

# How to approach the Advanced Financial Management (AFM) exam

This is an advanced level exam which builds upon the knowledge and skills examined in Financial Management. You will be required to demonstrate your ability to:

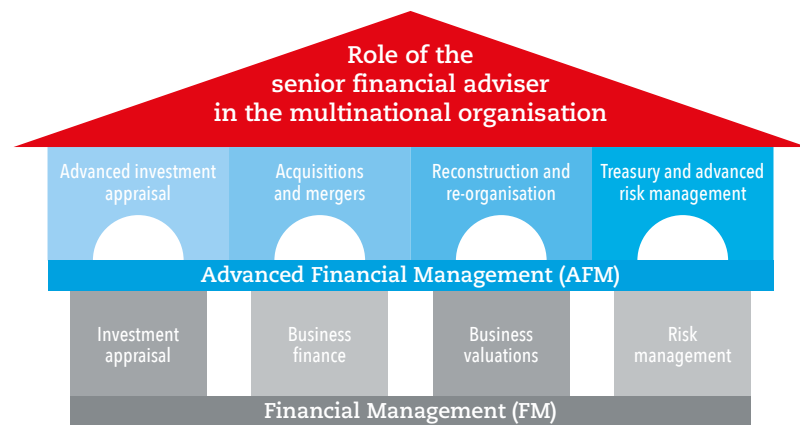
- Read and digest quickly, comprehensive and detailed questions
- Apply relevant knowledge and skills
- Exercise the professional judgement expected of a senior financial person
- Make recommendations or financial management decisions that are likely to affect the entire business organisation

Like a senior financial person at work, you will be expected to read a business brief and decide on a relevant methodical approach to meeting the brief's objectives, making notes where necessary. Senior managers work under tight deadlines, and hence prioritising and managing your time is crucial to performing well under examination conditions.



## AFM – A Senior Advisory Role

This strategic option exam is designed for candidates who work in or have ambitions to specialise in financial management. It builds on the assumed knowledge and demands advanced skills and techniques.



## Tips for success in the AFM exam

- ✓ Break down requirements into all constituent parts to ensure every part is answered e.g. September 2018 Question 1(c)(iii):
  - Evaluate the preferred hedge choice and
  - [Evaluate] the debt finance needed and
  - [Evaluate] whether the project should be undertaken
  - Considering both financial and non-financial factors (in the above evaluations)
- ✓ Understand what matters to businesses and the viewpoints of stakeholders who are interested in the subsequent decisions based on the discussion and evaluation asked for
- ✓ Use the information provided in the question scenario
- ✓ Communicate findings and recommendations clearly and concisely with easy to follow numerical workings supported, where appropriate, by brief notes
- ✓ Appreciate that professional skills underpin good performance throughout the exam



## Advice from the examining team

- Supplement your studies with wider reading
- Be aware that more than one topic area of the syllabus may be examined in a question
- Relate any discussion or evaluation to the scenario in the question – context is very important
- Use your exam time effectively – good time management skills are essential
- Structure your answers – presentation is critical

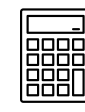


## Tackling the exam

Most frequently used AFM exam verbs:



**DISCUSS**



**ESTIMATE**



**EVALUATE**

Read this article for more about exam verbs

## Writing a good answer – how to demonstrate professionalism:



Question 1 will include 4 professional marks, typically for a report:

- Use an appropriate format
- Plan a logical structure
- Use suitable headings and subheadings
- Write clearly and concisely



## Links to support resources

- *Stepping up from FM to AFM*
- *AFM Study support guide*
- *Examiner's approach article*
- *Passing Strategic Professional exams*
- *How to earn professional marks*
- *Ethics and Professional Skills module*
- *Past exam questions and answers*
- *Examiner's reports*