SINGAPORE CA QUALIFICATION (FOUNDATION) EXAMINER'S REPORT

MODULE: Accounting for Decision Making (ADF)

EXAMINATION DATE: 26 June 2023

Section 1
General comments

The overall performance for the Accounting for Decision Making (ADF) June 2023 examination has improved from the previous exams. It was observed that Candidates who took this exam sitting were better prepared than the earlier sittings, based on the quality of their answers.

Generally, Candidates who scored well for Questions 3 and 4, passed this sitting unless they did badly for Questions 1 and 2. For this paper, Candidates were generally weaker in the computational questions as compared to the theoretical ones.

Candidates are advised to prepare themselves and cover all examinable topics within ADF in order to obtain a passing grade, including but not limited to the topics in the recommended textbook.

Time management seemed to have improved as only a handful of Candidates did not manage to complete answering all 4 questions for this examination.

Section 2
Analysis of individual questions

Question 1

Question 1 tested Candidates' ability to use throughput accounting, identify the limiting constraint and assess how throughput contribution varies as additional resources are available. Overall, this question was not well answered, especially part (c) where the vast majority of Candidates scored 0 marks.

For **Part (a)**, Candidates were required to calculate the throughput volume per hour for each operation and conclude which operation was the limiting constraint.

The following common errors by the Candidates were noted:

- Did not factor in the number of stations and wrongly assumed that an hour was available across mixing, cooking and finishing.
- Used 12 hours (i.e. a day) for their analysis when the question clearly guided Candidates to perform their computation on an hourly basis.
- Did not show the steps for how their numbers were derived. For example, they gave the throughput per hour directly without showing what numbers were used in their computation.

Candidates are advised to show their full workings as marks could still be awarded for the correct concept based on the workings shown.

Part (b) required Candidates to calculate the optimum production plan per hour to maximise profits using throughput contribution and conclude how many burgers to produce in an hour.

Common mistakes made by Candidates include (1) Candidates wrongly including mixing or finishing for determining contribution per second rather than using time for cooking operation; (2) Salaries in the calculation of throughput contribution per burger.

For **Part (c)**, Candidates were required to calculate how much extra throughput contribution would be earned per hour. Most Candidates either scored 0 or did not attempt the question at all.

Question 2

Question 2 tested Candidates on the concept of process costing and the First-In, First-Out (FIFO) approach. Generally, Candidates demonstrated weakness in the computation, particularly struggling with part b(ii). Nevertheless, Candidates who were well-prepared for the topic performed well.

For **Part (a)**, some Candidates faced difficulties in computing using the FIFO method. However, most of them were able to successfully compute and receive good scores, indicating their understanding of the requirements.

Part (b) consisted of 3 questions parts and the performance of the question was mixed. Candidates performed better for part (b)(i) as the calculations were straightforward, but they were unable to score as well for parts (b)(ii) and (b)(iii).

It was observed that many Candidates used the incorrect units for materials, labour, and overheads in the computations which could be due to exam pressure.

Question 3

Question 3 tested Candidates' ability to understand the computation of Return on Investment (ROI) and how it should be assessed over the length of a project from the divisional and company perspective. Overall, this question was well answered except for parts (d) and (e).

The following are the common mistakes by Candidates observed for **parts (c) to (e)**:

Part (c): Included depreciation in the calculation.

Part (d): Excluded depreciation from the calculation or failed to compute the average of annual profits.

Part (e): Some Candidates did not evaluate ROI from the company's perspective or contrast the differences in the outcome for the divisional manager and the company.

Question 4

Question 4 was on SWOT analysis. This was the best-performing question for the entire paper. Generally, Candidates were able to score well for this question if they had prepared for their examination using past exam papers which are available on ACRA's website.

Question 4 is concise, clear, and easily comprehensible.

As a common exam topic, Candidates have shown improvement in their ability to answer these questions each year, with the majority being able to provide logically sound answers for the analysis.

Both **Parts (a)** and **(b)** were well-answered by the Candidates. This showed that the Candidates possessed the ability to identify and think critically while providing a recommendation or supporting reasons for the question.