

SINGAPORE CA QUALIFICATION (FOUNDATION) EXAMINER'S REPORT

MODULE: Accounting for Decision Making (ADF)

EXAMINATION DATE: 8 December 2025

Section 1

General comments

The marks allocation and difficulty level of questions set for this sitting was more lenient compared to previous sittings of ADF paper. Candidates were encouraged to show their workings especially their computations to derive the final answer. Well prepared Candidates, who took this sitting, had scored at least a pass grade as they are able to demonstrate their understanding with appropriate application on such topics and provide well-structured answers.

Again, some Candidates attempted question spotting as part of their preparation for this paper. This is a risk as they may not be prepared for questions derived from other topics. Candidates are reminded to demonstrate appropriate application of their knowledge in relation to different scenarios during the exams.

Overall, Candidates had better time management compared to previous sittings with more Candidates were able to complete the paper. As with all past sittings, there were a handful of Candidates who struggled to complete or simply did not attempt any one part or whole of one question.

To conclude, as with all past sittings, Candidates who were ill-prepared and/or did not manage their time well, scored below the passing grades. Hence, Candidates are advised to prepare themselves to cover all examinable topics within ADF in order to obtain a passing grade including but not limiting to only textbook setting. Candidates are also encouraged to stay in touch with current affairs and business environment and/or economy at large such as green energy and sustainability.

Section 2
Analysis of individual questions

Question 1

Question 1 required Candidates to compute the variances and determine reasons that caused the variances to occur. This allowed Candidates to understand the purpose of budgeting and how to determine the variances between the budgeted figures and actual figures.

Part (a) tested Candidates on their understanding of the purpose of budget preparation. Candidates generally fared well for this question. However, some Candidates did not clearly provide 3 distinct reasons with appropriate examples resulting in marks being lost.

Part (b) tested Candidates on their ability to compute variances based on the respective line items set out in the budget and to determine if such variances were favourable or unfavourable. Most Candidates were able to compute the variances for sales, labour rate and material price. However, some Candidates did not use the appropriate formula or used the incorrect standard or budget units to compute the variances. Some Candidates also did not state whether the results were favourable or unfavourable.

Part (c) tested Candidates on their ability to analyse the potential factor that have resulted in the variances collectively in part (b). Most Candidates were able to suggest a possible factor and justify with reasonable explanations. However, some Candidates suggested external factors instead of a factor arising from the company's actions or left the question blank and were unable to score well for this question.

Question 2

Question 2 tested Candidates on their understanding of contribution margin and breakeven quantity and revenue. Overall, Candidates performed well for Question 2. Candidates who did not perform well generally appeared unfamiliar with basic management accounting concepts or did not attempt the question.

Part (a) required Candidates to explain the term of contribution margin and give two reasons of its relevance to Timberline. Candidates fared well for this question part.

Part (b) required Candidates to calculate the unit contribution margin for each fencing component. Most Candidates were able to correctly compute the unit contribution margin per product.

Part (c) required Candidates to compute the breakeven quantity and revenue for each component. Most Candidates were able to correctly compute the breakeven quantity and revenue. Some Candidates who scored lower had overly complex computations for the breakeven calculations which led to errors. Candidates who applied the standard breakeven techniques were able to score full marks for the question part.

Part (d) required Candidates to recommend three strategies in which breakeven quality could be reduced for Timberline. In general, Candidates performed well for this question part. Candidates who were able to link their answers to Timberline's business context were able to score higher. However, some Candidates provided responses that remained generic and lacked explicit reference to the case.

Question 3

Question 3 assessed Candidates' ability to compute transfer price. Overall performance for this question was mixed. While most Candidates were able to demonstrate competency in the theory component, many struggled with performing the actual computations for transfer pricing.

Part (a) and **part (b)** required Candidates to perform computation of transfer pricing for different orders. Candidates generally performed poorly for these two question parts. Several Candidates did not understand the requirements of both question parts. Overall, many Candidates failed to correctly apply transfer pricing concepts.

Common issues noted were as follows:

- Did not apply opportunity cost principles correctly.
- Unclear interpretation of what constituted relevant costs.
- Failure to identify and show calculations of minimum, maximum and optimal transfer prices.
- Absence of labelled workings and calculations presented without explanation.
- Inclusion of fixed costs in transfer pricing calculations.

Part (c) required Candidates to discuss four objectives of transfer pricing with reference to Woodhaven. Candidates generally performed well for this question and demonstrated adequate theoretical knowledge relating to transfer pricing. Candidates who referenced the case context generally performed better. However, many Candidates provided generic responses that did not apply the respective case facts.

Question 4

Question 4 examined the different types of costing as well as computation of the actual costs. Overall Candidates performed well for this question. Candidates generally performed well on the qualitative component and were able to perform the basic computations for the quantitative component.

Part (a) required Candidates to distinguish between job costing and process costing. Candidates generally performed well for this question part.

Part (b) required Candidates to explain the differences between variance cost, fixed cost and semi variable cost using Job 124. Most Candidates could adequately define the nature of variable, fixed and semi variable costs. However, some Candidates did not provide examples that related to the case. Candidates are reminded to read the requirements carefully and answer accordingly.

Part (c) required Candidates to calculate the relevant cost and the price to charge for the job. In general, most Candidates were able to compute relevant costs for the materials, labour and electricity. Common mistakes made by Candidates included applying inappropriate items for relevant costs and omitting relevant cost savings from computations. In addition, several Candidates did not compute the markup correctly.