SINGAPORE CA QUALIFICATION (FOUNDATION) EXAMINER'S REPORT

MODULE: Accounting for Decision Making (ADF)

EXAMINATION DATE: 12 June 2020

Section 1
General comments

For this sitting, the difficulty level of this paper was similar as compared to previous sittings. Candidates, who were well prepared, had scored well as they were able to apply their understanding of topics under examination with their well-structured answers.

As with any other past sittings, Candidates, who were ill prepared, scored below the passing grades. Candidates are advised to cover all examinable topics to obtain a passing grade.

It is noted that a number of Candidates did not manage to complete or attempt all requirements. This suggested time management was one of the hurdles for a number of Candidates who attempted the paper.

Section 2
Analysis of individual questions

Question 1

In general, this question tested Candidates on their conceptual understanding on Relevant Costing. Candidates who were well prepared on this topic did well in this question. Those who cannot get a pass likely did not study this topic on budgetary exercise in determining "Standard Contribution".

Most Candidates did well for **part (a)** and majority of them were able to obtain full marks for this question part. A common mistake made by the Candidates was that they missed out on working the correct answer for the budgeted "Materials" cost.

Part (b) required Candidates to calculate the relevant sales price and volume variances for both products – Passata and Pasta. With reference to **part (a)** of Question 1, Candidates were required to work out the Standard Contribution Per Unit and this was hinted and directed by the question as required. Hence, most Candidates were able to compute what was required. Those Candidates who did not do well for this question may have overlooked the hint given or had poor time management.

Part (c): Around half of the Candidates were unable to provide appropriate answers to this question part, which was unfortunate as this was a straightforward question. Some Candidates provided irrelevant discussions and they were not awarded marks for such discussions. Candidates who performed badly for the question part were

either ill prepared or did not understand their own answers in **part (a)** and **(b)**. Candidates who were able to obtain passing grade for this question were able to show relevant reference towards their answers in **part (a)** and **(b)** of Question 1.

Question 2

Generally, most Candidates did reasonably well for this question, except for **part (c)**. Those who scored well were able to demonstrate their understanding in breakeven analysis and variable and fixed costs composition and applied their know-how in these topics into the questions.

Most Candidates understood the concept of weighted average contribution margin ratio and breakeven revenue. For **part (a),** almost half of the Candidates were able to obtain full marks. Majority of the Candidates were able to obtain full marks for **part (b)**.

Most Candidates were unable to answer **part (c)** or left it blank. Many Candidates who attempted the question part failed to impress as they were unable to apply Contribution per Unit and Contribution Margin ratio accurately. This lack of understanding made this question tough to answer.

Around half of the Candidates obtained full marks for **part (d)**. In general, if a Candidate was able to demonstrate and apply his/her knowledge on multi-product break-even analysis to this question, he/she would obtain a pass for this question.

Question 3

Candidates did not score well for this question in this sitting. The difficulty level of this question was similar to Question 1 and 4. However, a lot of Candidates seemed to have difficulty to comprehend what was asked based on the quality of their answers.

Part (a) was a straightforward question. If Candidates read and understood the case facts provided, the question part only required a simple computation to make a decision for the Soundz Division Manager to purchase internally or externally. Majority of the Candidates passed this question part.

Candidates who scored well in **part (b)** were able to draw links from their answer in **part (a)** and systematically show their computation to derive their answers. More than half of the Candidates did well and received a pass grade but a number of Candidates failed because they tried to justify their answer without any computation.

Part (c) of the question 3 was the toughest and worst performed. The question part referred back to **part (a)** and required Candidates to consider profit maximisation by using capacity from internal profit streams instead of purchasing externally. Majority of the Candidates failed to get a passing grade as they simply copied their **part (b)** answers onto this question with little work added on. Some of them were unable to

demonstrate their understanding of what the question required for **part (b)** and this lack of understanding was carried forward to **part (c)**.

Part (d) was a straightforward question that required Candidates to identify and discuss 3 non-financial considerations when making purchase decisions between internal and external supplies. A number of Candidates scored almost full marks for this question when they discussed with reference to both external and internal suppliers.

Question 4

Candidates did not manage to score well for this question. Most Candidates faltered on the qualitative requirements of the question. Those who passed were well prepared on the topic of Relevant Costing and were able to demonstrate the application of their knowledge to this question.

In **Part (a),** Candidates were expected to calculate unavoidable fixed costs and relevant costs to determine and show how much worse off the company would be if the Lighting division was closed. Most Candidates did well enough to pass this part. Candidates are advised to show workings so that partial marks could be awarded for partly correct calculations. Most Candidates managed to put up some workings to obtain marks for this question.

Though **part (a)** and **(b)** were not directly linked, if Candidates did not arrive at a decision in **part (a)**, it would be difficult to write up 3 factors to be considered for **part (b)**. While most Candidates were able to identify the factors, only a handful were able to properly discuss and score full marks. More than half of the Candidates were able to identify and discuss at least 1 factor as required by the question. Some candidates did not attempt this question.

Part (c) was the worst performing part of the question. Candidates who understood what was required generally scored a passing grade. Majority of the Candidates who attempted the question were able to cite at least 1 example as required but failed to explain the situation where good performance still coincides with a financial loss. Almost all Candidates did not provide a conclusion to the question Some candidates did not attempt this question part either due to the lack of time management or lack of understanding of the question.

Part (d) was one of the easier questions for this sitting. While most Candidates attempted this question, more than half of the Candidates failed this question part. This may suggest that many Candidates had not prepared well enough for the topic on Balance Scorecard or some simply had poor time management.