

**FPAC**<sup>™</sup>

CERTIFIED CORPORATE  
**FINANCIAL PLANNING &  
ANALYSIS** PROFESSIONAL

Sponsored by AFP<sup>®</sup>

---

# 2021 FPAC **PREP GUIDE**



CERTIFIED CORPORATE  
**FINANCIAL PLANNING &  
ANALYSIS** PROFESSIONAL

## Testing Windows

---

Offered in 60-day testing windows for greater flexibility and convenience to candidates!

	<b>Early Application Deadline*</b>	<b>Final Application Deadline**</b>
August 1, 2021–September 30, 2021 (2021B)	May 14, 2021	June 18, 2021
February 1, 2022–March 31, 2022 (2022A)	November 19, 2021	December 17, 2021
August 1, 2022–September 30, 2022 (2022B)	May 20, 2022	June 17, 2022

\* Submit your application by this date and save \$100 on the final deadline fee. Only for new applications.

\*\*Applications received after the final deadline will automatically be deferred to the next available testing window.

For eligibility requirements and an application, please see the FPAC Candidate Handbook.

For additional information please visit [www.FPACert.org](http://www.FPACert.org) or call +1.301.907.2862 between 8:30 a.m. and 5:00 p.m. ET, Monday through Friday.

This edition of the FPAC  
Examination Preparation Guide  
supersedes all previous editions.  
Revised © 2021

Copyright © 2021, Association for  
Financial Professionals, Inc.,  
Bethesda, Maryland, USA.  
All rights reserved.

These materials are protected  
by United States Copyright Law,  
International Copyright Laws and  
International Treaty Provisions.

The FPAC examination has been  
developed in collaboration with  
Pearson VUE of Bloomington, MN.



# STUDY STRATEGIES AND TEST TAKING TIPS

---

The following strategies and test taking tips are provided to help you better prepare for the FPAC exam.

Please refer to the Rules and Regulations on the FPAC website ([www.FPACert.org/Rules](http://www.FPACert.org/Rules)) for important information on scheduling your exam and what to expect once you arrive at the test center. Regardless of how well you study for the exam, your efforts will go unrewarded if you do not fully comply with exam scheduling and test center admission requirements.

The Association for Financial Professionals® (AFP) wishes you the best in your efforts to prepare for the exam.

## The Examination

The FPAC exam consists of two parts — Part I and Part II — that require a mastery of the critical skills, knowledge and abilities involved in the corporate financial planning & 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 our website: [www.FPACert.org/TestSpecs](http://www.FPACert.org/TestSpecs).

*Part I — Financial Acumen* is a 140 question computer-based exam. *Part II — Financial Analysis* is a 55 question computer-based exam. The scheduled appointment time for Part I is 180 minutes, 155 minutes of which will be used to answer the questions presented. The scheduled appointment time for Part II is 270 minutes, 245 minutes of which will be used to answer the questions presented. There will be 25 minutes allotted to both parts of the exam for the non-disclosure agreement (NDA), exam tutorial and post-test survey.

There are multiple versions of the test. All versions are psychometrically equated to provide fairness to all candidates. The questions will have differing degrees of difficulty. There is no penalty for incorrect answers and both scored and unscored questions will be included on the exam. Unscored questions are included to gather data on their validity. While it is predetermined which questions will not be scored, candidates will not be able to distinguish them from the scored questions.

There are three types of exam questions: multiple-choice, task-based simulations (TBS) and case analysis. Multiple-choice items will appear as in most tests — with a question and multiple answer choices. TBS items contain spreadsheets and the format will change slightly depending on the contents of the item. Examples of TBS questions include items that ask the candidate to perform a calculation or give a data table and ask the candidate to

perform an analysis. Case Analysis questions are multiple-select question sets based around a scenario. Part I of the test will have 140 multiple-choice questions. Part II will have 45 task-based simulations and 10 case analyses.

TBS questions will all have four areas — an area for the problem statement, an area for the answer, an area for the stimulus material, data tables, etc. and an open spreadsheet work area. You can use any portion of the worksheet area to calculate your answer(s). You can reference or copy the data in the stimulus area. You will enter your answer in the answer box(es) provided. Please note that none of the spreadsheet cells are locked. It is therefore possible to format, change, or delete the information in the problem statement, data tables, answer area, or data set. However, we strongly recommend that you avoid doing so. If you inadvertently change this information, you may click on the **Reset Problem** icon in the upper left corner of the spreadsheet to return to the original problem state. All work performed, answers provided, and format changes made in the spreadsheet will be lost when the **Reset Problem** icon is selected.

The spreadsheet tool works like many commercially available spreadsheets. A tool bar on the top border of the spreadsheet provides access to the available spreadsheet controls.

All TBS items will contain at least one tab for the problem itself. This tab contains the areas listed above. Items may contain additional tabs for additional instructions or for additional background material. These items may require one or more responses. Responses may be free numeric response (where you will enter a value in the answer box) or selected response (where you will select an answer from a pop up box.) Spreadsheet items are scored as correct or incorrect. To be scored as correct, you must place a correct response in every answer box provided.

# STUDY STRATEGIES AND TEST TAKING TIPS (CONTINUED)

---

A tutorial of the spreadsheet and a browser version of the spreadsheet is available on the FPAC website ([www.FPACert.org/spreadsheet](http://www.FPACert.org/spreadsheet)). As the spreadsheets on the exam will not have all of the functionality of the commercially available spreadsheets that candidates use in their jobs, it is highly recommended that candidates view the tutorial and practice tool.

Case Analysis questions assess your ability to analyze situations that may be encountered by FPAC professionals and make appropriate judgments. Each case has three or more steps. In each step, information relevant to the case is provided on the left side of the screen, and a question appears on the right side of the screen.

Additional information is added at each step in the case. The information from previous steps is also shown.

Some steps may include one or more exhibits (such as spreadsheets or images) to be used in answering the question. In these instances, the exhibit can be accessed by clicking on the Exhibit icon just below the step number. If the exhibit contains a spreadsheet, the functionality of the spreadsheet tool in the exhibit is the same as that of the spreadsheets provided in the task-based simulation portion of the exam.

The information in the case DOES NOT change based on the actions you select in a step. For example, if you select an action that requires creation of a forecast, that forecast may or may not appear in the information presented at the next step in the case.

For each step in a case, indicate all the actions that should be taken by an FPAC professional based on all the information available at that point in the case. Select as many actions as are needed to appropriately respond to the situation presented, but only select actions that are necessary; do not select actions that are optional.

To select an action, click on the box to the left of the action, or click on the action itself. The box to the left of the action you have chosen will be filled in with a checkmark. To unselect an action, click on the box or action again, which will remove the checkmark.

You MUST select at least one action before you will be able to move to the next step. After you respond to a step in a case analysis problem and click NEXT, you WILL NOT be able to go back to the steps you have previously seen. The reason for this is that new information is provided in each step that could potentially affect the decisions you made on the prior step.

In case analysis items, each step is scored independently of the previous or subsequent steps. For each step, points are awarded for selecting an appropriate action or may be awarded for avoiding an inappropriate action. Also, points may be deducted for selecting an action that is not appropriate or not necessary based on the information provided.

## Recommended Study Plan Development

Allow a sufficient period for studying. Review the knowledge domains to determine how familiar you are with the content.

Identify your “knowledge gaps.” This means that you need to identify what you do not know. If you are using the FPAC Exam Prep Platform, take the pre-test to identify content areas on which you need to focus extra study time. With career, family, and other demands, you may find that your study time is limited. While a thorough review of the exam content is beneficial, you will need to devote attention to areas that are less familiar to you.

## Recommended Study Strategies

- Determine a study location that will allow you uninterrupted study periods.
- Create flash cards or recordings to review exam material. This will reinforce your learning.
- Arrange your study time by the percentage of test questions from each domain (These domains can be found on our website: [www.FPACert.org/TestSpecs](http://www.FPACert.org/TestSpecs)) and the amount of information you already know.
- Develop and share test questions with other candidates to challenge your knowledge. This will help you “drill down” into the material and acquire a greater understanding of some concepts.
- Try to closely simulate an exam experience. We strongly encourage candidates to test themselves in half the time that will be given during the actual exam. By doing so, you will allow yourself enough time to go back and review questions and answers.
- Familiarize yourself with the way the exam questions are structured and how the test will function from a technical standpoint.

A tutorial of the spreadsheet is available on the FPAC website ([www.FPACert.org/spreadsheet](http://www.FPACert.org/spreadsheet)).

# STUDY STRATEGIES AND TEST TAKING TIPS (CONTINUED)

---

## Test Taking Tips

- Upon entering the testing room, immediately agree to the onscreen non-disclosure agreement (NDA). Failure to do so within three (3) minutes of entering the testing room will cause your exam to lock and you will forfeit your eligibility of that exam part for this window. To take that exam part during the next window, you will need to submit a re-registration form and pay the re-registration fee.
- If you are unsure about how to use the computer, or if you have any questions about the procedures for the exam, ask the testing center administrator before the exam begins.
- Programmable calculators, phones, smartphones, and PDAs are not allowed. An on-screen spreadsheet will be provided on the testing computer. This spreadsheet can be used as “scratch paper” for any needed calculations. White boards for scratch calculations will also be distributed by the exam proctor.
- After you have agreed to the NDA and the exam has begun, write difficult-to-remember formulas and concepts on your white board for later use.
- Answer questions that are obvious to you first. Mark difficult questions to come back to later. Every question, whether it is a definition or a complicated calculation, is worth the same number of points. Make your best selection and/or mark it for later review and move on to the next question.
- Do not go too fast, and never skim questions or answers. You may end-up making careless mistakes.
- Let your original answer stand unless you are completely sure about the new answer.
- Do not let your work experience dictate how you answer a question. The exam is testing your knowledge of professional standards.
- Ignore the other test-takers. Their anxiety can be contagious.
- Relax the night before the test and get a good night's sleep. You have studied well in advance, so the night before the test is time to relax.
- Make sure you know exactly where the test center is located. If possible, drive to the center the day before the exam. Be sure to leave yourself plenty of time to get there on exam day.

# SAMPLE TEST QUESTIONS

---

The following questions are similar to those on the FPAC examination. By reviewing them, you can familiarize yourself with the types of questions on the examination. These sample questions do not necessarily reflect the composition of the actual examination in terms of topic area emphasis, the mixture of calculations, definitions and application type questions or the level of difficulty of actual exam questions. The Answer Key can be found after Question 10.

## Exam Part I.B

1. Which type of graphic would be most effective for presenting sales that are affected by seasonality?
  - A. Bubble chart
  - B. Line chart
  - C. Bar chart
  - D. Pie chart

## Exam Part I.A

2. An FP&A professional is researching a competitor's financial condition. Which financial statement is the best source of data for determining the competitor's ability to repay its debt?
  - A. The competitor's income statement
  - B. The competitor's statement of retained earnings
  - C. The competitor's statement of cash flow
  - D. The competitor's balance sheet

## Exam Part I.B

3. What does internal rate of return represent?
  - A. The rate at which net present value is negative
  - B. The rate at which net present value is maximized
  - C. The rate at which net present value is zero
  - D. The rate at which net present value is minimized

## Exam Part I.A

4. The FP&A team at a large company has been tasked with implementing an enterprise resource planning (ERP) system to streamline budgeting and forecasting. Who should the FP&A manager collaborate with during the requirements stage of the project?
  - A. FP&A staff, information technology staff, and procurement staff
  - B. Business units, FP&A staff, and information technology staff
  - C. Business units, procurement staff, and auditors
  - D. FP&A staff, information technology staff, and vendors

## Exam Part I.A

5. Which benchmark can an FP&A professional calculate based on information normally found on a corporate annual report?
  - A. Return on equity
  - B. Manufacturing cost per unit of production
  - C. Sales per full-time employee
  - D. Human resource expenses to sales

## Exam Part II.A

6. An FP&A professional wants to quantify the strength and direction of the relationship between overhead expenses and employee head count in a company's business units. What quantitative measure should be computed in this analysis?
  - A. Correlation coefficient
  - B. Standard deviation
  - C. Weighted average
  - D. Confidence interval

# SAMPLE TEST QUESTIONS

## Exam Part II.C

7. Problem Statement:  
A company has run a multiple regression analysis between units sold (Y), advertising spent (X1), and sale price (X2), obtaining the function:  
$$Y = 30,005 + 0.4(X1) - 0.5(X2)$$
  
The company has decided to use this function to predict future sales. How much revenue would the company generate if it assigns an advertising budget of \$200,000 and defines the sales price of its product at \$10?

## Exam Part I.A

8. Problem Statement:  
The consumer price index (CPI) was 204.1 in Year 1 and 207.4 in Year 2. Calculate the rate of inflation between Year 1 and Year 2 (rounded to two decimal places).

## Exam Part II.A

9. Problem Statement:  
A company's fiscal year is the calendar year. Total direct costs forecasted for a fiscal year are \$150,000 and year-to-date direct costs at the end of March are \$31,000. Calculate the direct cost variance if the spend rate remains unchanged throughout the year. Drop down choices are "favorable" and "unfavorable"

## Exam Part II.B

10. Information from a company's income statement for Year 0 is provided in the table below. The company is using the following assumptions for forecasting purposes:
- Sales are expected to grow at 2.6% per year.
  - Cost of goods sold as a percentage of sales is expected to decrease by 0.5 percentage points in Year 1 and remain at that rate through Year 2.
  - All other costs are expected to grow by 1.5% per year.

Based on these assumptions, calculate the company's operating income for Year 2 (round to the nearest dollar).

Sales	\$40,000,000
Cost of Goods Sold	\$12,000,000
Research & Development	\$5,000,000
Sales & Marketing	\$2,000,000
General & Administrative Expenses	\$1,000,000
Operating Income	\$20,000,000

# SAMPLE TEST ANSWER KEY

1. B
2. D
3. C
4. B
5. A
6. A
7. Answer: \$1,100,000  
Rationale: Calculation as follows:  
Unit Sold =  $30,005 + 0.4 \times 200,000 - 0.5 \times 10$   
Unit Sold =  $30,005 + 80,000 - 5$   
Unit Sold = 110,000  
Revenue = 110,000 Units Sold x \$10 per Unit  
Revenue = \$1,100,000
8. Answer: 1.62%  
Rationale: The formula to determine the rate of inflation is equal to the growth rate in CPI from one year to the next.  
Rate of Inflation =  $(\text{CPI of most recent year} - \text{CPI of previous year}) / \text{CPI of previous year} \times 100$
9. Answer: \$26,000 Favorable  
Rationale: In order to arrive at the solution calculate the annualized amount of direct expenses based on the stated burn rate and month in the year. Total direct expenses in 3 months are \$31,000.  
Annualized direct expenses will be  $12 / 3 \times 31,000 = \$124,000$ .  
 $\$150,000 - \$124,000 = \$26,000$  Favorable.

10. Answer: \$21,443,663

Rationale:

	Year 0	Year 1	Year 2
Sales Growth		2.6%	2.6%
Cost of Goods Sold as % of Sales	30.0000%	29.5%	29.5%
Other Costs		1.5%	1.5%

  

	Year 0	Year 1	Year 2
Sales	\$40,000,000	\$41,040,000	\$42,107,040
Cost of Goods Sold	\$12,000,000	\$12,106,800	\$12,421,577
Research & Development	\$5,000,000	\$5,075,000	\$5,151,125
Sales & Marketing	\$2,000,000	\$2,030,000	\$2,060,450
General & Administrative Expenses	\$1,000,000	\$1,015,000	\$1,030,225
<b>Operating Income</b>	<b>\$20,000,000</b>	<b>\$20,813,200</b>	<b>\$21,443,663</b>



## About AFP®

Headquartered outside of Washington, D.C. and located regionally in Singapore, the Association for Financial Professionals (AFP) is the professional society committed to advancing the success of treasury and finance members and their organizations. AFP established and administers the Certified Treasury Professional and Certified Corporate FP&A Professional credentials, which set standards of excellence in treasury and finance. Each year, AFP hosts the largest networking conference worldwide for more than 7,000 corporate financial professionals.

4520 East-West Highway | Suite 800 | Bethesda, MD 20814 | USA

T: +1 301.907.2862 | F: +1 301.907.2864 | [www.AFPonline.org](http://www.AFPonline.org)