

## SINGAPORE CA QUALIFICATION (FOUNDATION) EXAMINER'S REPORT

**MODULE:** Accounting for Decision Making (ADF)

**EXAMINATION DATE:** 23 June 2025

### **Section 1**

#### **General comments**

The marks allocation for this sitting was appropriate and the difficulty level for each question set was comparable to earlier sittings. Candidates were encouraged to show their workings especially their computation to derive final answer. For qualitative questions, Candidates were expected to provide answers that directly addressed the specific requirements of each part of the question. Candidates lost valuable marks by failing to include appropriate examples or illustrations to support their responses, as required by the question.

It was observed that a few Candidates in this sitting were not prepared and had limited understanding of the module contents in attempting the paper. Consistently across sittings, Candidates who performed poorly failed to address both the computational and theoretical elements of the examination.

Additionally, Candidates struggled more with time management compared to the previous sitting as a handful of Candidates did not manage to attempt a few question parts. Candidates are strongly encouraged to practice time management during exams to answer all questions comprehensively.

In conclusion, Candidates are reminded of the importance of preparing thoroughly across all examinable areas within the ADF syllabus, extending their study beyond the reference textbook.

It is also recommended that Candidates stay abreast of relevant economic developments, such as trends in green energy and sustainability. Furthermore, it is important to clearly understand how to distinguish between financial accounting and managerial accounting, and to be familiar with various costing methodologies and their underlying calculation structures.

**Section 2**  
**Analysis of individual questions**

**Question 1**

Candidates generally fared well for this question. Most Candidates demonstrated an ability to present their responses in a clear and structured format, incorporating sequential workings to support their answers. Many also made effective use of relevant terminology and key phrases to justify their reasoning.

**Part (a)** required Candidates to describe four distinct types of responsibility centres, supported with relevant examples drawn from the case scenario. In addition, Candidates were expected to recommend a suitable responsibility centre aligned with the case. This question part was well attempted, but some Candidates did not support their answers with relevant examples.

**Part (b)** tested Candidates to evaluate the advantages and disadvantages of a centralised organisational structure and to make a reasoned recommendation based on their analysis. In general, most Candidates were able to present appropriate advantages and disadvantages for the centralised approach. However, some Candidates only described the advantages and disadvantages without further elaboration. A few Candidates omitted the recommendation as well. Candidates are reminded to read the requirements carefully and answer accordingly.

**Part (c)** required Candidates to restate the initial flexible project to reflect the updated sales volume. Most Candidates were able to compute revenue and other expenses correctly. However, a number of Candidates did not consider the fixed cost component within the cost of sales and hence were not able to compute the results accordingly.

## Question 2

This question assessed Candidates' understanding and application of managerial accounting concepts, including management accounting principles, limiting factor analysis, optimal production planning, and the role of sustainability in creating business value. Overall performance was mixed. **Parts (a) and (b)** were generally well answered, but **Parts (c) and (d)** received mixed performance. A recurring issue across all parts was poor structuring and a lack of contextualisation.

**Part (a)** required Candidates to explain managerial accounting and give two examples of the benefits. This question was reasonably attempted with most Candidates being able to understand the requirements of the question. However, many responses either provided vague/incorrect answers, or lacked clarity by combining 2 examples into a single sentence, making it difficult for markers to identify two distinct points. Candidates are advised to present answers clearly, especially when a specific number of examples is required.

**Part (b)** tested Candidates' ability to identify limiting factors among labour, machine time, and leather, supported by calculations. Performance was mixed for this question. Candidates who understood the question generally did well. Some Candidates misunderstood the requirement and provided contribution margin calculations instead. In addition, several Candidates missed the detail about the 10-unit minimum order and failed to provide a clear conclusion for each constraint.

**Part (c)** required Candidates to determine the optimal production mix to maximise contribution. Many Candidates were unsure how to structure and present their answers. Some Candidates struggled with presenting and summarising their answers and lost marks due to poor organisation of answers.

**Part (d)** required Candidates to explain sustainability can create business value. Many Candidates focused only on business continuity and missed out on broader sustainability aspects such as environmental and social value.

Additionally, many Candidates gave responses that lacked depth, with vague or generic examples. It is recommended that Candidates provide more specific and contextual examples for better quality of answers.

### Question 3

This question focused on costing techniques including prime costs, overhead allocation and apportionment, the step-down method, and total product costing. Overall, many Candidates did not perform well on this question. Many Candidates struggled with unfamiliar methods and lacked clear presentation of their working.

**Part (a)** required Candidates to calculate prime costs per table and chair. Most Candidates demonstrated an understanding of the basic method of computation. However, a common error in the computation of the material costs was the failure to adjust for the 10% wastage in wood materials. Some Candidates incorrectly lumped the costs for materials and labour together or failed to separate the cost items by product, which affected clarity.

**Part (b)** required Candidates to allocate and apportion overheads to production and service cost centres, before any reallocation of service cost centres. Most Candidates performed well and many Candidates presented their answers clearly with tables or structured layouts to show cost distribution.

**Part (c)** tested Candidates on the overhead costs after the reallocation of service cost centre costs using the step-down method. Most Candidates appeared unfamiliar with the step-down methodology and performed the incorrect sequence for reallocation, or equal split on cost from cost centres. Only a few Candidates followed the correct step-by-step method and clearly labelled their reallocations to score good marks.

**Part (d)** required Candidates to calculate total cost per table and chair through absorbed overheads based on labour or machine hours. Most candidates struggled with this question, as they were unable to consolidate figures from earlier parts to calculate the full product cost accurately. Additionally, most Candidates also allocated the overhead absorption incorrectly and did not identify the correct base (labour vs. machine hours). A handful of Candidates left this part blank, possibly due to time constraints or lack of familiarity with absorption costing.

#### Question 4

Question 4 tested Candidates on their understanding on incremental cash flows within managerial accounting. Performance was mixed for this question. Candidates did reasonably well for the qualitative question parts, but they struggled with the quantitative components which required multi-step computations and were unable to interpret the requirements correctly.

**Part (a)** required Candidates to calculate incremental future cash flows for the project and recommend a decision on the project. Most candidates could derive the various components of revenue, labour and steel costs but some did not reflect the summation of each line item. Some candidates also could not distinguish between relevant incremental cash flows and sunk costs (which should not be included in the computations). A few Candidates did not provide a recommendation. relevant costs for Project X. Candidates struggled to comprehend the question. They had difficulty distinguishing between relevant and irrelevant costs, which affected their ability to calculate costs accurately.

**Part (b)** required Candidates to calculate the average annual accounting return on investment and annual residual income of the project and provide recommendations on whether to proceed with the project.

Common errors included the following:

- Failure to derive the correct accounting profit because they did not reflect depreciation or share of rent appropriately.
- Using initial cost instead of average investment to compute the accounting return.
- Failure to derive the correct imputed interest charge for residual income due to confusion between cost of capital versus target accounting return.

A handful of Candidates did not attempt this question part as well, suggesting either lack of preparation or misunderstanding of the question requirements.

**Part (c)** required Candidates to provide examples for four of Porter's five forces and explain how this could negatively affect the performance of the project. Credit was given to candidates who addressed the considerations of Porter's five forces though their use of key terms could have been more precise. Candidates are encouraged to demonstrate their understanding of Porter's Five Forces through clear reasoning and relevant examples.