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SESSIONS INCLUDE:

- Improving Forecast Reliability with Predictive Analytics
- Building a Top Performing Global FP&A Team
- Thriving in the Digital Age: Driving Business Transformation through FP&A
- Expanding Your Field of Vision Through AI

AND SO MUCH MORE

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Adapting to Succeed in a
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TRICIA WANG

Co-Founder, Sudden Compass
Global Tech Ethnographer



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Exam Strategies and Calculation Tips



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Clinical Professor – Kelley School – Indiana University***

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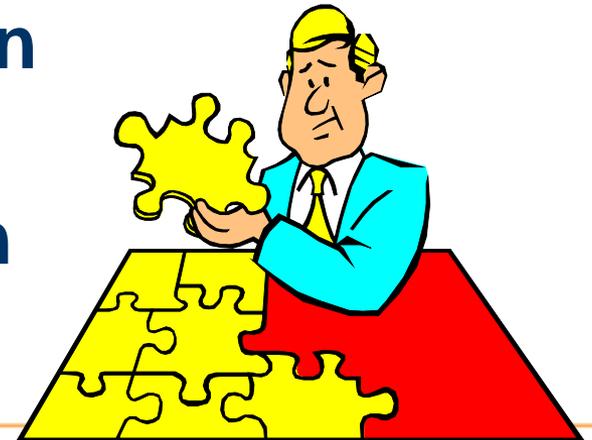
Introduction

- **Role of FP&A is to gather and interpret information with the goal of creating actionable business intelligence**
- **FP&A must provide timely and accurate commentary and reliable recommendations on how the organization can create value for its stakeholders**
- **This requires that FP&A understand the relationships between the organization's financial goals and the host of data embedded in:**
 - Financial statements, budgets and forecasts
 - Industry and competitive reports and analyses
 - Macroeconomic reports
- **Download and review the current Certification Candidate Handbook for the FP&A Professional certification program from the AFP website**



Ability to See Behind the Information

- To distinguish between meaningful data and statistical noise
- To understand the effects of perspectives on information provided by other members of the organization
- To appreciate the uses and limitations of externally derived information
- To assess the quality and completeness of information



Basic Info on the Exam

- Exam consists of two parts that require a mastery of the critical skills, knowledge and abilities involved in the corporate financial planning and analysis function.
- The parts may be taken together or separately
- Each part contains questions in several different areas of expertise known as knowledge domains
- These domains can be found on the AFP's website at:
www.FPACert.org/TestSpecs



FP&A Exam – Part I

- **Financial Acumen: Gathering, Interpreting, Understanding, and Communicating Business and Financial Information**
 - Domain A: Gathering and Interpreting Information (40% of Exam, Part I)
 - Domain B: Understanding Financial Concepts and Communicating/Coordinating Work with Other Professionals (60% of Exam Part I)



FP&A Exam – Part II

- **Financial Analysis: Building and Interpreting Financial Projections**
 - Domain A: Analyzing Information
(35% of Exam, Part II)
 - Domain B: Building Financial Projections
(35% of Exam Part II)
 - Domain C: Using Technology/Software
(30% of Exam Part II)

More on the Exam

- **Part I Exam – Financial Acumen (3 hrs / 2 hrs & 35 min)**
 - 125 question computer-based exam (110 MCQ + 15 TBS)
- **Part II Exam – Financial Analysis (4.5 hrs / 4 hrs & 5 min)**
 - 125 question computer-based exam (90 MCQ + 35 TBS)
- **MCQ questions = 1 point each, TBS = 1 – 5 points each**
- **Multiple versions, with questions of various degrees of difficulty – no penalty for incorrect answers**
- **There will be some number of unscored questions that are being tested for use in future exams**
- **Two types of questions: multiple-choice and task-based simulations (TBS)**
- **Two test windows (Feb/Mar & Aug/Sep)**



On-Screen Calculators

FPA Part II Tutorial - Candidate Name Time Remaining 15:49
8 of 20

Calculator Flag for Review

Using the Calculator

A built-in calculator is available for your use in multiple-choice items.

To open the calculator, click on the **Calculator** icon on the upper left side of the top navigation bar.



The calculator is available in two modes: (1) a standard four-function calculator and (2) a scientific calculator:



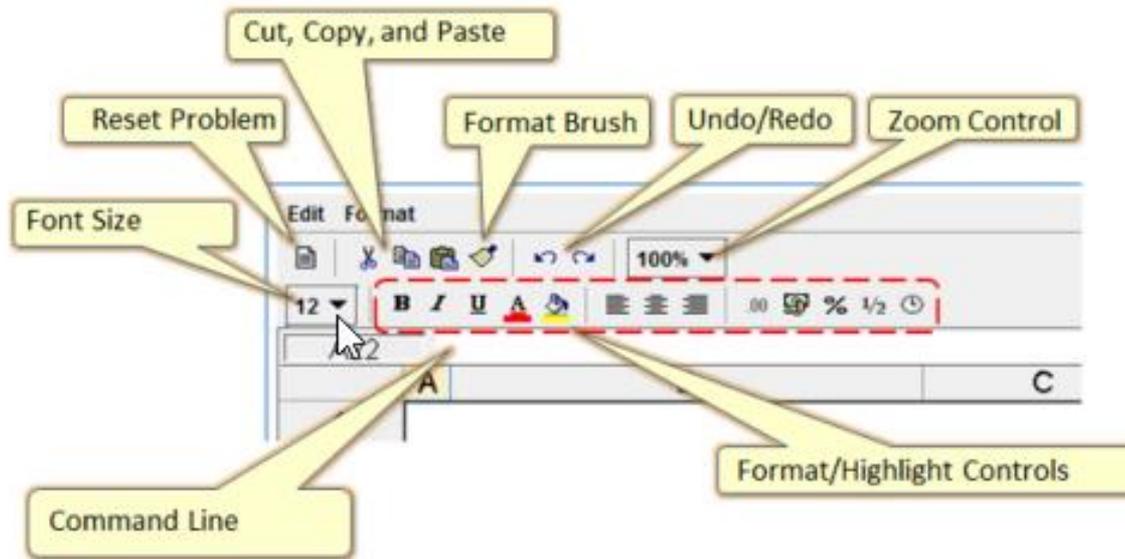
Data Set Questions

The screenshot shows a window titled "Data Set" with a spreadsheet interface. The spreadsheet has columns A through I and rows 1 through 7. A table is defined in the range A2:C7. The table has two columns: "Product" and "Profit (\$)". The data in the table is as follows:

Product	Profit (\$)
A	15
B	50
C	100
D	200
E	500

The spreadsheet interface includes a menu bar with "Edit" and "Format", a toolbar with various icons, and a status bar at the bottom with "Ready", "Close", "Help", "Previous", and "Next" buttons.

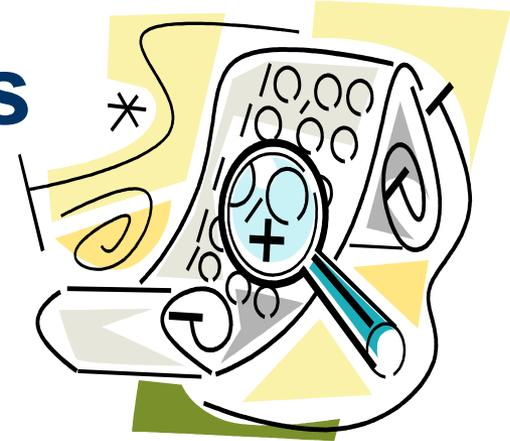
Spreadsheet Tool



Reset Problem - Resets the problem to its original state.

Caution: None of the spreadsheet cells are locked. It is therefore possible to format, change, or delete the information in the problem statement, the answer area, or the data table (in task-based simulations) or in a data set (in multiple-choice items). However, we strongly recommend that you avoid doing so.

Task-Based Simulation Questions



- **All TBS Questions have 4 areas**
 - Area for problem statement
 - Area for the answer
 - Area for data table
 - Open worksheet area
- **Use any portion of the worksheet area to calculate your answer(s)**
- **You can reference, copy and edit the data in the data table area, BE VERY CAREFUL IN MAKING ANY CHANGES TO THIS DATA!!**
- **If you need to, the problem can be reset, restoring the data to its original values – BUT – any work you have done in spreadsheet area will be lost!!**
- **You should not type in any other cells in the answer area**
- **All TBS items will contain at least one tab for the problem itself – there may be additional tabs for other instructions or background material**
- **More than one response may be required, and they may be “free-form” or selected response from a pop-up box**

TBS Screens

The screenshot shows a software interface for an FPA Part II exam. The window title is "FPA Part II - Candidate Name". The interface is divided into several sections:

- Problem Statement:** A text box at the top containing the question text.
- Answer Area:** A yellow-shaded area below the problem statement, containing input fields for "Change Pt:" and "Number:".
- Data Table:** A purple-shaded table below the answer area, containing financial data.
- Internal Work Area:** A large grid area on the right side of the screen, used for calculations and notes.

Item	Value
Days (unit)	1.00
Days Per \$ (per unit)	10
Number (unit)	0
Number \$ (per unit)	0
Number \$ (per unit)	0

Sample TBS Question

FPA Part II - Candidate Name

Time Remaining 07:47

19 of 20

Flag for Review

Excel spreadsheet showing a TBS question. The spreadsheet contains the following text and data:

Sales and production costs of a company's product are provided below.

Calculate the percent change in gross profit per unit if the price of shipping decreases by 50% (round to the nearest percent and state as an absolute value/positive number). Also, indicate the direction of the movement (increase or decrease).

Change (%)

Direction
(Select Response Above)

Sales (units)	1,000
Sales Price (\$ per unit)	10
Production Costs	
Labor (\$ per unit)	5
Materials (\$ per unit)	3
Shipping (\$ per unit)	1

Help

← Previous

Next →

More on the Spreadsheet

- The spreadsheet tool has been changed from the previous version that was first launched.
- The spreadsheet available for the exam will **NOT** have all of the functionality of Excel
- You can enter in formulas, but there are **NO** wizards available, nor placeholders for the inputs
- In M/C questions where calculations are required a scratch spreadsheet will be made available, or you may use one of the on-screen calculators
- A tutorial on the spreadsheet is available on the FP&A website (www.FPACert.org/spreadsheet) be sure to review this
- A listing of all the functions supported by the spreadsheet is available through the AFP website – this PDF file will also be available to you during the exam by clicking on Help in lower left corner of screen (see in tutorial).



Important Spreadsheet Functions

- **Logical**
 - IF, AND, OR, NOT
- **Statistical or Math**
 - ABS, AVERAGE, COUNT, MAX, MEDIAN, MIN, MODE, NORMDIST, NORMINV, STDEV, SUM
- **Financial**
 - FV, INTRATE, IPMT, IRR, MIRR, NOMINAL, NPER, NPV, PMT, PPMT, PRICE, PV, RATE, YIELD
- **Lookup and Reference**
 - CHOOSE, HLOOKUP, LOOKUP, VLOOKUP



Example of PV Function

- **PV(rate,nper,pmt,fv,type)**
 - rate = interest rate in decimal
 - nper = number of periods
 - pmt = payment per period
 - fv = future value
 - type = begin or end of period
- **You should try to memorize the format for some of the Key functions in order to save some time while taking the exam**



Important Formulas

- **Financial ratios (all are fair game)**
- **Economic Value Added (EVA)**
- **Time value (PV, FV, NPV, IRR, Payback)**
- **Cost accounting (fixed cost, variable cost, contribution/profit margins, Break Even, CVP)**
- **Activity-based Costing (direct vs. indirect & accruals)**
- **Statistics (Std Dev, Mean, Mode)**
- **Economics (Elasticity and demand curves)**
- **Headcount calculations (payroll cost per person)**
- **Budgeting (projected vs. actual, variances)**
- **Investments (bond duration, dividend yield, EPS)**

Be Sure to Review the Tutorial

- **Go through the available tutorial on the Exam Functionality, especially the sections on the spreadsheet and the Task-Based Exercises**
- **Plan on spending some of the 20 minute intro time at the exam becoming familiar with the spreadsheet tool and on-screen calculators**
- **Memorize key spreadsheet functions so you can easily use them on the exam**

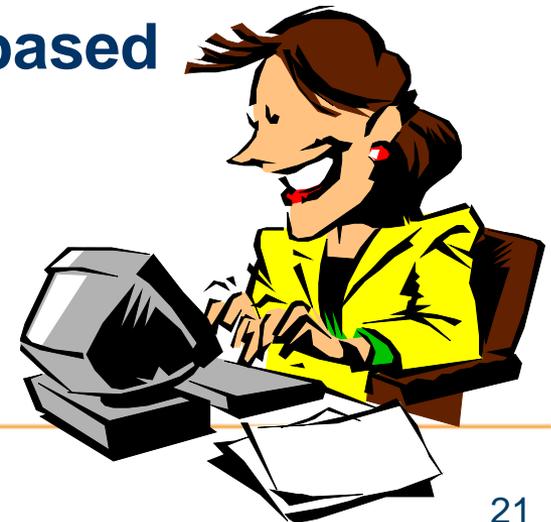
General Points & Tips – Before the Exam

- Review all of the test specifications – anything there could appear on the exam(s)
- Create a study plan to make the best use of your time between now and the exam
- Plan on a minimum of 72 hours over 2-3 months to prepare
- Make notes, flashcards, lists of equations, etc.
- Practice your “Formula Dump”
- Plan on taking the two parts of the exam separately – schedule your exam dates early, slots go quickly
- Practice all of the calculations using Excel, but always do the calculations “from scratch” – i.e., create a new formula each time you try a calculation
- Review the Exam Functionality Tutorial available on the FP&A website tutorial <http://fpacert.afponline.org/spreadsheet/>



If You Have the Learning System

- Use the pre-tests to identify key knowledge gaps
- Be sure to download e-version and put it your tablet
- If you use Kindle version, you can actually have your tablet “read” portions of the book to you
- If you use e-version on your computer, you can have the books on the screen, while taking notes or making flash cards in another part of the screen
- Be sure to run through the 10 task-based simulations provided as part of the LS – work them out on paper and on a spreadsheet.



Prepare With A Plan

- **Develop a study plan and stick to it!**
- **Important things to understand**
 - Exam structure
 - Your strengths and weaknesses
 - How you learn and what works for you



Time for a Study Plan

- **Study plan should be based on:**
 - Knowledge gaps
 - Number of questions on the topic
- **Plan your study times and places**
 - Consistent times throughout the week
 - Find a place and environment that works for you
- **Stick with your plan and spread your study time out (don't cram)**



Study Techniques



- **Get the big picture**
 - Avoid information silos
 - Develop and understanding of the big tasks involved in FP&A, and let the individual items fall into the process
- **Understanding the why will make a big difference**
- **Look for connections within the material**
 - Find things that are similar
- **Understand the types of questions that you will see on the exam**



It's Almost Exam Time

- **What should you do the night before the exam?**
 - Relax and maybe see a movie?
 - Study?
- **Control your nerves**
- **Know the exam center location, where to park, etc.**
 - Don't deal with those issues on exam day



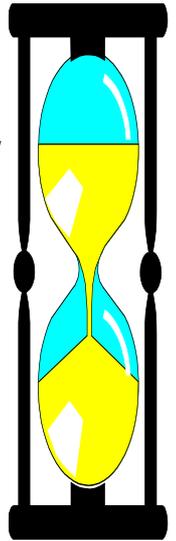
General Points and Tips – At the Exam

- Be sure you know where the test center is located
- Bring at least two forms of ID – nothing is allowed into the testing room except for you and your ID
- You may be the only one at your site taking the FP&A exam, they administer many exams there
- Consider using the on-screen calculator for simple problems – it may be faster than using the spreadsheet
- You **MUST** complete the non-disclosure agreement within the first 3 minutes after you are logged onto the computer



More Exam Tips (for Part I Exam)

- You will have opportunity to take a short tutorial on the system and exam before starting Section 1 (about 20 min) – Practice with spreadsheet tool!
- Be sure you know how to use the Flag for Review feature and how to navigate through the exam
- Section 1 (MCQ) = 110 multiple choice questions, with 125 minutes to complete
- Section 2 (TBS) = 15 task-based simulations, with 30 minutes to complete
- You must complete MCQs before going to TBS
- You must be logged out and logged back in again if you leave the room for bathroom break – clock does NOT stop



Still More Exam Tips

- Go through the exam sections quickly on a first pass to “see what is there”. You can write out any formulas you may need for calculation problems as they come up
- Use the white boards to log questions or to work out formulas
- Answer any easy questions on this first pass, and mark the calculations and more difficult questions for later review
- No penalty for guessing, so don't leave anything blank
- **DON'T PANIC!!!**



Some Key Things to Remember

- **Complete the NDA within the allotted time!**
- **Use your work experience carefully when answering questions**
- **Manage your time (30 second rule)**
- **Answer everything!**
 - Correct answer = 1 point (up to 5 points on TBS)
 - Incorrect answer or blank = 0 points
- **Be a test maker, not just a test taker**

More Key Things to Remember

- Answer the right question
- Read the question before you analyze the information
- Not sure
 - Enter your best guess
 - Flag it
 - Come back later
- Your first answer is often the right one
- Manage information to prepare, but manage time to pass
- **Don't Panic**



Places for More Information

- **Exam Study Network (join from FPAcert.org)**
- **FP&A Q&A**
- **List of Suggested References on FPAcert.org**
- **AFP and other Webinars (see recorded complimentary webinars on FPAcert.org)**
- **LinkedIn FP&A Group (Certified Corporate FP&A Professionals)**
- **“Ask the Expert” feature of the Learning System**
- **You can also follow on Twitter**



Any Questions?

- The floor is now open for any questions you might have on the FP&A exam and certification.
- Contact me at:
 - djmasson@indiana.edu
 - Find me on LinkedIn
www.linkedin.com/in/djmasson





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