with reasons	3-5
	Level 3	Recommends issue with reasons and justification	6-7
2nd issue (1)	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes issue	1-2
	Level 2	Recommends issue with reasons	3-5
	Level 3	Recommends issue with reasons and justification	6-7
3rd issue (1)	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes issue	1-2
	Level 2	Recommends issue with reasons	3-5
	Level 3	Recommends issue with reasons and justification	6-7

SECTION 3			
Task (a) **Identify and evaluate** the issues that would determine whether Cewmlator's share price will increase or decrease as a result of the withdrawal of our Skkorch model.			
Trait			
1st issue (2)	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes issue	1
	Level 2	Evaluates issue	2-3
	Level 3	Evaluates issue with justification	4
2nd issue (2)	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes issue	1
	Level 2	Evaluates issue	2-3
	Level 3	Evaluates issue with justification	4
3rd issue (2)	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes issue	1
	Level 2	Evaluates issue	2-3
	Level 3	Evaluates issue with justification	4

Task (b) **Evaluate** the arguments for and against adjusting the executive directors' performance related bonuses to protect them from any reduction in bonus arising from the withdrawal of Skkorch.			
Trait			
1st argument for	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1-2
	Level 2	Evaluates argument	3-4
	Level 3	Evaluates argument with justification	5-6
2nd argument for	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1
	Level 2	Evaluates argument	2-3
	Level 3	Evaluates argument with justification	4-5
1st argument against	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1
	Level 2	Evaluates argument	2-3
	Level 3	Evaluates argument with justification	4-5
2nd argument against	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1
	Level 2	Evaluates argument	2-3
	Level 3	Evaluates argument with justification	4-5

Strategic Level Case Study

November 2025 – February 2026

Marking Guidance

Variant 4

About this marking scheme

This marking scheme has been prepared for the CGMA Professional Qualification Strategic Case Study [November 2025 – February 2026].

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, and markers are subject to extensive training, 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 no 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 where 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 sub task

Sub-task	Core activity		Sub-task weighting (% section time)
Section 1			
(a)	**A**	ESG implications	50%
(b)	**C**	Impact on share price	50%
Section 2			
(a)	**D**	Sole rights	60%
(b)	**B**	Political risks	40%
Section 3			
(a)	**B**	SAF	40%
(b)	**E**	Board appointment	60%

SECTION 1			
Task (a) **Evaluate** the environmental, social and governance (ESG) implications for Cewmlator of assisting in the development of Dr Cole's process.			
Trait			
Environmental	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies implications	1-2
	Level 2	Evaluates implications	3-4
	Level 3	Evaluates implications with justification	5-6
Social	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies implications	1-2
	Level 2	Evaluates implications	3-4
	Level 3	Evaluates implications with justification	5-6
Governance	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies implications	1
	Level 2	Evaluates implications	2-3
	Level 3	Evaluates implications with justification	4-5

Task (b) **Evaluate** the difficulties of predicting the impact that an investment in support of the development of Dr Cole's process will have on Cewmlator's share price.			
Trait			
1st difficulty	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies difficulty	1-2
	Level 2	Evaluates difficulty	3-4
	Level 3	Evaluates difficulty with justification	5-6
2nd difficulty	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies difficulty	1-2
	Level 2	Evaluates difficulty	3-4
	Level 3	Evaluates difficulty with justification	5-6
3rd difficulty	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies difficulty	1
	Level 2	Evaluates difficulty	2-3
	Level 3	Evaluates difficulty with justification	4-5

SECTION 2			
Task (a) **Evaluate** the ethical implications of Cewmlator exercising the option to acquire sole rights to Dr Cole's process for D$200 million and of excluding other EV manufacturers from having access to the process.			
Trait			
1st implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1-2
	Level 2	Evaluates ethical implication	3-4
	Level 3	Evaluates ethical implication with justification	5-6
2nd implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1
	Level 2	Evaluates ethical implication	2-3
	Level 3	Evaluates ethical implication with justification	4-5
3rd implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1
	Level 2	Evaluates ethical implication	2-3
	Level 3	Evaluates ethical implication with justification	4-5
4th implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1
	Level 2	Evaluates ethical implication	2-3
	Level 3	Evaluates ethical implication with justification	4-5
Task (b) **Identify** the political risks arising from Cewmlator's adoption of the process, given its relationship with Eastland, and recommend, stating reasons, suitable responses to those risks.			
Trait			
1st risk	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies risk	1-2
	Level 2	Offers recommendation with reasons	3-4
	Level 3	Offers recommendation with reasons and justification	5-6
2nd risk	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies risk	1-2
	Level 2	Offers recommendation with reasons	3-4
	Level 3	Offers recommendation with reasons and justification	5-6

SECTION 3			
Task (a) **Recommend** with reasons whether the adoption of Attomm's proposal would be consistent with the suitability, acceptability and feasibility (SAF) criteria.			
Trait			
Suitability	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies criterion	1
	Level 2	Offers recommendation	2-3
	Level 3	Offers recommendation with justification	4
Acceptability	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies criterion	1
	Level 2	Offers recommendation	2-3
	Level 3	Offers recommendation with justification	4
Feasibility	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies criterion	1
	Level 2	Offers recommendation	2-3
	Level 3	Offers recommendation with justification	4
Task (b) **Evaluate** the arguments for and against the appointment of an executive director to take responsibility for environmental, social and governance (ESG) matters.			
Trait			
1st argument for	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Offers argument	1-2
	Level 2	Evaluates argument	3-4
	Level 3	Evaluates argument with justification	5-6
2nd argument for	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Offers argument	1
	Level 2	Evaluates argument	2-3
	Level 3	Evaluates argument with justification	4-5
1st argument against	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Offers argument	1
	Level 2	Evaluates argument	2-3
	Level 3	Evaluates argument with justification	4-5
2nd argument against	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Offers argument	1
	Level 2	Evaluates argument	2-3
	Level 3	Evaluates argument with justification	4-5

Strategic Level Case Study

November 2025 – February 2026

Marking Guidance

Variant 5

About this marking scheme

This marking scheme has been prepared for the CGMA Professional Qualification Strategic Case Study [November 2025 – February 2026].

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, and markers are subject to extensive training, 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 no 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 where 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 sub task

Sub-task	Core activity		Sub-task weighting (% section time)
Section 1			
(a)	**A**	Scenarios	60%
(b)	**B**	Currency change	40%
Section 2			
(a)	**B**	Predicting sales tax	40%
(b)	**C**	Share price	60%
Section 3			
(a)	**D**	Controls	50%
(b)	**E**	Role of internal audit	50%

SECTION 1			
Task (a) Using scenario planning thinking, **explain** how each of the following possibilities should be managed.			
Trait			
Tax increase	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issues	1-2
	Level 2	Recommends response	3-5
	Level 3	Recommends response with justification	6-7
Factory nationalised	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issues	1-2
	Level 2	Recommends response	3-5
	Level 3	Recommends response with justification	6-7
Import ban	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issues	1-2
	Level 2	Recommends response	3-5
	Level 3	Recommends response with justification	6-7

Task (b) **Evaluate** the impact of the strengthening of the E$ on Cewmlator's ability to do business.			
Trait			
1st impact	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies impact	1-2
	Level 2	Evaluates impact	3-4
	Level 3	Evaluates impact with justification	5-6
2nd impact	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies impact	1-2
	Level 2	Evaluates impact	3-4
	Level 3	Evaluates impact with justification	5-6

SECTION 2			
Task (a) **Evaluate** the logic of the Non-Executive Chair's argument that Cewmlator's Board should have predicted the imposition of a sales tax through an analysis of the political and economic environments in Eastland.			
Trait			
1st argument	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issue	1
	Level 2	Evaluates issue	2-3
	Level 3	Evaluates issue with justification	4
2nd argument	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issue	1
	Level 2	Evaluates issue	2-3
	Level 3	Evaluates issue with justification	4
3rd argument	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issue	1
	Level 2	Evaluates issue	2-3
	Level 3	Evaluates issue with justification	4
Task (b) **Evaluate** the implications of the decrease in Cewmlator's share price and recommend with reasons how the Board should respond to it.			
Trait			
1st implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies implication	1-2
	Level 2	Evaluates implication and recommends response	3-5
	Level 3	Evaluates implication and recommends response with justification	6-7
2nd implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies implication	1-2
	Level 2	Evaluates implication and recommends response	3-5
	Level 3	Evaluates implication and recommends response with justification	6-7
3rd implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies implication	1-2
	Level 2	Evaluates implication and recommends response	3-5
	Level 3	Evaluates implication and recommends response with justification	6-7

SECTION 3			
Task (a) **Recommend** with reasons the internal controls that we could introduce to prevent bribery.			
Trait			
1st control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1-2
	Level 2	Recommends control	3-4
	Level 3	Recommends control with justification	5-6
2nd control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1-2
	Level 2	Recommends control	3-4
	Level 3	Recommends control with justification	5-6
3rd control	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Describes control	1
	Level 2	Recommends control	2-3
	Level 3	Recommends control with justification	4-5
Task (b) **Evaluate** the Head of Internal Audit's arguments concerning bribery prevention.			
Trait			
Responsibility	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issues	1-2
	Level 2	Evaluates issues	3-6
	Level 3	Evaluates issues with justification	7-9
Difficulty	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies issues	1-2
	Level 2	Evaluates issues	3-6
	Level 3	Evaluates issues with justification	7-8

Strategic Level Case Study

November 2025 – February 2026

Marking Guidance

Variant 6

About this marking scheme

This marking scheme has been prepared for the CGMA Professional Qualification Strategic Case Study [November 2025 – February 2026].

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, and markers are subject to extensive training, 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 no 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 where 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 sub task

Sub-task	Core activity		Sub-task weighting (% section time)
Section 1			
(a)	**A**	Key resources	50%
(b)	**C**	Negotiating share exchange	50%
Section 2			
(a)	**B**	Political risks	40%
(b)	**D**	Ethical implications	60%
Section 3			
(a)	**E**	Remuneration committee	60%
(b)	**B**	Suitability and acceptability	40%

SECTION 1			
Task (a) **Evaluate** the importance of the key resources that Cewmlator will require in order to make a success of this acquisition			
Trait			
1st resource	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies resource	1-2
	Level 2	Evaluates the resource's importance	3-4
	Level 3	Evaluates the resource's importance with justification	5-6
2nd resource	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies resource	1-2
	Level 2	Evaluates the resource's importance	3-4
	Level 3	Evaluates the resource's importance with justification	5-6
3rd resource	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies resource	1
	Level 2	Evaluates the resource's importance	2-3
	Level 3	Evaluates the resource's importance with justification	4-5

Task (b) **Evaluate** the challenges associated with negotiating a share exchange in order to bring about Cewmlator's acquisition of 100% of Battkem's equity.			
Trait			
1st challenge	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies challenge	1-2
	Level 2	Evaluates challenge	3-4
	Level 3	Evaluates challenge with justification	5-6
2nd challenge	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies challenge	1-2
	Level 2	Evaluates challenge	3-4
	Level 3	Evaluates challenge with justification	5-6
3rd challenge	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies challenge	1
	Level 2	Evaluates challenge	2-3
	Level 3	Evaluates challenge with justification	4-5

SECTION 2			
Task (a) **Identify** the political risks associated with the location of the solid-state battery factory and recommend, stating reasons, a response to those risks.			
Trait			
Risks	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies risks	1-2
	Level 2	Offers detailed description of risks	3-4
	Level 3	Describes risks with justification	5-6
Responses	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies responses	1-2
	Level 2	Recommends responses	3-4
	Level 3	Recommends responses with justification	5-6
Task (b) **Evaluate** the ethical implications of delaying the completion of the R&D work in order to assist in negotiations with governments who have an interest in the location of the factory.			
Trait			
1st implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1-2
	Level 2	Evaluates implication	3-4
	Level 3	Evaluates implication with justification	5-6
2nd implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1
	Level 2	Evaluates implication	2-3
	Level 3	Evaluates implication with justification	4-5
3rd implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1
	Level 2	Evaluates implication	2-3
	Level 3	Evaluates implication with justification	4-5
4th implication	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies principle	1
	Level 2	Evaluates implication	2-3
	Level 3	Evaluates implication with justification	4-5

SECTION 3			
Task (a) **Evaluate** the arguments for and against Cewmlator's Remuneration Committee taking account of the recent increased share price and the prospect of future increased profit when deciding on the executive directors' performance-related bonuses.			
Trait			
1st argument for	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1-2
	Level 2	Evaluates argument	3-4
	Level 3	Evaluates argument with justification	5-6
2nd argument for	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1
	Level 2	Evaluates argument	2-3
	Level 3	Evaluates argument with justification	4-5
1st argument against	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1
	Level 2	Evaluates argument	2-3
	Level 3	Evaluates argument with justification	4-5
2nd argument against	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies argument	1
	Level 2	Evaluates argument	2-3
	Level 3	Evaluates argument with justification	4-5
Task (b) **Evaluate** whether further investments in R&D are justified given the experience of the development of solid-state batteries.			
Trait			
Suitability	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies criterion	1-2
	Level 2	Evaluates criterion	3-4
	Level 3	Evaluates criterion with justification	5-6
Acceptability	**Level**	**Descriptor**	**Marks**
		No rewardable material	0
	Level 1	Identifies criterion	1-2
	Level 2	Evaluates criterion	3-4
	Level 3	Evaluates criterion with justification	5-6