Chartered Accountant SINGAPORE

SINGAPORE CA QUALIFICATION (FOUNDATION) EXAM REPORT

MODULE: Financial Management (FMF)

EXAMINATION DATE: 15 June 2026

General comments

The Foundation Programme shifted to an Objective Testing (MCQ) e-exam format with a restricted open book format, with Candidates being able to bring in a double-sided A4 page of personal notes for reference.

The new format consists of 50 MCQ questions spreading across all the Financial Management (FMF) Learning Outcomes. Candidates need to familiarise themselves with the new exam format and be aware of time management to complete all the questions within the 2 hour 30 minute exam duration.

Candidates performed poorly for the first MCQ exam, faring worse compared to the previous Dec 2025 exam sitting.

Analysis of questions

These were the learning outcomes related to the questions that Candidates struggled with:

The Financial Management Function and Environment

- Describe how financial objectives relate to corporate strategy.

Working capital management

- Describe the management of inventories, accounts receivable, accounts payable, and cash and recommend improvements.
- Explain the advantages and disadvantages of aggressive (low net investment) and conservative (high net investment) attitudes for an organisation.
- Calculate the impact of a change in working capital policies (including the example of the costs and benefits of introducing an early settlement discount or the services of a debt factor in the management of receivables).

Investment Appraisal

- Perform and interpret investment appraisal calculations using:
  - Net present value (including taxation and inflation)
  - Internal rate of return (estimated using linear interpolation)
  - Accounting rate of return
  - Payback period (including non-discounted and discounted payback period).
- Explain the advantages and disadvantages of net present value, internal rate of return, payback period and Accounting rate of return as investment appraisal techniques for an organisation.
- Calculate the sensitivity of investment decisions to changes in key variables using sensitivity analysis.

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Risk Management - Explain how organisations use policies and techniques to mitigate various business risks (operational, financial, and strategic), and recommend an appropriate course of action in relation to a risk in a given situation.
Foreign Exchange Risk - Explain the reasons for exchange rate differences (transaction, translation and economic risk). - Recommend external hedging techniques used for foreign currency and interest rate risk (including forwards, futures, options, swaps, money market hedges). Note: calculations will not be required for futures and exchange traded options.

Candidates are encouraged to familiarise themselves with **ALL** module learning outcomes.

