



The Practitioner Examination

Sample Paper

BX01

Scenario Booklet

This is a 2.5-hour objective test examination. This booklet contains the Project Scenario upon which this exam paper is based. All questions are contained within the *Question Booklet*.

Additional information is provided within this *Scenario Booklet* for a number of questions. Where reference should be made to additional information, this is clearly stated within the question to which it is relevant. All information provided within a question must only be applied to that question.

Each of the 4 questions is worth 20 marks, giving a maximum of 80 marks in the paper. The pass mark is 50% (40 marks). Within each question the syllabus area to which the question refers is clearly stated. The exam is to be taken with the support of the Better Business Cases Manual only, i.e. no material other than the *Question Booklet*, the *Scenario Booklet*, the *Answer Booklet* and the Better Business Cases Manual is to be used.

Candidate Number:

This is a blank page

Scenario

(Note: The companies and people within the scenario are fictional.)

Seatown Transformation

Seaboro County is a largely rural area of 250 square kilometres, with 30 kilometres of coastline around the Seaboro Bay. It has a catchment population of circa 350,000. Bartlett City (population 140,000) is the major urban area.

The Wider West Development Agency (WWDA) has recently agreed that the complete redevelopment of the Seatown area of Bartlett City is one of its primary aims. Within 15 years the WWDA plans to deliver a programme of change to support the local authorities in transforming the Seatown area. The focus will be on the area's potential for leisure and tourism.

The next step is to develop, with strategic partners (i.e. Bartlett City Council and the Seaboro County Council), a Seatown Transformation Programme. This will include planning the first major works project in the area.

When the Seatown Transformation Programme is complete, the area will comprise of the following:

- The major leisure area for Bartlett City, and a significant tourist and leisure attraction for the wider region
- Housing for 9,000 residents in 5,000 homes
- An attractive area for businesses to settle and develop
- An attractive, modern environment that has retained links with its rich history as a port.

The area will offer permanent employment for 10,000 people, served by an accessible and integrated transport system.

The Seatown Area

Historically, Seatown was a significant port with several cargo ships docking each week. Seatown imported raw materials for the local paper mills and other factories within the region, and it exported finished products. The port built up along the side of the small harbour which has for centuries been the home of many small fishing vessels.

In recent times, the traditional industries in the area have largely disappeared and the port no longer operates commercially. A number of buildings in the oldest paper mill, Grand Mill (circa 1890), now house small-scale light industry (including a laundry, a print company and a vehicle body shop). Although some of the buildings are architecturally interesting they are generally in poor condition. The site of the other major paper mill, Parchment Place, is now unoccupied and in a state of disrepair.

The port area is run down, and the wharf buildings have been abandoned for many years. Vandalism is an ongoing problem. The harbour continues to provide moorings for smaller boats. The harbour's attractive landmark lighthouse (not used for eighty years) continues to provide a focal point for local residents and the occasional visitor.

Scenario continues on the next page

continued

In Seatown's peak period in the first half of the 20th century, many houses were built to accommodate the local working population. As the availability of jobs has diminished, many people have moved away and the population is now less than two thousand. Many of the older, less substantial, properties have been demolished and some areas are in a poor state of repair.

Portway Road, a straight kilometre-long road, connects the port area to the city's road infrastructure. The road provides good access to the proposed development area and the land either side would be suitable for development. There is a disused railway line that has the potential to link the port to the Central Station.

Seatown Transformation

The WWDA and strategic partners have a broad outline plan designating potential areas for residential, leisure and commercial development. They have also determined a list of the potential developments they would like to see in the area. These include:

- A pedestrian only area with restaurants and bars overlooking the bay
- A leisure complex with multi-screen cinema and other leisure facilities, including restaurants and bars
- A landmark regional theatre
- A leisure facility with an educational focus, ideally relating to the history of the area
- A retail area with 20–30 units
- Two or three hotels
- An arts and crafts centre
- Five or six office developments, one of which would provide for the relocation of the Seaboro County Council main offices
- Five or six major residential developments
- Conversion of the harbour to a marina
- Re-opening of the railway line, new bus routes, road and parking infrastructure.

In light of the plans for the area, a developer has purchased a fifteen-acre plot adjacent to Portway Road. The developer is planning a residential development of 300 homes, with a potential expansion to 750 apartments and houses. The Seaboro County Council (SCC) has scheduled work on widening Portway Road, and adding high quality street lighting and other attractive features.

The SCC is developing a business case for the relocation of their main offices. They are looking at several plots as potential options.

At the heart of the transformation programme is the redevelopment of the quayside to the east of the harbour. This will become a pedestrian area with restaurants, bars and possibly some retail outlets. This will be coupled with the conversion of the harbour to a marina. Given the complexity of the scheme, it is estimated that it will take five or six years to make this a reality.

The WWDA, and strategic partners, believe that it is important for an early project with a focus on leisure to be started as soon as possible. This is so that within three years a substantial development will be in place. It has been agreed that the focal point for this development will be a Regional Theatre.

Scenario continues on the next page

continued

The Regional Theatre Project

The proposed theatre will be a landmark facility for Seabro County and the Wider West Region. There are no major theatres in the Wider West Region. It will need to be a development appropriate to a catchment area of 800,000 people if it is to attract national touring shows and acts.

The theatre complex will be a permanent base for four regional and local operatic, drama and dance groups. These groups are employed and have small offices in various buildings in Bartlett. The groups currently perform at the 250 seat Old Theatre in the city centre and in community halls in the wider Seabro County area.

Given the civic nature of the proposal, a development offering a wider educational role beyond its entertainment remit would be favourable if it could be achieved. There is also a suggestion that the proposed arts & craft centre would be a complimentary addition to the theatre development. This suggestion needs considering, as well as the need for catering and retail facilities.

The creation of permanent jobs will be an important feature of the Regional Theatre project. It is assumed that at least 3% of the fifteen-year employment target can be achieved within a year of the project's completion.

The real measure of success will be attracting satisfied visitors to Seatown. In five years' time, it is hoped that 900,000 visits a year will be made to the theatre precinct. It is believed that this will be achievable due to the added attraction of the marina and quayside restaurants and bars. The expectation for the stand-alone theatre is 600,000 visits within two years of opening.

A target budget of \$90 million has been set for the stand-alone theatre, with the WWDA agreeing, in principle, to purchase a suitable site if it is necessary to get the project moving. The local authorities recognize the great potential of the development in transforming Seatown, and they will be prepared to contribute substantially to the construction costs. Donations from the Arts Council, private donors and a public appeal are also likely.

Some early market testing has already established that there are no private sector developers who will take the risk on such a venture. In particular, this is because of the likely demand for the building to be architecturally unique.

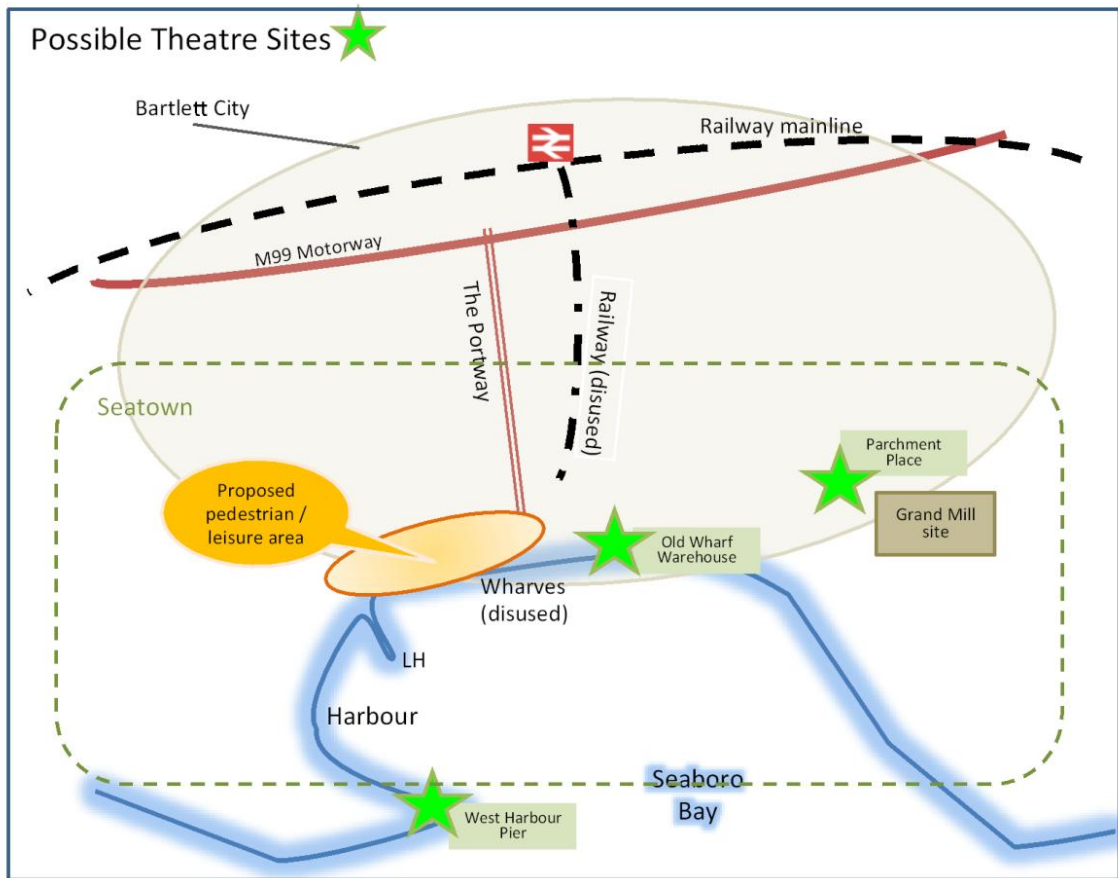
The construction of the theatre is expected to take up to two years to complete. Given the potential difficulty of the build, a break clause is to be put into the contract allowing either party to terminate the arrangement after six months, giving two months notice. Staged payments will be agreed in line with key stages in the construction. Additionally, the contractor will need to provide a warranty for a period of 10-years on completion of the construction.

It is recognized that financial support may be necessary in the first year of operation. However, the theatre must be self-financing within two years, with the aim of making a small surplus on an ongoing basis.

Scenario continues on the next page

Scenario continued

Five potential sites have been identified for the Theatre complex.



The newly formed Seatown Transformation Programme Board has commissioned the development of a Business Case for the proposed theatre precinct.

End of Scenario



The Practitioner Examination

BX01

Question Booklet

Candidate Number:

This is a blank page

Syllabus areas covered:

Question 1 - Developing the Strategic Case

Question 2 - Developing the Economic Case

Question 3 - Developing the Commercial and Financial Case

Question 4 - Developing the Management Case

Syllabus Area	Question Number	Part	Marks
Developing the Strategic Case	1	A	4

Using the Scenario answer the following question.

The following questions include only **true statements** about the Seatown Transformation Programme. Only one statement is an appropriately defined SMART spending objective for the stated aims of the Regional Theatre project.

1	Which is an appropriately defined spending objective for attracting visitors?
	A At least 5,000 new homes for 9,000 residents within 15 years.
	B Increase visitor's satisfaction ratings to 90% satisfied or better.
	C At least 600,000 visitors per year to the Seatown theatre precinct within two years of opening.
	D 800,000 visitors per year to the Seatown theatre precinct within six years of opening.
2	Which is an appropriately defined spending objective for customer satisfaction?
	A Achieve a minimum rating of 90% satisfied or better from visitors to the theatre precinct within two years of opening.
	B Attract 600,000 visitors per year to the Seatown theatre precinct within two years of opening.
	C Attract at least 60% of the national touring shows and acts within one year of opening.
	D Reduce travel costs to theatres in other areas for customers in the Seatown catchment area by \$30 per visit.
3	Which is an appropriately defined spending objective for the new facilities?
	A Provide a Regional Theatre, appropriate for a catchment population of 800,000, within 2 years.
	B Provide an educational role beyond its entertainment remit.
	C Provide an attractive, modern environment that retains links with its rich history as a port.
	D Provide at least 3% of the programme's 15-year employment target within a year.
4	Which is an appropriately defined spending objective for employment?
	A Provide a permanent base for the four regional and local operatic, drama and dance groups within a year of the scheme's completion.
	B Create at least 300 permanent new jobs within a year of the scheme's completion.
	C Attract at least 60% of the national touring shows and acts within one year of opening.
	D Provide permanent employment for 10,000 people within 15 years.

Syllabus Area	Question Number	Part	Marks
Developing the Strategic Case	1	B	4

Using the Scenario answer the following question.

Column 1 is a list of benefits identified in the strategic case. For each benefit in Column 1, select from Column 2 the main beneficiary. Each selection from Column 2 can be used once, more than once or not at all.

	Column 1	Column 2
1	A survey in the new Regional Theatre catchment area suggests that over 40% of residents per annum visit a theatre in another area. They quote a potential saving in travel costs of \$30 per visit if there was a closer theatre in Seatown.	A Organization – Theatre Management
2	It is anticipated that the development will lead to greater local pride.	B Sponsor – Strategic Partners
3	The Regional Theatre, with its striking location and unique architecture, will provide an excellent landmark for marketing Seatown.	C Users/Customers
4	The bringing together of the four regional and local operatic, drama and dance groups will lead to efficiencies in theatre operation.	D Staff
		E Other Organizations
		F The Public

Syllabus Area	Question Number	Part	Marks
Developing the Strategic Case	1	C	4

Answer the following questions about the categorization of benefits.

Remember to select 2 answers to each question.

1	<p>Which 2 benefits should be categorized as cash releasing?</p> <p>A The bringing together of the four regional and local operatic, drama and dance groups will lead to efficiencies in operation.</p> <p>B Improved working environment.</p> <p>C The development will lead to improved local pride.</p> <p>D The Regional Theatre, with its striking location and unique architecture, will provide an excellent landmark for marketing Seatown.</p> <p>E When complete, the Regional Theatres facilities will be available for hire at commercial rates.</p>
2	<p>Which 2 benefits should be categorized as quantifiable but non-cash releasing?</p> <p>A Improved working environment.</p> <p>B When complete, the Regional Theatres facilities will be available for hire at commercial rates.</p> <p>C The new Regional Theatre will provide customers with a greater number and variety of theatrical events each year. It will also encourage new and emerging acts.</p> <p>D Enhanced reputation with the Council.</p> <p>E The new Regional Theatre will reduce travel costs for those customers in the catchment area who would otherwise visit a theatre in another area.</p>
3	<p>Which 2 benefits should be categorized as indirect?</p> <p>A Local schools and colleges believe that the Regional Theatre, with the promise of practical workshops, will improve educational standards amongst students.</p> <p>B The Regional Theatre, with its striking location and unique architecture, will provide an excellent landmark for marketing Seatown.</p> <p>C The bringing together of the four regional and local operatic, drama and dance groups will lead to efficiencies in operation.</p> <p>D It is anticipated that the development will lead to greater local pride.</p> <p>E When complete, the Regional Theatres facilities will be available for hire at commercial rates.</p>
4	<p>Which 2 benefits should be categorized as qualitative?</p> <p>A The higher number of visitors will increase income from fares and reduce the local authority bus subsidy on routes to Seatown.</p> <p>B Local schools and colleges will benefit from the Regional Theatre, with the promise of practical workshops, improving educational standards amongst students.</p> <p>C It is planned that this development will lead to greater local pride.</p> <p>D When complete, the Regional Theatres facilities will be available for hire at commercial rates.</p> <p>E The new Regional Theatre will provide customers with more variety of theatrical events each year and also encourage new and emerging acts.</p>

Syllabus Area	Question Number	Part	Marks
Developing the Strategic Case	1	D	4

Using the Scenario, answer the following question.

Lines 1 to 4 in the table below consist of an assertion statement and a reason statement. For each line identify the appropriate option, from options A to E, that applies. Each option can be used once, more than once or not at all.

Option	Assertion	Reason
A	True	True AND the reason explains the assertion
B	True	True BUT the reason does not explain the assertion
C	True	False
D	False	True
E	False	False

	Assertion		Reason
1	It is appropriate to describe the proposed redevelopment of the quayside under the 'Existing Arrangements'.	BECAUSE	Within a Strategic Case, the 'Existing Arrangements' describe what is wrong with the current situation.
2	The opportunities for residential developments by local developers should be identified as an indirect benefit.	BECAUSE	Both direct and indirect benefits should be captured for each spending objective.
3	It is appropriate to describe the diminished local working population as a business need.	BECAUSE	The business needs, identified in a Strategic Case, describe what we are seeking to achieve.
4	The Regional Theatre should be identified as an integral part of the WWDA's business strategy and Transformation Programme.	BECAUSE	A case for change should be manipulated to support a chosen solution.

Syllabus Area	Question Number	Part	Marks
Developing the Strategic Case	1	E	4

Using the Scenario answer the following questions.
The project manager has drafted the Strategic Case for the Regional Theatre project. Decide whether the entry is appropriate for this project and select the response that supports your decision.

1	‘A change in Council could affect the Wider West Development Agency’s (WWDA) remit’ is recorded and categorized as a business risk. Is this an appropriate entry for this project?
	<p>A No, because a change in Council is an external event that is outside the control of the project.</p> <p>B No, because the remit of the WWDA is not relevant to the project.</p> <p>C Yes, because this is a strategic risk that remains with the public sector organization, regardless of the sourcing method for the proposed spending.</p> <p>D Yes, because business risks affect all organizations regardless of whether they are public or private sector.</p>
2	‘A poor choice of developer may result in an unrealistic design’ is recorded and categorized as a service risk. Is this an appropriate entry for this project?
	<p>A No, because the choice of developer is an external dependency and therefore is not a risk.</p> <p>B No, because a service risk is associated with the build and operational phases of the proposed spending.</p> <p>C Yes, because the design is a project constraint.</p> <p>D Yes, because this is a risk to the success of the project.</p>
3	‘An unexpected change in service requirements may affect the scope of the spending proposal’ is recorded and categorized as an externalnon-systemic risk. Is this an appropriate entry for this project?
	<p>A No, because this is a service risk associated with the design phase of the spending proposal.</p> <p>B No, because an external risk only impacts a private sector organization.</p> <p>C Yes, because an unexpected change may be triggered by an external event.</p> <p>D Yes, because the source of the change is not known.</p>
4	‘The widening of Portway Road by the Seaboro County Council (SCC)’ is recorded as a constraint. Is this an appropriate entry for this project?
	<p>A No, because this is a business need identified within the overall programme and NOT an externally imposed requirement.</p> <p>B No, because this is a benefit associated with another project in the overall programme.</p> <p>C Yes, because a constraint is externally imposed and must be identified and managed from the outset.</p> <p>D Yes, because the success of the project is dependent upon the relationship with strategic partners.</p>

Question Number 2

Syllabus Area Developing the Economic Case

Syllabus Area	Question Number	Part	Marks
Developing the Economic Case	2	A	6

Using the Scenario, answer the following question about the costs identified when preparing Economic Appraisals for the short listed options for the Regional Theatre.

Column 1 contains a list of the costs identified. For each cost in Column 1, select from Column 2 the type of cost it represents. Each selection from Column 2 can be used once, more than once or not at all.

	Column 1	Column 2
1	Electricity to run the Regional Theatre.	A Capital costs B Revenue costs C Opportunity costs D Sunk costs E Attributable costs
2	Money spent to date on the site feasibility study and legal advice.	
3	Rental of temporary office accommodation while the development takes place	
4	Contractor to demolish the Old Wharf Warehouse and clear the site if that site is used for the new Regional Theatre.	
5	If the Regional Theatre project goes ahead, the old theatre could be sold (market value \$600,000).	
6	Two new staff will be needed in the local authority finance department to manage the contract with the private sector partner.	

Syllabus Area	Question Number	Part	Marks
Developing the Economic Case	2	B	5

Using the Scenario and the information below, answer the following question. Five scoping options in relation to the proposed Seatown Regional Theatre scheme have been assessed against the evaluation criteria. The table below shows the results of this assessment.

	Option 1	Option 2	Option 3	Option 4	Option 5
Spending Objectives	Existing 250 seat auditorium	1600 seat auditorium	2200 seat auditorium	1900 seat auditorium +250 seats	2600 seat auditorium
Attract 600,000 visitors by Dec 13	X	?	✓	✓	✓
Achieve 90% satisfied by Dec 13	X	?	✓	✓	✓
Provide facilities for 800,000	X	X	✓	✓	?
Create 300 permanent jobs by Dec 12	X	X	✓	✓	✓
Wider role (e.g. educational, local needs)	X	?	?	✓	X
Site flexibility	X	✓	✓	✓	X
Achievable target cost & timescale	✓	✓	✓	✓	X
Revenue viability	✓	✓	?	✓	✓

Column 1 contains the scoping options from the table above. For each option in Column 1, consider whether it should be discounted immediately; or carried forward, either as the preferred choice or a possibility for consideration. Then select the appropriate conclusion from Column 2. Each selection from Column 2 can be used once, more than once or not at all.

	Column 1	Column 2
1	Option 1	A Do Minimum B Preferred C Reject D Shortlist
2	Option 2	
3	Option 3	
4	Option 4	
5	Option 5	

Syllabus Area	Question Number	Part	Marks
Developing the Economic Case	2	C	5

The Economic Case within the Outline Business Case has been reviewed and a number of observations have been documented.

Lines 1 to 5 in the table below consist of an assertion statement and a reason statement. For each line identify the appropriate option, from options A to E, that applies. Each option can be used once, more than once or not at all.

Option	Assertion	Reason
A	True	True AND the reason explains the assertion
B	True	True BUT the reason does not explain the assertion
C	True	False
D	False	True
E	False	False

	Assertion		Reason
1	It is appropriate to have listed the 'do nothing' option in the Outline Business Case.	BECAUSE	A short-list of eight options is recommended.
2	It is appropriate that Net Present Value has been used to appraise sites shortlisted for the new Regional Theatre.	BECAUSE	The Net Present Value is used to describe the difference between the present value of a stream of costs and a stream of benefits.
3	It is appropriate that only those risks associated with the preferred site for the new theatre have been measured and included in the Outline Business Case.	BECAUSE	Risks associated with options ranked second and third best on the short-list are unquantifiable.
4	It is appropriate that the sensitivity analysis only applies to 'switching values'. The values at which the preferred site for the new theatre would change in relation to the other options.	BECAUSE	'What if' scenarios should be excluded from a sensitivity analysis.
5	It is appropriate that the non-financial benefits have been weighted and scored in relation to the sites shortlisted for the new Regional Theatre.	BECAUSE	The total benefits of the 'do nothing' option is the baseline for comparison of the benefits of the other options.

Syllabus Area	Question Number	Part	Marks
Developing the Economic Case	2	D	4

Answer the following questions about the project manager's application of the Five Case Model when preparing the Full Business Case (FBC).

Decide whether the action taken represents an appropriate application of the Five Case Model for this project and select the response that supports your decision.

1	When revisiting the options in the Outline Business Case, it was discovered that the original cost estimate stated had since increased by nearly 20%. It was agreed to reconsider the Economic Appraisal in the Outline Business Case. Was this an appropriate application of the Five Case Model for this project?
	<p>A No, because once selected the preferred option should NOT be changed.</p> <p>B No, because the service provider should be contractually bound to offer the original price.</p> <p>C Yes, because no further funding can be agreed after the Outline Business Case has been approved.</p> <p>D Yes, because the FBC must demonstrate that the preferred option continues to offer better value for money than the other available options.</p>
2	When revisiting the options in the Outline Business Case, the reference project was updated in light of the knowledge gained from procurement of the building contractor's solution. Was this an appropriate application of the Five Case Model for this project?
	<p>A No, because options on the short-list should NOT be altered once the Outline Business Case has been approved.</p> <p>B No, because it should NOT be necessary to adjust the reference project at this stage.</p> <p>C Yes, because the reference project should enable a 'like for like' comparison of the cost of providing services with the other options.</p> <p>D Yes, because the reference project should mimic the operational attributes offered by service providers during the procurement phase.</p>
3	When revisiting the options in the Outline Business Case, the risks associated with the reference project were identified and quantified. The level of optimism bias was reduced to just 10%. Was this an appropriate application of the Five Case Model for this project?
	<p>A No, because risks should have been quantified in full within the Outline Business Case.</p> <p>B No, because the level of generic optimism bias at FBC should be lower than 10%.</p> <p>C Yes, because the risks associated with the reference project are identified in the FBC.</p> <p>D Yes, because the risks for all short-list options should be revisited.</p>

Question continues on the next page

- | | |
|----------|---|
| 4 | When preparing the FBC Economic Appraisals, the cost of the annual maintenance and support contract for the new Regional Theatre building was excluded.
Was this an appropriate application of the Five Case Model for this project? |
| A | No, because the full costs should be shown for each option over the contract period. |
| B | No, because the focus of the Economic Appraisal should be on affordability and cash flow. |
| C | Yes, because operational costs are NOT part of the Economic Appraisal. |
| D | Yes, because the FBC would need to be re-submitted for approval if these additional costs vary the total spend significantly. |

Question Number 3

Syllabus Area Developing the Commercial and Financial Case

Syllabus Area	Question Number	Part	Marks
Developing the Commercial and Financial Case	3	A	4

Answer the following questions about potential payment mechanisms.
 Column 1 contains a list of the ways in which the payments for contracted services might be structured. For each entry in Column 1, select from Column 2 the type of payment mechanism it represents. Each selection from Column 2 can be used once, more than once or not at all.

	Column 1	Column 2
1	Payments are made by other organizations for use of a service.	A Fixed price/costs
2	Payments are made as and when specified targets are achieved.	B Performance payment
3	Payments are linked to the number of times a service is used.	C Transaction/volume payment
4	Payment is made upon delivery of 'defined products' within a set timeframe.	D Third party revenues

Syllabus Area	Question Number	Part	Marks
Developing the Commercial and Financial Case	3	B	4

Using the Scenario, answer the following questions about preparing for the potential deal for the new Regional Theatre.

The following questions include only **true statements** about the Seaboro Transformation Programme, but only two statements are relevant to the action being carried out within the Five Case Model.

Remember to select **2** answers to each question.

1	Which 2 statements are relevant when determining the procurement strategy for the Regional Theatre project?
	A There should be a break clause allowing either party to give two months notice to terminate the agreement.
	B All interested parties will be invited to tender for the contract to build the new Regional Theatre.
	C All public procurements must reflect the optimum combination of whole life costs and quality to meet the user's requirement.
	D The Contractor will be responsible for any failure of construction quality under the contract.
	E All materials used by the Contractor should comply with EU construction standards.
2	Which 2 statements are relevant when determining the services and required outputs for the Regional Theatre project?
	A The new Regional Theatre building(s) must be architecturally unique.
	B All works carried out by the Contractor must comply with EU construction standards.
	C In light of the plans for the area, a developer is planning to build 300 homes adjacent to Portway Road.
	D The harbour is to be converted into a marina.
	E Seaboro County Council has scheduled work on widening Portway Road, adding quality, high street lighting and other attractive features.
3	Which 2 statements are relevant when outlining the potential risk apportionment for the Regional Theatre project?
	A The WWDA will be monitoring and dealing with potential opposition from regional and local operatic, drama and dance groups.
	B There will be a significant annual depreciation charge as a result of the new assets.
	C In light of the plans for the area, a developer is planning to build 300 homes adjacent to Portway Road.
	D The Contractor will be responsible for any failure of construction quality under the contract.
	E An annual provision for minor repairs and maintenance will be required for the new campus.

Question continues on the next page

- | | |
|----------|---|
| 4 | Which 2 statements are relevant when ascertaining contractual issues and accountancy treatment for the Regional Theatre project? |
| A | No existing employees will be impacted by the development of the new Regional Theatre. |
| B | There should be a break clause allowing either party to give two months notice to terminate the agreement. |
| C | The harbour is to be converted into a marina as part of the transformation programme. |
| D | All interested parties will be invited to tender for the contract to build the new Regional Theatre. |
| E | At the heart of the transformation programme is the redevelopment of the quayside to the east of the harbour. |

Syllabus Area	Question Number	Part	Marks
Developing the Commercial and Financial Case	3	C	4

Using the extract below from the Revenue Budget for the Seatown Regional Theatre project, answer the following questions. (Note. The figures entered are correct).

\$millions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Expenditure:						
Theatrical Productions	5.5	7.0	8.0	8.1	8.2	8.4
Staffing	4.1	4.5	5.0	5.1	5.2	5.3
Other running costs	1.0	1.1	1.2	1.2	1.3	1.3
Financing costs	1.5	1.8	1.8	1.8	1.8	1.8
Total Expenditure	12.1	14.4	16.0	16.2	16.5	16.8
Income:						
Ticket Sales	10.0	11.8	13.7	13.9	14.1	14.3
Other income	1.0	1.8	2.4	2.6	2.7	2.8
Total Income	11.0	13.6	16.1	16.5	16.8	17.1
Trading Surplus/(Deficit)	-1.1	-0.8	0.1	0.3	0.3	0.3
Local Authority Subsidy	1.1	0.8				
Total Surplus/Deficit	0.0	0.0	0.1	0.3	0.3	0.3

Remember to select 2 answers to each question.

1	Which 2 observations correctly evaluate the Expenditure ?
A	The cost of building the theatre should be included in this table.
B	Staffing costs should be moved to the Economic Appraisal.
C	The projections should cover the intended lifespan of the service and/or contract period.
D	The cost of Value Added Tax (VAT) should not be included.
E	The Revenue Budget should include the impact of inflation.
2	Which 2 observations correctly evaluate the Income ?
A	There will be a funding gap in Year 3 when the costs are forecast to exceed the expected funding.
B	Income received from sales should be recorded as a cash-releasing benefit.
C	Sufficient funding is available to provide for a \$1 million contingency to cover risks and uncertainties.
D	Donations from the public should be shown separately as a source of income.
E	Grant funding to help pay for the construction of the theatre should be shown as a separate source of income in the Financial Appraisal.

Question continues on the next page

3	<p>Which 2 observations correctly evaluate the payback period?</p> <p>A At the end of Year 6, \$1 million of the initial spending costs will have been recovered.</p> <p>B The payback period for this scheme ends in Year 3 when the income begins to exceed the expenditure.</p> <p>C The Financial Appraisal shows that this scheme is unaffordable.</p> <p>D If running costs and income continue at the same rate, the years beyond the payback period will return a surplus of \$300,000.</p> <p>E The revenue budget should show how long it will take for the surplus income to cover the initial cost of building the Regional Theatre.</p>
4	<p>Which 2 observations correctly evaluate risks that could affect the affordability of this project?</p> <p>A The project would still be affordable if costs were to increase by 10% per annum.</p> <p>B If income was overstated by 5% per annum, the project would no longer be viable.</p> <p>C If the other income were to be withdrawn for any reason, ticket sales alone could fund the running costs of the scheme.</p> <p>D Annual ticket sales income must continue to increase every year for the scheme to be viable.</p> <p>E The project would no longer be affordable if funding were to increase by 10%.</p>

Syllabus Area	Question Number	Part	Marks
Developing the Commercial and Financial Case	3	D	4

Answer the following questions about the project manager's application of the Five Case Model when preparing the Financial Case.

Decide whether the action taken represents an appropriate application of the Five Case Model for this project and select the response that supports your decision.

1	The money spent to date on the site feasibility study has been included in the Financial Appraisal for the preferred option. Is this an appropriate application of the Five Case Model for this project?
	<p>A No, because sunk costs are not relevant to future affordability.</p> <p>B No, because this is a capital cost, NOT a revenue cost.</p> <p>C Yes, because the use of any available funds will affect future affordability.</p> <p>D Yes, because this cost is an attributable cost that has come from the Regional Theatre budget.</p>
2	There will be a significant annual depreciation charge as a result of the new Regional Theatre assets. This charge has been accounted for in the Financial Appraisal for the preferred option. Is this an appropriate application of the Five Case Model for the project?
	<p>A No, because the Financial Appraisal should focus on revenue income.</p> <p>B No, because the value of the assets after they have been purchased should be included in the Economic Case.</p> <p>C Yes, because the Financial Appraisal should demonstrate value for money.</p> <p>D Yes, because this is an ongoing charge to the Regional Theatre budget.</p>
3	The Financial Appraisal for the preferred option includes the cost of inflation over the life of the scheme. Is this an appropriate application of the Five Case Model for the project?
	<p>A No, because the Financial Appraisal should be based on constant prices.</p> <p>B No, because it is the Economic Appraisal that should include the cost of inflation.</p> <p>C Yes, because this will be an ongoing cost to the Regional Theatre over the life of the scheme.</p> <p>D Yes, because all of the Regional Theatre assets will decrease in value over the life of a scheme.</p>
4	The Project Manager has included in the Financial Appraisal the estimated annual cost of electricity to run the Regional Theatre. Is this an appropriate application of the Five Case Model for this project?
	<p>A No, because the Financial Appraisal should be based on constant prices.</p> <p>B No, because sunk costs are not relevant to future affordability.</p> <p>C Yes, because this will be an ongoing revenue cost to the Regional Theatre over the life of the scheme.</p> <p>D Yes, because this is an ongoing charge to the Regional Theatre budget.</p>

Syllabus Area	Question Number	Part	Marks
Developing the Commercial and Financial Case	3	E	4

Answer the following questions about the Financial Case.
 Lines 1 to 4 in the table below consist of an assertion statement and a reason statement. For each line identify the appropriate option, from options A to E, that applies. Each option can be used once, more than once or not at all.

Option	Assertion	Reason
A	True	True AND the reason explains the assertion
B	True	True BUT the reason does not explain the assertion
C	True	False
D	False	True
E	False	False

	Assertion		Reason
1	Within two years of operating, the profit and loss projections for the Regional Theatre should show that income exceeds expenditure.	BECAUSE	A financial statement should set out the capital and revenue consequences of the preferred deal.
2	The funding of \$90 million must be made available before the project can be implemented.	BECAUSE	A funding statement will show the departments, partners and external organizations providing the resources required.
3	The Financial Appraisal should include the forecast reduction in the local authority bus subsidy paid on routes to Seatown, as a result of the new Regional Theatre.	BECAUSE	The impact of a proposed deal on any contract prices that an organization charges for its services should be assessed.
4	The estimated annual running cost of the new Regional Theatre should remain the same throughout its operational life.	BECAUSE	Operational costs have a direct bearing on the affordability of the options under consideration.

Question Number 4

Syllabus Area Developing the Management Case

Syllabus Area	Question Number	Part	Marks
Developing the Management Case	4	A	5

Column 1 is a list of potential causes of the schemes failure. For each entry in Column 1, select from Column 2 the appropriate action when planning for successful delivery to guard against the potential cause of failure. Each selection from Column 2 can be used once, more than once or not at all.

	Column 1	Column 2
1	The site is historic and architecturally interesting, and planning applications are notoriously slow to obtain.	A Plan project management B Plan change management C Plan benefits realization D Plan post project evaluation
2	The management of the Regional Theatre will influence the theatres ability to become self-financing within two years of operation.	
3	There is potential for opposition from regional and local operatic, drama and dance groups.	
4	When complete, the Regional Theatre may not be sufficiently flexible to allow for future development opportunities on the site.	
5	As the project crosses organizational boundaries between the WWDA and its strategic partners, the governance arrangements during the delivery of the scheme are unclear.	

Syllabus Area	Question Number	Part	Marks
Developing the Management Case	4	B	5

A survey in the new Regional Theatre catchment area suggests that over 40% of 350,000 residents per year visit a theatre in another area. They quote a potential saving in travel costs of \$30 per visit if there was a closer theatre in Seatown, a total of \$4,200,000.

Column 1 is a list of entries to be added to the benefits register for this identified benefit. For each entry in Column 1, select from Column 2 the appropriate heading under which the information should be recorded. Each selection from Column 2 can be used once, more than once or not at all.

	Column 1	Column 2
1	Reduce travelling costs by an average of \$30 for residents in the catchment area visiting a theatre.	A Benefit category & class B Potential dis-benefits C Performance measure D Target improvement E Full-year value
2	Reduced income from local authority bus fares on routes between Seatown and other areas.	
3	Quantifiable.	
4	Traffic congestion around the Regional Theatre during show times.	
5	\$4,200,000.	

Syllabus Area	Question Number	Part	Marks
Developing the Management Case	4	C	3

Answer the following questions about the risk management strategy, framework and plans that have been drafted for the project.

Decide whether the entry is appropriate for this project and select the responses that support your decision. Remember to select **2** answers to each question.

1	<p>The Management Case states that, because the Regional Theatre project is part of the over-arching Seatown Transformation programme:</p> <ol style="list-style-type: none"> 1. A separate risk management strategy is not required 2. All risks should be captured in the programme's risk register. <p>Which 2 statements apply to these entries?</p>
A	Amend entry 1, because a risk management strategy should be produced which adapts the programme approach in a way that is appropriate to the scale of the Regional Theatre project.
B	No change to entry 1, because the programme's risk management strategy should be appropriate for all related projects.
C	Amend entry 2, because each project within the programme should maintain a risk register for the project.
D	Amend entry 2, because the programme's risk register only captures risks associated with the management of the programme.
E	No change to entry 2, because all risks associated with the projects within the programme should be captured on the programme's risk register.
2	<p>The risk management framework states that the Project Board:</p> <ol style="list-style-type: none"> 1. Is responsible for establishing the level of risk the organization considers acceptable 2. Must escalate all site related risks that impact the risk tolerance on the project completion date to the Seatown Transformation Programme Manager. <p>Which 2 statements apply to these entries?</p>
A	Amend entry 1, because the project manager should be responsible for establishing the level of risk considered acceptable for the project.
B	No change to entry 1, because the Project Board is responsible for capturing and managing risks associated with the project.
C	Amend entry 1, because the WWDA should determine and communicate the organization's risk management policy.
D	Amend entry 2, because specific project related risks are the responsibility of the Project Board and do not need to be escalated to the programme.
E	No change to entry 2, because as a threshold level of risk exposure, when exceeded, the risk needs to be escalated to the next level of management.

Question continues on the next page

3 Given the likely demand for the building(s) to be architecturally unique, there is a risk the Regional Theatre project will be unattractive to suppliers. This risk is to be:

1. Captured in the project's risk register
2. Escalated to the Programme Manager.

Which **2** statements apply to these activities?

- A** No change to entry 1, because the analysis and evaluation of all risks associated with the project should be captured in the project's risk register.
- B** Amend entry 1, because the risk should have been captured in the programme's risk register, NOT the project's risk register.
- C** Amend entry 1, because this is a business risk associated with the suppliers.
- D** No change to entry 2, because this risk impacts upon the programme's strategic objectives.
- E** Amend entry 2, because it is a project related risk that does NOT impact the overall programme.

Syllabus Area	Question Number	Part	Marks
Developing the Management Case	4	D	7

Using the Scenario, answer the following questions about procuring the solution and preparing the Full Business Case (FBC).

Lines 1 to 7 in the table below consist of an assertion statement and a reason statement. For each line identify the appropriate option, from options A to E, that applies. Each option can be used once, more than once or not at all.

Option	Assertion	Reason
A	True	True AND the reason explains the assertion
B	True	True BUT the reason does not explain the assertion
C	True	False
D	False	True
E	False	False

	Assertion		Reason
1	It is appropriate for the project manager of the Regional Theatre project to be given responsibility for execution of post-project evaluation(s).	BECAUSE	A Senior Responsible Owner is responsible for ensuring that arrangements for post-project evaluation are put in place.
2	A post-project evaluation should be undertaken as soon as the Regional Theatre is operational.	BECAUSE	Arrangements for Assurance Reviews, Health Checks and post-project evaluation(s) should be included in project management plans.
3	The Seatown Transformation Programme Board should review the Outline Business Case at the end of Stage 2 (delivery stage) to approve the management arrangements for the successful delivery of the proposal.	BECAUSE	Post-project evaluation arrangements should be finalized in an Outline Business Case.
4	A contract for the construction of the Regional Theatre should be agreed and signed based on the Outline Business Case at the end of Stage 2.	BECAUSE	Assurance of the investment decisions should take place prior to the formal submission of a Full Business Case to the approving authority.
5	Regular meetings should be scheduled with the service provider to manage any future, as yet unknown, contractual changes.	BECAUSE	Contingency plans are required in the event of non-delivery of the contracted services to the required level of performance and availability.
6	A post-project evaluation should be scheduled to take place five years after the Regional Theatre completion to assess whether the expected 900,000 visits a year has been achieved.	BECAUSE	Project benefits will only be realized after project assurance of Stage 5 (benefit realization).
7	The unwillingness of private sector developers to take a risk on ventures involving architecturally unique building(s) should be captured as a lesson.	BECAUSE	Lessons learned from a project should be captured during project evaluation.

The Practitioner Examination

Note: For Multiple Response (MR) questions, 1 point is scored if and only if all correct options are selected. Otherwise 0 points are scored.

Marking Scheme

Exam Paper: GB-BX01-1.5

Question	Part	Type	Response	A	B	C	D	E	F	G	H	I
1 (SC)	A	CL	1	0	0	1	0					
			2	1	0	0	0					
			3	1	0	0	0					
			4	0	1	0	0					
	B	MG	1	0	0	1	0	0	0			
			2	0	0	0	0	0	1			
			3	0	1	0	0	0	0			
			4	1	0	0	0	0	0			
	C	MR	1	1	0	0	0	1				
			2	0	0	1	0	1				
			3	1	0	0	1	0				
			4	0	1	1	0	0				
	D	AR	1	0	0	0	0	1				
			2	0	1	0	0	0				
			3	0	0	0	0	1				
			4	0	0	1	0	0				
	E	CL	1	0	0	1	0					
			2	0	0	0	1					
			3	1	0	0	0					
			4	1	0	0	0					

Question	Part	Type	Response	A	B	C	D	E	F	G	H	I
2 (EC)	A	MG	1	0	1	0	0	0				
			2	0	0	0	1	0				
			3	0	0	0	0	1				
			4	1	0	0	0	0				
			5	0	0	1	0	0				
			6	0	0	0	0	1				
	B	MG	1	1	0	0	0					
			2	0	0	1	0					
			3	0	0	0	1					
			4	0	1	0	0					
			5	0	0	1	0					
	C	AR	1	0	0	1	0	0				
			2	1	0	0	0	0				
			3	0	0	0	0	1				
			4	0	0	0	0	1				
			5	0	1	0	0	0				
	D	CL	1	0	0	0	1					
			2	0	0	1	0					
			3	0	1	0	0					
			4	1	0	0	0					

Question	Part	Type	Response	A	B	C	D	E	F	G	H	I
3 (CC)	A	MG	1	0	0	0	1					
			2	0	1	0	0					
			3	0	0	1	0					
			4	1	0	0	0					
	B	MR	1	0	1	1	0	0				
			2	1	1	0	0	0				
			3	1	0	0	1	0				
			4	1	1	0	0	0				
	C	MR	1	0	0	1	0	1				
			2	0	1	0	1	0				
			3	1	0	0	1	0				
			4	0	1	0	1	0				
	D	CL	1	0	0	0	1					
			2	0	0	0	1					
			3	0	0	1	0					
			4	0	0	1	0					
	E	AR	1	0	1	0	0	0				
			2	0	0	0	1	0				
			3	1	0	0	0	0				
			4	0	0	0	1	0				

Question	Part	Type	Response	A	B	C	D	E	F	G	H	I
4 (MC)	A	MG	1	1	0	0	0					
			2	0	0	1	0					
			3	0	1	0	0					
			4	0	0	1	0					
			5	1	0	0	0					
	B	MG	1	0	0	0	1	0				
			2	0	1	0	0	0				
			3	1	0	0	0	0				
			4	0	1	0	0	0				
			5	0	0	0	0	1				
	C	MR	1	1	0	1	0	0				
			2	0	0	1	0	1				
			3	1	0	0	1	0				
	D	AR	1	0	0	0	1	0				
			2	0	1	0	0	0				
			3	0	0	1	0	0				
			4	0	0	0	1	0				
			5	0	1	0	0	0				
			6	0	0	0	0	1				
			7	0	1	0	0	0				



APMG International™

Better Business Cases

The Practitioner Examination

Rationale

Exam Paper: GB-BX01-1.5

Question: 1, Syllabus: SC, Part: A, Type: CL, SyllabusRef: SC0301, Level: 3

1	A	Incorrect:	The development of new housing is not within the scope of this project.
	B	Incorrect:	This objective is not time-constrained and does not measure the number of visitors.
	C	Correct:	Spending objectives for a project must clearly relate to underlying policies, strategies and business plans of the organization. They should also be made SMART (Specific, Measureable, Achievable, Relevant And Time-constrained) to help facilitate the subsequent generation of options and provide a foundation for post-implementation review and evaluation. This objective is clearly linked to the desired outcome of a significant tourist and leisure attraction for the wider region. Ref. Proj BC Pg 25 Pgm BC Pg 19
	D	Incorrect:	This is a spending objective for the theatre precinct after the addition of marina and quayside restaurants and bars. It is not an objective for the stand-alone theatre precinct.
2	A	Correct:	Spending objectives for a project must clearly relate to underlying policies, strategies and business plans of the organization. They should also be made SMART (Specific, Measureable, Achievable, Relevant, Time-constrained) to help facilitate the subsequence generation of options and provide a foundation for post-implementation review and evaluation. Ref. Proj BC pg 25, Pgm BC pg 19
	B	Incorrect:	This is a measure of success in attracting visitors to the area rather than customer satisfaction.
	C	Incorrect:	This is a measure of the facilities appropriateness for a catchment area of 800,000 people.
	D	Incorrect:	This is an expected benefit for local users/customers of the Seatown theatre precinct. It does not provide a measure of customer satisfaction.
3	A	Correct:	Spending objectives for a project must clearly relate to underlying policies, strategies and business plans of the organization. They should also be made SMART (Specific, Measureable, Achievable, Relevant And Time-constrained) to help facilitate the subsequence generation of options and provide a foundation for post-implementation review and evaluation. Ref. Proj BC pg 25, Pgm BC pg 19
	B	Incorrect:	This objective is not specific, measureable or time-constrained.
	C	Incorrect:	This objective is not specific, measureable or time-constrained.
	D	Incorrect:	This is a spending objective for the aim of increased employment.
4	A	Incorrect:	The facilities will provide a base but not direct employment of these groups.
	B	Correct:	Spending objectives for a project must clearly relate to underlying policies, strategies and business plans of the organization. It is linked to the fifteen-year employment target. They should also be made SMART (Specific, Measureable, Achievable, Relevant, Time-constrained) to help facilitate the subsequence generation of options and provide a foundation for post-implementation review and evaluation. Ref, Proj BC pg 25, Pgm BC pg 19.
	C	Incorrect:	This is a spending objective for the facilities and their appropriateness for a catchment area of 800,000 people.
	D	Incorrect:	This is an objective for the programme.

Question: 1, Syllabus: SC, Part: B, Type: MG, SyllabusRef: SC0302, Level: 3		
1	Correct [C]:	The saving in cost is a benefit for the users/customers of the theatre. Ref. Scenario.
2	Correct [F]:	Increased local pride is a benefit for the public. Ref. Scenario.
3	Correct [B]:	The ability to market the area is a benefit for the sponsor, WWDA. Ref. Scenario.
4	Correct [A]:	Efficiencies in operation is a benefit for the management of the theatre. Ref. Scenario.

Question: 1, Syllabus: SC, Part: C, Type: MR, SyllabusRef: SC0301, Level: 3		
1	A	Correct: This is a cash releasing benefit that is quantifiable in financial terms and will result in a reduction in budget. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	B	Incorrect: This is a qualitative benefit that is non-quantifiable in financial terms. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	C	Incorrect: This is a qualitative benefit that is non-quantifiable in financial terms. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	D	Incorrect: This is a quantifiable benefit that could be assigned a monetary value, but is non-cash releasing. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	E	Correct: This is a cash releasing benefit that is quantifiable in financial terms and will result in a reduction in budget. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
2	A	Incorrect: This is a qualitative benefit that is non-quantifiable in financial terms. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	B	Incorrect: This is a cash releasing benefit that is quantifiable in financial terms and will result in a reduction in budget. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	C	Correct: This is a quantifiable benefit that could be assigned a monetary value, but is non-cash releasing. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	D	Incorrect: This is a qualitative benefit that is non-quantifiable in financial terms. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	E	Correct: This is a quantifiable benefit but is non-cash releasing. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
3	A	Correct: The beneficiaries of a scheme can be both those within the organization (direct) and those elsewhere in the public service (indirect). This is an indirect benefit. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	B	Incorrect: The beneficiaries of a scheme can be both those within the organization (direct) and those elsewhere in the public service (indirect). This is a direct benefit. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	C	Incorrect: The beneficiaries of a scheme can be both those within the organization (direct) and those elsewhere in the public service (indirect). This is a direct benefit. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	D	Correct: The beneficiaries of a scheme can be both those within the organization (direct) and those elsewhere in the public service (indirect). This is an indirect benefit. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
	E	Incorrect: The beneficiaries of a scheme can be both those within the organization (direct) and those elsewhere in the public service (indirect). This is a direct benefit. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
4	A	Incorrect: This is a cash releasing benefit that is quantifiable in financial terms and will

		result in a reduction in budget. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
B	Correct:	This is a qualitative benefit that is non-quantifiable in financial terms. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
C	Correct:	This is a qualitative benefit that is non-quantifiable in financial terms. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
D	Incorrect:	This is a cash releasing benefit that is quantifiable in financial terms and will provide a return on investment. Ref. Action 5, Project BC Page 29, Programme BC Page 23.
E	Incorrect:	This is a quantifiable benefit that could be assigned a monetary value, but is non-cash releasing. Ref. Action 5, Project BC Page 29, Programme BC Page 23.

Question: 1, Syllabus: SC, Part: D, Type: AR, SyllabusRef: SC0401, Level: 4

1	False:	The 'Existing Arrangements' within the Strategic Case should outline 'where we are now', and consequently provide a basis for the 'do nothing' option. Ref. Action 3, page 31.	False:	Within the scope determined by project's spending objectives, the Strategic Case sets out the BAU/'do-nothing' option. It looks at the existing arrangements and explains how the services are currently organized, provided & supplied. Importantly, it doesn't delve into what's wrong with existing arrangements. Any critique of difficulties associated with existing arrangements should be provided with "business needs" to avoid blurring clarity of evidential base. Ref Action 3, Proj BC Pg 26, Pgm BC Pg 20.
2	True:	The benefits – both direct and indirect to the organization – should be captured for each spending objective against the relevant benefits criteria. This helps to identify the main beneficiaries of a scheme – both those within the organization (direct) and those elsewhere in the public service (indirect). Occasionally, those investing the most financially might not always be the main beneficiaries of a scheme. Ref. Action 5, Project BC Page 29, Programme BC Page 23.	True:	The benefits – both direct and indirect to the organization – should be captured for each spending objective against the relevant benefits criteria. Ref. Action 5, Project BC Page 29, Programme BC Page 23. This does not explain the reason for the assertion. The answer is therefore B.
3	False:	The diminished local working population should be described as part of the existing arrangements (the business as usual). The business need should describe the 'business gap' – the difference between 'where we are now' (existing arrangements) and 'where we want to be' (as suggested by the spending objectives). This highlights the problems, difficulties and inadequacies associated with the business as usual. Ref. Action 3, Project BC Page 25, Programme BC Page 19.	False:	The spending objectives determine what we are trying to achieve. The business needs determine the problems associated with the business as usual. Ref. Action 3, Project BC Page 25, Programme BC Page 19.
4	True:	The strategic case should support the proposed scheme being an integral part of an organization's business strategy. Ref. Scenario, Action 2, Project BC Page 23, Programme BC Page 17.	False:	SMART spending objectives should be linked to a business need rather than manipulated to support a chosen solution. Ref. Action 3, Project BC Page 25, Programme BC Page 19.

Question: 1, Syllabus: SC, Part: E, Type: CL, SyllabusRef: SC0401, Level: 4

1	A	Incorrect:	Although outside of the control of the project, this is a strategic business risk. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
	B	Incorrect:	As the sponsor, the remit of the organization is relevant to the project. Ref. Action 2, Project BC Page 23, Programme BC Page 17.
	C	Correct:	This is a Business risk. Business risks are the strategic risks that remain (100%) with the public sector organization, regardless of the sourcing method for the proposed spending. They include political risks. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
	D	Incorrect:	Risks that affect all organizations, regardless of whether they are public or private sector, are external risks. They include secondary legislation and general inflation. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
2	A	Incorrect:	A dependency is any action or development required of others that will impact the ultimate success of the project. This could entail the successful delivery of the outputs associated with another project in the overall programme of which the spending is an integral part. The choice of developer is not an external dependency as it is within the scope of the project. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
	B	Incorrect:	Service risks are risks associated with the design, build, financing and operational (DBFO) phases of the proposed spending. They can be shared with the business partners and service providers. This is a service risk. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
	C	Incorrect:	Constraints are externally imposed and must be identified and managed from the outset. Such parameters may include acting in accordance with a particular Council policy, directive, initiative or regulation. They can also include remaining within a spending or affordability envelope for the scheme. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
	D	Correct:	This is an operational service risk. Service risks are risks associated with the design, build, financing and operational (DBFO) phases of the proposed spending. They can be shared with the business partners and service providers. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
3	A	Correct:	External non-systemic risks affect all organizations regardless of whether they are public or private sector. They include secondary legislation and general inflation. Service risks are risks associated with the design, build, financing and operational (DBFO) phases of the proposed spending. They can be shared with the business partners and service providers. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
	B	Incorrect:	External non-systemic risks affect all organizations regardless of whether they are public or private sector. They include secondary legislation and general inflation. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
	C	Incorrect:	Unexpected change may be triggered by an external event, but this does not categorize it as an external risk. External non-systemic risks affect all organizations regardless of whether they are public or private sector. They include secondary legislation and general inflation. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
	D	Incorrect:	The source of an unexpected change to requirements does not qualify it as an external risk. External non-systemic risks affect all organizations regardless of whether they are public or private sector. They include secondary legislation and general inflation. Ref. Action 5, Project BC Page 31, Programme BC Page 24.
4	A	Correct:	Management often sets requirements that are interpreted as constraints when they're in fact negotiable parameters. Although there's a management imperative to widen Portway Road, it isn't a constraint. Constraints are externally

		imposed and must be identified and managed from the outset. They can also include remaining within a spending or affordability envelope for the scheme. Ref. Scenario, Action 3, Project BC Page 27, Programme BC Page 20, Action 5, Project BC Page 31, Programme BC Page 25.
B	Incorrect:	This is an output rather than a benefit. Ref. Scenario, Action 5, Project BC Page 28, Programme BC Page 22.
C	Incorrect:	The widening of Portway Road is not externally imposed and is outside the scope of the project. Ref. Scenario, Action 5, Project BC Page 31, Programme BC Page 25.
D	Incorrect:	The relationship with strategic partners is a dependency, not a constraint. Ref. Action 5, Project BC Page 31, Programme BC Page 25.

Question: 2, Syllabus: EC, Part: A, Type: MG, SyllabusRef: EC0301, Level: 3

1	Correct [B]:	Revenue costs are running costs. Costs that will be incurred over the life of the asset. Ref. Action 10, Project BC Page 54, Programme BC Page 45.
2	Correct [D]:	Sunk costs are amounts that have already been spent and cannot be recovered. They should be noted in the case and excluded from the Economic Appraisals. Ref. Action 10, Project BC Page 54, Programme BC Page 45.
3	Correct [E]:	Attributable costs include spend in relation to the implementation of the spending. Implementation of the Regional Theatre requires the temporary accommodation. This is not an asset, it is rented. It is not therefore capital. Ref. Action 10, Project BC Page 54, Programme BC Page 45.
4	Correct [A]:	Capital costs include the opportunity costs of existing assets such as land and can broadly be broken down into three categories: land and property; construction and refurbishment costs; professional fees; equipment (furniture, fittings, lighting and wiring) and the cost of technology. Assets may require replacement, refurbishment or upgrading over the lifetime of the appraisal period. These 'life-cycle' costs should also be included. Ref. Action 10, Project BC Page 54, Programme BC Page 45.
5	Correct [C]:	Opportunity costs should be explored in full. In relation to land and manpower, they should be assessed against the most valuable alternative use rather than current use. Ref. Action 10, Project BC Page 54, Programme BC Page 45.
6	Correct [E]:	Attributable costs include the opportunity cost of staff time in relation to the implementation of the spending. These costs are likely to be significant in relation to business change and business reengineering programmes. Ref. Action 10, Project BC Page 54, Programme BC Page 45.

Question: 2, Syllabus: EC, Part: B, Type: MG, SyllabusRef: EC0302, Level: 3

1	Correct [A]:	This option changes very little. It is the minimum or do nothing option and should be carried forward as such. Ref. Action 7, Project BC Page 35, Programme BC Page 29.
2	Correct [C]:	This option does not meet the objectives and should therefore be rejected. Ref. Action 7, Project BC Page 35, Programme BC Page 29.
3	Correct [D]:	Meets all of the objectives. Doubts about potential breakeven should be taken forward for further analysis in the OBC. Ref. Action 7, Project BC Page 35, Programme BC Page 29.
4	Correct [B]:	Meets all of the objectives and critical success factors. Ref. Action 7, Project BC Page 35, Programme BC Page 29.
5	Correct [C]:	Attractive as a commercial proposition but fails to meet a number of the CSF's. Ref. Action 7, Project BC Page 35, Programme BC Page 29.

Question: 2, Syllabus: EC, Part: C, Type: AR, SyllabusRef: EC0401, Level: 4

1	True:	The SOC must outline a minimum of four short-listed options for further examination at the OBC stage. These must include 'do-nothing' or business as usual, 'do minimum', 'reference project' or outline public sector comparator (PSC) as it is referred to within the OBC, and two other realistic options based on realistic 'second choices'. Ref. Action 8, Project BC Page 45, Programme BC Page 38.	False:	The SOC must outline a minimum of four short-listed options for further examination at the OBC stage. These must include 'do-nothing' or business as usual, 'do minimum', 'reference project' or outline public sector comparator (PSC) as it is referred to within the OBC, and two other realistic options based on realistic 'second choices'. Ref. Action 8, Project BC Page 45, Programme BC Page 38.
2	True:	If a full cost benefit analysis has been undertaken, the best option is likely to be the one with the highest risk adjusted NPV. Ref. Action 13, Project BC Page 74, Programme BC Page 65.	True:	All the monetized benefits (cash releasing and non-cash releasing) must be accounted for in the Economic Appraisals to derive the net present value. The NPV is used to describe the difference between the present value of a stream of costs and a stream of benefits. Ref. Action 10, Project BC Page 59, Programme BC Page 48 . This reason explains the assertion. The answer is therefore A.
3	False:	The risks associated with each of the short-list options should be measured and included. Risks can then be quantified through a risk premium, which is added to the costs of each proposal to provide the full expected value of each option. Ref. Action 12, Project BC Page 61, Programme BC Page 53.	False:	Risks associated with each option can be quantified by assessing the impact and likelihood of each risk. These are multiplied together to provide a score. The expected value is calculated by multiplying the likelihood of the risk occurring by the size of the outcome as quantified in financial terms, and then summing the results for all risks and outcomes. Ref. Action 12, Project BC Page 61, Programme BC Page 53.
4	False:	'What if' scenarios should be considered when carrying out a sensitivity analysis. It is used to test the vulnerability of options to unavoidable future uncertainties and to test the robustness of the ranking of the options. Ref. Action 13, Project BC Page 72, Programme BC Page 63.	False:	'What if' scenarios should be considered when carrying out a sensitivity analysis. It is used to test the vulnerability of options to unavoidable future uncertainties and to test the robustness of the ranking of the options. Ref. Action 13, Project BC Page 72, Programme BC Page 63.
5	True:	Benefits that can be quantified financially should be included in the Economic Appraisal and subject to cost benefits analysis. However, in many spending proposals some benefits are not amenable to monetary values. Weighting and scoring non-financial benefits provides a technique for comparing and ranking options in terms of their associated benefits. Ref. Action 11, Project BC Page 61, Programme BC Page 52.	True:	It is important to try and distinguish between the benefits derived from each option and the benefits that would be derived anyway. The benefits of doing nothing must, therefore, be assessed in the same way as the other options. Ref. Action 11, Project BC Page 61, Programme BC Page 52. This is not the reason for the assertion, so the answer is B.

Question: 2, Syllabus: EC, Part: D, Type: CL, SyllabusRef: EC0404, Level: 4

1	A	Incorrect:	Since approval of the OBC, new information affecting the ranking of the options may have become available. If any key assumptions have altered, the FBC must demonstrate that the recommended option continues to offer better VFM than the other available options. Ref. Action 26, Project BC Page 106.
	B	Incorrect:	Since approval of the OBC, new information affecting the ranking of the options may have become available. If any key assumptions have altered, the FBC must demonstrate that the recommended option continues to offer better VFM than the other available options. Ref. Action 26, Project BC Page 106.
	C	Incorrect:	Since approval of the OBC, new information affecting the ranking of the options may have become available. If any key assumptions have altered, the FBC must demonstrate that the recommended option continues to offer better VFM than the other available options. Ref. Action 26, Project BC Page 106.
	D	Correct:	Since approval of the OBC, new information affecting the ranking of the options may have become available. If any key assumptions have altered, the FBC must demonstrate that the recommended option continues to offer better VFM than the other available options. Ref. Action 26, Project BC Page 106.
2	A	Incorrect:	The reference project will need refining in light of knowledge gained from the procurement. This will enable a like for like comparison of the cost of providing services in-house with the cost of outsourcing. Henceforth, it is no longer referred to as the outline reference project, but as the reference project. Ref. Action 26, Project BC Page 107.
	B	Incorrect:	The reference project will need refining in light of knowledge gained from the procurement. This will enable a like for like comparison of the cost of providing services in-house with the cost of outsourcing. Henceforth, it is no longer referred to as the outline reference project, but as the reference project. Ref. Action 26, Project BC Page 107.
	C	Correct:	The reference project will need refining in light of knowledge gained from the procurement. This will enable a like for like comparison of the cost of providing services in-house with the cost of outsourcing. Henceforth, it is no longer referred to as the outline reference project, but as the reference project. Ref. Action 26, Project BC Page 107.
	D	Incorrect:	The revisions to the reference project should not mimic any design, engineering or operational attributes offered by the service providers. Instead, they should be adjusted to ensure that the scope of the outputs required remains consistent. Ref. Action 26, Project BC Page 107.
3	A	Incorrect:	The aim at FBC is to reduce the level of optimism bias to the absolute minimum. This is generally advised to be in the order of 2%. Ref. Action 26, Project BC Page 107.
	B	Correct:	The aim at FBC is to reduce the level of optimism bias to the absolute minimum. This is generally advised to be in the order of 2%. Ref. Action 26, Project BC Page 107.
	C	Incorrect:	The risks associated with all options on the short-list should have been identified and quantified in the Outline Business Case. Ref. Action 26, Project BC Page 57.
	D	Incorrect:	The minimum requirement at this stage is to revisit the cost of risk retained under the reference project in the Economic Case of the OBC. The optimism bias should be in the order of 2%. Ref. Page Action 26, Project BC 107.
4	A	Correct:	In addition to service provider costs, any attributable costs falling to the organization or any other public sector organization must be accounted for and the full cost shown for each option over the contract period and life span of the spending. Ref. Action 27, Project BC Page 108.

B	Incorrect:	The focus of the Economic Appraisal should be value for money, it is the Financial Appraisal that focuses on affordability and cash flow. Ref. Action 10, Project BC Page 53.
C	Incorrect:	In addition to service provider costs, any attributable costs falling to the organization or any other public sector organization must be accounted for and the full cost shown for each option over the contract period and life span of the spending. Ref. Action 26, Project BC Page 108.
D	Incorrect:	If, post FBC approval prior to contract signature, the contract terms, for whatever reason, vary significantly from those agreed in the FBC, the FBC must be re-submitted for re-approval. Ref. Action 26, Project BC Page 108.

Question: 3, Syllabus: CC, Part: A, Type: MG, SyllabusRef: CC0201, Level: 2

1	Correct [D]:	This element of the payment structure gives the service provider the incentive to develop and exploit alternative revenue streams and new business. Where possible, this should be done without prejudice to public sector. Ref. Action 17, Project BC Page 83, Programme BC Page 74.
2	Correct [B]:	This element links a proportion of the payment mechanism to the performance of the service. Linking payments to specified performance targets helps to ensure that the service provider continues to deliver the agreed outputs throughout the life span of the service. Ref. Action 17, Project BC Page 82, Programme BC Page 73.
3	Correct [C]:	This element links a proportion of the payment mechanism to the achievement of business benefit, the productivity or usage of the service. For example, the number of transactions or volume of business provided. Ref. Action 17, Project BC Page 82, Programme BC Page 73.
4	Correct [A]:	The service provider is given an incentive to deliver services to time, specification and cost. This element involves a fixed price for the delivery of the 'agreed outputs' within a fixed timetable. Appropriate remedies are put in place for delays and cost over-runs. Ref. Action 17, Page 81, Programme BC Page 72.

Question: 3, Syllabus: CC, Part: B, Type: MR, SyllabusRef: CC0301, Level: 3

1	A	Incorrect:	This is a contractual issue and relevant to Action 18, ascertaining contractual issues and accountancy treatment. Ref. Action 18, Project BC Page 84, Programme BC Page 75.
	B	Correct:	The procurement method might involve opening the invitation to tender to all interested parties, or restricting the number of tenders by selection. Procurement methods are considered when determining the procurement strategy. Ref. Action 14, Project BC page 77, Programme BC Page 68.
	C	Correct:	All public procurements must be based on value for money. Value for money is defined as the optimum combination of whole life costs and quality to meet the user's requirement. This should be achieved through competition, unless there are compelling reasons to the contrary. Ref. Action 14, Project BC page 77, Programme BC Page 68.
	D	Incorrect:	This is a contractual issue and relevant to Action 18, ascertaining contractual issues and accountancy treatment. Ref. Action 18, Project BC Page 84, Programme BC Page 75.
	E	Incorrect:	This is a contractual issue and relevant to Action 18, ascertaining contractual issues and accountancy treatment. Ref. Action 18, Project BC Page 84, Programme BC Page 75.
2	A	Correct:	When determining services and required outputs, the quality attributes of the services and outputs required and the performance measure against which they will be assessed must be specified. Ref. Action 15, Project BC Page 78, Programme BC Page 69.
	B	Correct:	When determining services and required outputs, the quality attributes of the services and outputs required and the performance measure against which they will be assessed must be specified. Ref. Action 15, Project BC Page 78, Programme BC Page 69.
	C	Incorrect:	This is not within the scope of the new Regional Theatre. Therefore, it is not relevant to the services or outputs from this project. Ref. Scenario
	D	Incorrect:	This is not within the scope of the new Regional Theatre and therefore not relevant to the services or outputs from this project. Ref. Scenario
	E	Incorrect:	This is not within the scope of the new Regional Theatre. Therefore, it is not relevant to the services or outputs from this project. Ref. Scenario
3	A	Correct:	Risk should be allocated to the party best able to manage it, subject to the relative cost. Ref. Action 16, Project BC Page 79, Programme BC Page 70.
	B	Incorrect:	This information is relevant to the Financial Appraisal. It does not represent risk apportionment. Ref. Action 16, Project BC Page 79, Programme BC Page 70.
	C	Incorrect:	This is not within the scope of the new Regional Theatre. Therefore, it is not relevant when preparing for the potential deal. Ref. Scenario.
	D	Correct:	Risk should be allocated to the party best able to manage it, subject to the relative cost. Ref. Action 16, Project BC Page 79, Programme BC Page 70.
	E	Incorrect:	This does not represent risk or how it might be apportioned for this project. Ref. Action 16, Project BC Page 79, Programme BC Page 70.
4	A	Correct:	Personnel implications must be considered when ascertaining contractual issues. Ref. Action 18, Project BC Page 84, Programme BC Page 76.
	B	Correct:	Contract management and key contract issues should be considered and recorded. The duration of the contract and any break clauses should be included here. Ref. Action 18, Project BC Page 84, Programme BC Page 75.
	C	Incorrect:	This is part of the bigger picture, the transformation programme. This contract is for the Regional Theatre project. Ref. Scenario, Action 18, Project BC Page 84, Programme BC Page 75.

	D	Incorrect:	This describes the open procurement method and would be relevant when determining the procurement strategy. Ref. Action 14, Project BC Page 77, Programme BC Page 68.
	E	Incorrect:	This is part of the bigger picture, the transformation programme. This contract is for the Regional Theatre project. Ref. Action 18, Project BC Page 84, Programme BC Page 75.

Question: 3, Syllabus: CC, Part: C, Type: MR, SyllabusRef: FC0403, Level: 4

1	A	Incorrect:	Construction costs are a capital cost, not an on-going revenue cost. Ref. Project BC Page 54, Programme BC Page 45.
	B	Incorrect:	Staffing costs should be shown as an expenditure in the revenue budget. The costs and benefits appraised in the financial case reflect an accountancy-based perspective. Consequently, both resource and non-resource costs and benefits are factored into the analysis. These costs are included in the financial appraisals, because they have a direct bearing on the affordability of the project. Ref. Project BC Page 87, Programme BC Page 78.
	C	Correct:	The revenue appraisal should cover the intended life span of the service and/or contract period. Ref. Project BC Page 89, Programme BC Page 80.
	D	Incorrect:	As a minimum, the financial model should include underlying assumptions for interest rates, inflation, taxation, capital charges, depreciation, etc. Ref. Project BC Page 89, Programme BC Page 80.
	E	Correct:	The Financial Appraisal should include inflation. Ref. Project BC Page 87, Programme BC Page 79.
2	A	Incorrect:	Ref. Header, Project BC Page 89, Programme BC Page 80.
	B	Correct:	A Financial Appraisal should include cash releasing benefits within the input schedules to determine cash flow. Ref. Project BC Page 88, Programme BC Page 79.
	C	Incorrect:	During the first two years there is a deficit or funding gap which is to be covered by a Local Authority Subsidy. Ref. Header.
	D	Correct:	Donations are not a result of the operational phase of the scheme. The Financial Appraisal should state the source of funding arrangements. Ref. Project BC Page 88, Programme BC Page 79.
	E	Incorrect:	Any grant or allocation to fund the purchase of a fixed asset or capital project should be recorded as capital costs and funding. It should not be recorded as part of the Revenue Budget. Ref. Project BC Page 87, Programme BC Page 79.
3	A	Correct:	At the end of Year 6, the cumulative surplus will be \$1 million. This is the cash-releasing benefit from the spending, or the pay back. Ref. Project BC Page 93, Programme BC Page 84.
	B	Incorrect:	The funding needs to be recovered from cash-releasing benefits (profits or surplus). Benefits are not shown until Year 3 when the income begins to exceed the expenditure. Ref. Page 92.
	C	Incorrect:	The funding supports the required expenditure for the period of the scheme. Whilst there is a deficit in years 1 and 2, this funding gap is shown as being covered by a Local Authority Subsidy. Ref. Header.
	D	Correct:	Annually, the forecast income exceeds the forecast expenditure by \$300,000 each year. Ref. Header
	E	Incorrect:	The revenue budget should show running costs, not the capital expenditure costs. Ref. Header
4	A	Incorrect:	There is already a funding gap which is being covered by a Local Authority

		Subsidy. An additional 10% in running costs would make the project unaffordable as the income would not cover this increase in cost. Additional sources of funding would be required. Ref. Header.
B	Correct:	There is already a funding gap which is being covered by a Local Authority Subsidy. A 5% reduction in income would make the project unaffordable as the income would no longer cover the cost. Additional sources of funding would be required. Ref. Header.
C	Incorrect:	Ticket sales alone do not cover the Total Expenditure. The scheme would no longer be affordable. Ref. Header.
D	Correct:	There is a forecast surplus of \$300,000 from Year 4 onward. If ticket sales remained the same, there would still be a surplus income. However, future viability will depend on what happens under both expenditure and income headings. Ref. Header.
E	Incorrect:	The project is affordable without any additional funding. Any increase in funding would simply make the project less risky. Ref. Header.

Question: 3, Syllabus: CC, Part: D, Type: CL, SyllabusRef: FC0401, Level: 4

1	A	Incorrect:	Sunk costs are amounts that have already been spent and cannot be recovered. They should be noted in the Economic Case and excluded from the Economic Appraisals. Ref. Project BC Page 55, Programme BC Page 46.
	B	Incorrect:	Capital costs as well as revenue costs should be included in a Financial Appraisal. These are NOT capital costs. Ref. Project BC Page 88, Programme BC Page 79.
	C	Incorrect:	Sunk costs are amounts that have already been spent and cannot be recovered. They should be noted in the Economic Case and excluded from the Economic Appraisals. Ref. Project BC Page 55, Programme BC Page 46.
	D	Correct:	Sunk costs are amounts that have already been spent and cannot be recovered. They should be noted in the Economic Case and excluded from the Economic Appraisals. Ref. Project BC Page 55, Programme BC Page 46.
2	A	Incorrect:	The Financial Appraisal should prepare profit and loss projections. Ref. Project BC Page 89, Programme BC Page 80.
	B	Incorrect:	As a minimum, a financial model should agree interest rates, inflation, taxation, capital charges and depreciation. Ref. Project BC Page 89, Programme BC Page 80.
	C	Incorrect:	It is the Economic Appraisal that looks at value for money. The Financial Appraisal is concerned with affordability and cash flow. Ref. Project BC Page 87, Programme BC Page 78.
	D	Correct:	As a minimum, a financial model should agree interest rates, inflation, taxation, capital charges and depreciation. Ref. Project BC Page 89, Programme BC Page 80.
3	A	Incorrect:	It is the Economic Appraisal that contains constant (real) prices. The Financial Case uses current (nominal) prices. Ref. Project BC Page 88, Programme BC Page 79.
	B	Incorrect:	It is the Economic Appraisal that contains constant (real) prices. The Financial Case uses current (nominal) prices. Ref. Project BC Page 88, Programme BC Page 79.
	C	Correct:	Inflation is a cost or loss to the business over the life of the scheme. It should therefore be calculated into the Financial Appraisal. Ref. Project BC Page 88, Programme BC Page 79.
	D	Incorrect:	This describes depreciation rather than inflation. Ref. Project BC Page 88, Programme BC Page 79.
4	A	Incorrect:	It is the Economic Appraisal that contains constant (real) prices. The Financial Case uses current (nominal) prices. Ref. Project BC Page 88, Programme BC Page 79.
	B	Incorrect:	These are not sunk costs. Sunk costs are amounts that have already been spent and cannot be recovered. They should be noted in the case and excluded from the Economic Appraisals. Ref. Page 55, Programme BC Page 46.
	C	Correct:	Electricity is a running cost of the Theatre over the life of the scheme. It should therefore be calculated into the Financial Appraisal. Ref. Project BC Page 88, Programme BC Page 79.
	D	Incorrect:	Ongoing charges are interest rates, inflation, taxation, capital charges and depreciation. Ref. Project BC Page 88, Programme BC Page 79.

Question: 3, Syllabus: CC, Part: E, Type: AR, SyllabusRef: FC0401, Level: 4

1	True:	The costs and benefits appraised in the Financial Case reflect an accountancy-based perspective. The Theatre is targeted to become self-funding within two years. If the projections do not show this, the scheme may not be affordable. Ref. Step 6, Project BC Page 87, Programme BC Page 78.	True:	The impact of the project on the organization's income and expenditure should be assessed. Ref. Step 6, Project BC Page 89, Programme BC Page 80. Therefore, the answer is B.
2	False:	A funding statement should be available, not the actual funding. The funding statement shows which departments, partners and external organizations will provide the resources required. Where external funding is required, a written statement of support from the project's stakeholders or commissioners is needed. Ref. Step 6, Project BC Page 88, Programme BC Page 79.	True:	A funding statement should show which internal departments, partners and external organizations will provide the resources required for the project. Ref. Step 6, Project BC Page 88, Programme BC Page 79
3	True:	The net effect on prices should be assessed. The higher number of visitors will increase income from fares and reduce the local authority bus subsidy on routes to Seatown. This is an impact on existing financial commitments and should be included in the Financial Appraisal. Ref. Step 6, Project BC Page 90, Programme BC Page 81.	True:	The net effect on prices should be assessed. The organization must be confident that existing customers will continue to contract for services. Ref. Step 6, Project BC Page 90, Programme BC Page 81. The answer is therefore A.
4	False:	Financial analysis should be based on current (nominal) prices, including depreciation and capital charges. Ref. Step 6, Project BC Page 88, Programme BC Page 79.	True:	The costs appraised in the Financial Case reflect an accountancy-based perspective. VAT and capital charges (including depreciation) over the lifespan of the service or solution must be included. This is because they have a direct bearing on the affordability of the options under consideration. Ref. Stage 6, Project BC Page 87, Programme BC Page 78.

Question: 4, Syllabus: MC, Part: A, Type: MG, SyllabusRef: MC0302, Level: 3		
1	Correct [A]:	Too little attention is often given to breaking the development and implementation of a scheme into manageable stages. Sufficient time must be built into the project plan to allow for planning applications in property and construction projects. The most up-to-date project plan should be summarized within the OBC. Ref. Step 7, Project BC Page 96.
2	Correct [C]:	This action is regarding management arrangements in place ensuring the project delivers its required rate of return. Little attention has been paid to this key aspect resulting in benefits claimed in the Economic Case haven't been realized. Benefits realization strategy and framework should allocate responsibility for delivery of benefits and ensuring management arrangements for their realization in the implementation/operational phase are outlined in some detail in the OBC stage. Ref. Step 7, Proj BC Pg 98
3	Correct [B]:	This is related to 'plan change management' where a change management strategy is developed. The aim is to assess the potential impact of the proposed change on the culture, systems, processes and people working within the investing organization. Ref Action 21, Project BC Page 97.
4	Correct [C]:	Strategy, framework and plans put in place management arrangements required to ensure the scheme delivers its anticipated benefits. Benefits realization strategy should set out arrangements for identifying potential benefits, their planning, modelling and tracking & include a framework that assigns responsibilities for actual realization of those benefits throughout key phases. Post implementation review will review whether benefits were achieved. Ref. Step 7, Project BC Page 98.
5	Correct [A]:	The project framework, within the project plan, should define the management and governance arrangements for the successful delivery of the scheme. The role of WWDA and its strategic partners should be determined and agreed. Ref. Step 7, Project BC Page 95.

Question: 4, Syllabus: MC, Part: B, Type: MG, SyllabusRef: MC0301, Level: 3		
1	Correct [D]:	The target improvement should define the expected level of change. Ref. Action 22, Project BC Page 98, Programme BC Page 90.
2	Correct [B]:	The potential dis-benefit(s) should define any known negative impact of the project. Ref. Action, Project BC Page 98, Programme BC Page 90
3	Correct [A]:	The Benefit should be categorized as quantifiable. Ref. Action 22, Project BC Page 98, Programme BC Page 90.
4	Correct [B]:	The potential dis-benefit(s) should define any known negative impact of the project. Ref. Action 22, Project BC Page 98, Programme BC Page 90.
5	Correct [E]:	The full-year value of the benefit is based on 40% of the current 350,000 catchment population saving an average of \$30. Ref. Action 22, Project BC Page 98, Programme BC Page 90.

Question: 4, Syllabus: MC, Part: C, Type: MR, SyllabusRef: MC0401, Level: 4

1	A	Correct:	At the level of individual policies, programmes and projects, risk management strategies should be adopted in a way that is appropriate to their scale. Before embarking on any risk management activities, a Risk Management Strategy should be developed for the project. The purpose of this strategy is to describe how risk management will be embedded in the project management activities. Ref. Action 23/33, Project BC Page 99, Programme BC Page 91.
	B	Incorrect:	At the level of individual policies, programmes and projects, risk management strategies should be adopted in a way that is appropriate to their scale. Before embarking on any risk management activities, a Risk Management Strategy should be developed for the project. The purpose of this strategy is to describe how risk management will be embedded in the project management activities. Ref. Action 23/33, Project BC Page 99, Programme BC Page 91.
	C	Correct:	The plans for the management of associated risks should be encapsulated within the risk register for the project. The risk register lists all the identified risks and the results of their analysis and evaluation. Information on the status of risks is also included and continually updated throughout the course of a project. Ref. Action 23/33, Project BC Page 99, Programme BC Page 91.
	D	Incorrect:	The programme's risk register should capture risks that have been escalated from its associated projects. Ref. Action 23/33, Project BC Page 99, Programme BC Page 91
	E	Incorrect:	The plans for the management of associated risks should be encapsulated within the risk register for the project. The risk register lists all the identified risks and the results of their analysis and evaluation. Information on the status of risks is also included and continually updated throughout the course of a project. Ref. Action 23/33, Project BC Page 99, Programme BC Page 91.
2	A	Incorrect:	An organization's risk management policy should communicate how risk management will be implemented throughout the organization to support the realization of its strategic objectives. This includes the organization's risk appetite (their unique attitude towards risk taking that dictates the amount of risk that it considers acceptable), risk tolerances, procedures for escalation and defined roles and responsibilities. Ref. Action 23/33, Project BC Page 99, Programme BC Page 91.
	B	Incorrect:	The project manager is responsible for capturing and managing risks associated with a project. These should be reported to the Project Board in order for the Project Board to make informed decisions. Ref. Action 23/33, Project BC Page 99, Programme BC Page 91.
	C	Correct:	An organization's risk management policy should communicate how risk management will be implemented throughout the organization to support the realization of its strategic objectives. This includes the organization's risk appetite (their unique attitude towards risk taking that dictates the amount of risk that it considers acceptable), risk tolerances, procedures for escalation and defined roles and responsibilities. Ref. Action 23/33, Project BC Page 99, Programme BC Page 91.
	D	Incorrect:	Project related risks that impact upon the programme must be escalated to the Programme Manager. Ref. Action 23/33.
	E	Correct:	Any site related risks impacting the completion date have been identified as a risk tolerance. Any forecast to exceed a tolerance must be escalated to the next level of authority. Ref. Action 23/33, Project BC Page 99, Programme BC Page 91.
3	A	Correct:	It is appropriate to capture this risk on the project's risk register. The risk should be analysed and evaluated before escalating, if appropriate, to the programme. Ref. Action 23, Project BC Page 99, Programme BC Page 91.

B	Incorrect:	It is appropriate to capture this risk on the project's risk register. The risk should be analysed and evaluated before escalating, if appropriate, to the programme. Ref. Action 5/23, Project BC Page 99, Programme BC Page 91.
C	Incorrect:	All risks associated with the project should be captured on the project's risk register. There should be a particular focus on the related project management and procurement risks for the scheme. This is a service risk. Ref. Action. 5/23, Project BC Page 99, Programme BC Page 91.
D	Correct:	Although project related risks should be managed by the Project Board, this risk impacts upon the strategic objectives of the programme. Therefore, it should be escalated to the programme. Ref. Action 23, Project BC Page 99, Programme BC Page 91.
E	Incorrect:	Although project related risks should be managed by the Project Board, this risk impacts upon the strategic objectives of the programme. Therefore, it should be escalated to the programme. Ref. Action 23, Project BC Page 99, Programme BC Page 91.

Question: 4, Syllabus: MC, Part: D, Type: AR, SyllabusRef: MC0401, Level: 4

1	False:	The timings and arrangements for PPE should be incorporated into the project management plans. PPE will typically take place 6 to 12 months after the commencement of live running, and periodically thereafter. Therefore, the project manager would NOT be appropriate for this role as they will have been disbanded with the project. Ref. Action 24/35/Scenario, Project BC Page 102/115.	True:	The PPE framework should outline the management arrangements for ensuring that PPE will take place. This is a key responsibility of the SRO. Ref. Action 24, Project BC Page 102.
2	True:	The project evaluation should be undertaken as soon as possible after the implementation of the service to capture lessons learned. Ref. Action 35, Project BC Page 115.	True:	The FBC should record the arrangements for Assurance Reviews, Health Checks and PPE. These activities should be incorporated into the project management plans. Ref. Action 24/35, Project BC Page 102/115. This is NOT the reason for the assertion. The answer is therefore B.
3	True:	Assurance at the end of Stage2 (delivery stage) reviews the Outline Business Case which summarizes the results so far and sets out the facts seeking approval to proceed to a formal procurement phase. The Outline Business Case should set out the management arrangements for the successful delivery of the proposal. These will not be finalized until the Full Business Case is approved at the end of Stage 3 (investment decision). Ref. Scenario, Project BC Page 17/18.	False:	Arrangements for post project evaluations should be finalized in the Full Business Case and incorporated into the project management plans. Ref. Action 35, Project BC page 115.
4	False:	It is based on the Full Business Case that all parties should be content for the project to proceed to contract signature. However, this is providing that it has been completed satisfactorily and the resultant scheme is affordable. Ref. Project BC Page 17/18.	True:	Assurance of Stage 3 - the investment decision. This should be scheduled to take place before the Full Business Case is submitted for approval. Ref. Project BC Page 18.
5	True:	Prevailing best practice suggests regular one-to-one meetings between senior managers in both the customer and supplier organization. This also applies when dealing with change within the context of a 'shared vision'. Arrangements should be noted in the Full Business Case. Ref. Action 34/Scenario, Project BC Page 114.	True:	The organization should provide details of its contingency plan(s) in the event of the non-delivery of the contracted services to the required level of performance and availability at some unspecified future point in time. Ref. Action 33, Project BC Page 114. This is NOT the reason for the assertion. The answer is therefore B.
6	False:	The benefits of the stand alone theatre precinct should be assessed two years after its opening. The assessment will measure if the expected 600,000 visits per year has been achieved. Ref.	False:	Post project evaluation arrangements include project assurance of Stage 5 (benefits realization), but benefits may be realized before this. The benefits realization strategy, framework and plan

		Action 24/Scenario, Project BC Page 102.		will set out the arrangements for the identification of potential benefits, their planning, modelling and tracking. Ref. Action 22/24, Project BC Page 98/102.
7	True:	This is a lesson that may be of use to future similar projects and should be captured for dissemination. Ref. Action 24/Scenario, Project BC Page 102	True:	The arrangements for post-project evaluation should be recorded in the FBC. The project evaluation should be undertaken as soon as possible after the implementation of the service to capture lessons learned. Ref. Action 24/35, Project BC Page 102/115. This is not the reason for the assertion. The answer is therefore B.