

The ABLE® (Aptitude for Business Learning) Series of exercises combines the richness of a work simulation with the objectivity of a psychometric instrument. Ground-breaking contextualised exercises that teach, then test to give a dynamic measurement of ability to learn.

Financial Appraisal

Target group	Graduates; management, accountancy and business analyst trainees; business consultants; middle managers; finance staff
Skills measured	Applicants need to demonstrate some of the skills involved in analysing financial information and other business statistics then apply them to various applications to make preliminary evaluations and decisions
Time required	45 minutes, timed, in a supervised setting
Qualification required	BPS Level A

What is Financial Appraisal?

The Financial Appraisal test demonstrates methods for analysing and evaluating a range of fictional accounting ratios and other commercial data to enable the candidate to assess the potential risks and returns of applications and to make preliminary recommendations on whether or not to advance funds.

How will candidates be assessed?

The test is set in the context of a venture capital company that makes speculative investments in other companies.



An example task

Candidates are given a fictional company and then asked to make a preliminary evaluation and recommendation for venture capital.

In the *guidance booklet* the candidate will find factors to consider in the preliminary evaluation, different options of recommendations, factors to take into account eg financial cover ratio, cash risk and negative asset risk in addition to guidance tables. From these different bases of information, and from the details about the company found in the *question and answer booklet*, the candidate is expected to build up a pattern of knowledge to be able to analyse and come to a conclusion about the investment risk, return potential and recommendations for the fictional company.

The task is completed when the candidate has indicated, in the separate *answer booklet*, the result of their evaluation of the

investment risk, return potential and recommendations for the company.

What information will be provided?

The information provided in the *guidance booklet* is presented in either a written, tabular or graphical form in the different sections. There are a total of 21 cases in the *question and answer booklet* and five *guidance notes* and four *special notes* within the *guidance booklet*. Candidates are assessed on their skill in assessing potential risks and return of each application and making preliminary recommendations on whether or not to advance funds.

No prior knowledge of the mentioned business is required and candidates with knowledge of these sectors will not have an unfair advantage; the test assesses learning, not prior knowledge. A preparation leaflet is available which briefs candidates on what to expect.

What skills will be assessed?

- Analytical skills in a financial context
- Comprehension of financial language
- Ability to discover data relevant to financial decisions
- Decision-making using financial data
- Ability to learn and apply new financial ratios and other indicators
- Concept development (for non-accountants)

What comparison groups are available?

In occupational testing we interpret individuals' scores by comparing them against samples of applicants, incumbents etc. The following samples or norm tables are available:

- Graduate applicants for positions at a multi- national management consultancy
- Graduate applicants for positions within a regulatory body
- Graduate applicants for positions within an international banking organisation

What are the business applications?

The test is useful within recruitment and selection or with more of a developmental focus to highlight strengths within people and areas which may be desirable to develop.

How long does it take to complete?

The test itself is timed and lasts for 45 minutes. Practitioners should allow 15 minutes beforehand to brief the candidate and to account for two practice questions which the candidate is asked to work through before the start of the exercise. A suggested allocation time for one full assessment, including briefing, completion of the timed test and collection of the test would be one hour.

What materials do I need?

- Manual and users guide **AB0504**
- Additional preview information for candidates (pack of ten) **JA0508**
- Questions and answer booklet (disposable) **AB0505**
- Administrations Instructions (reusable) **AB0503**
- Score key (reusable) **AB0502**
- ABLE Series manual and users guide (pack of ten) **AB0001**
- Guidance Booklet (reusable) **AB0506**

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