

# Singapore CA Qualification (Foundation) Examination

8 December 2025

## Accounting for Decision Making

### INSTRUCTIONS TO CANDIDATES:

1. The time allowed for this examination paper is **3 hours 15 minutes**.
2. This examination paper has **FOUR (4)** questions and comprises **ELEVEN (11)** pages (including this instruction sheet and Appendix A). Each question may have **MULTIPLE** parts and **ALL** questions are examinable.
3. This is a restricted open book examination. This means that you are allowed to only bring the following materials into the examination hall:
  - One A4-sized double-sided cheat sheet.
  - One A4-sized double-sided blank scratch paper
4. During the examination, you are allowed to use your laptop and any calculators that comply with the ISCA's regulations. Please note that watches, mobile phones, tablets, and all other electronic devices **MUST NOT** be used during the examination and **MUST NOT** be within reach or sight or hearing from where you are seated to write the exam.
5. During the examination, videos of you and your computer screen will be recorded for the purpose of ensuring examination integrity and you have consented to these recordings.
6. This examination paper and all video recordings of this exam are the property of the Accounting and Corporate Regulatory Authority.
7. Only answers in **English** are accepted.

### MODULE-SPECIFIC INSTRUCTIONS:

8. Assume that all dollar amounts are in Singapore dollar (S\$) unless otherwise stated.

### IMPORTANT NOTICE:

**If you are not feeling well, please do not press "Start Assessment". If you have started and leave during the exam, you would be deemed to have attempted the paper.**

e-Exam  
Question  
Number

1

**\*\*VERY IMPORTANT NOTICE\*\***

1. Your question paper is attached under the "**Resource**" tab found at the bottom right of **EACH** question.

**Other important information:**

2. You will **only be allowed** to access the Excel function from your computer.
3. You are **NOT ALLOWED** to access any websites or reference materials (except for your A4 sized double sided cheat sheet) during the exam.
4. You are **NOT ALLOWED** to print the question paper.
5. **Please take note that your screen will be monitored throughout the examination. If you are found to have accessed unauthorised materials or websites, or if you cheat or attempt to cheat, you will be liable to severe disciplinary action.**

Should you encounter any issues during the exam, please call the following number:

+65 6028 9811

6. **You do not need to fill in an answer to this instruction question.**

### Question 1 – (a), (b) & (c)

The Trade Tooling Centre (TTC) manufactures high quality, hand-built tools for craftsmen. One prestigious range is the Bobon Hammer (BH) range. The budget for the 2025 year was set in late 2024, and the budget workings for the BH range included the following:

Sales price per unit	\$200
Sales volume	10,000 units
Labour hours per unit	2 hours
Labour cost per hour	\$60 per hour variable cost
Material weight per unit – High grade steel alloy	1.5 kilogrammes (kgs)
Cost of high grade steel alloy	\$20 per kilogramme

The manufacturing process involves a delicate, skilled operation to shape the material into the desired shape. If the material is not of the right quality, or the worker does not operate the machinery with sufficient precision and experience, the product quality will be affected.

At the end of 2025, 9,000 units had been sold for a price of \$200 each. Labour had spent 24,000 hours making the products and were paid \$960,000 in total. Material bought and used amounted to 22,500 kgs at a cost of \$450,000.

Fixed costs can be ignored.

**e-Exam  
Question  
Number**

**Question 1 required:**

- 2** (a) Explain **THREE** reasons why managers prepare budgets, giving examples relating to Trade Tooling Centre. **(6 marks)**
- 3** (b) For each of the following, calculate the variance and indicate whether it is favourable or unfavourable:
- (i) Sales price and volume variances. (Valuing volume variance at standard sales price). **(3 marks)**
  - (ii) Labour rate and efficiency variances. **(6 marks)**
  - (iii) Material price and usage variances. **(4 marks)**
- 4** (c) Analyse **ONE** potential factor which could have caused all the variances collectively in Part (b). **(6 marks)**
- (Total: 25 marks)**

**Question 2 – (a), (b), (c) & (d)**

**Timberline Supplies** (Timberline) makes and sells fencing components – wooden strainers, wooden posts and wires. A ‘strainer’ is a particularly strong post that takes the strain of the wire in a length of fencing.

For every strainer Timberline sells, it usually sells 10 posts and 30 metres of wire.

The price and variable cost of each component is as follows:

	Strainer (\$ per strainer)	Post (\$ per post)	Wire (\$ per metre)
Sales price	100	15	3
Variable cost	40	10	1

Timberline has a fixed costs of \$1,275,000 per year.

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**Question 2 Required:**

- 5** (a) Explain the term 'contribution margin' and give **TWO** reasons explaining its relevance to Timberline's business planning and decision making.  
**(6 marks)**
- 6** (b) Calculate the unit contribution margin for each fencing component for Timberline.  
**(3 marks)**
- 7** (c) Assuming components are sold in the usual mix, calculate the breakeven quantity and revenue for each component, and revenue in total.  
**(10 marks)**
- 8** (d) Recommend **THREE** strategies in which breakeven quantity could be reduced for Timberline.  
**(6 marks)**
- (Total: 25 marks)**

### Question 3 – (a), (b) & (c)

**Woodhaven Creations Limited** (WCL) manufactures internal doors and skirting board packs. The ‘manufacturing’ division makes the basic doors and skirting board packs from wood. Both the doors and skirting board packs are sold to external buyers. The doors (called ‘unfinished’ as they have no varnish or protective coating) are also sold to the ‘finishing’ division. The ‘finishing’ division buys unfinished doors – either from the manufacturing division or a local supplier and varnishes them before selling them as ‘finished’ doors.

The manufacturing division can switch between making doors and skirting board packs. Capacity is 10,000 units in total, with one unit being either a door or a skirting board pack.

Additional information for the manufacturing division for the coming year:

	Unfinished door	Skirting board pack
Forecasted external demand	4,000 units	4,000 units
Sales price per unit	\$150	\$100
Variable cost per unit	\$100	\$60
Fixed cost per unit	\$5	\$5

The finishing division sells finished doors for \$250 each, having spent \$50 on variable costs varnishing and wrapping the doors. The finishing division can buy unfinished doors locally for \$190 each.

The finishing division asked for 2 separate quotes from the manufacturing division for unfinished doors:

Order 1 – 2,000 units

Order 2 – an additional 3,000 units, once order 1 has been fulfilled

The optimal transfer pricing policy should be set to maximise the overall group profit.

**e-Exam  
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**Question 3 Required:**

**9** (a) Calculate an optimal transfer price for order 1, showing all steps.  
**(9 marks)**

**10** (b) Calculate an optimal transfer price for order 2, showing all steps.  
**(8 marks)**

**11** (c) Discuss **FOUR** objectives of transfer pricing for the company,  
with reference to the case context.  
**(8 marks)**

**(Total: 25 marks)**

#### **Question 4 – (a), (b) & (c)**

**Horizon Haven Pods** ('HHP') makes bespoke tourist pods – relatively small lodges to accommodate holiday makers. Each pod is uniquely designed and tailored to the customer's specifications. Simon Hadley owns and runs the business, and he is preparing a quotation for Job 124 for one pod with the following information:

#### **Materials**

**Wood:** The completed pod will have 30 square metres of wood in it. 20% of all wood used in the production process ends up as waste. Wood costs \$20 per metre squared.

**Wood stain:** 30 litres of wood stain will be required. 15 litres are already in stock, which cost \$10 per litre to buy a year ago. The current purchase price is \$15 a litre. Job 124 will be the last order Simon fulfils that will need wood stain – in the future he will buy previously treated wood. If he does not win this order, he would need to pay \$50 for a specialist firm to take it away and dispose of it safely.

**Fixings:** 20 kilogrammes of fixings will be required to assemble the pod. 8 kilogrammes are already in stock which cost \$15 per kilogramme to buy. They could be sold for \$5 per kilogramme for scrap value. They now cost \$20 per kilogramme to buy, and are in regular use by the business.

#### **Labour**

The pod will need 200 hours of skilled labour. The current workers are fully occupied working on another job that earns a contribution margin of \$20 per skilled labour hour. The workers are paid \$40 an hour. This labour could be diverted, or temporary labour could be hired in at a cost of \$50 per hour. Temporary labour would require training at an estimated additional cost of \$500.

#### **Electricity**

The pod manufacturing will occupy the workshop for 1 month and is the only job planned for that period. The electricity bill over the last few months has been as follows:

	<b>Output (pods)</b>	<b>Cost (\$)</b>
January	5	3,000
February	2	2,100
March	3	2,400
April	4	2,600

Simon intends to use the high-low method to forecast the electricity cost, with the variable element considered incremental to the production of Job 124. The variable element per pod is the same amount per pod irrespective of the exact design.

### **Margin**

Simon intends to make a 20% margin on the relevant costs associated with Job 124.

### **e-Exam Question Number**

**12**

#### **Question 4 Required:**

- (a) Distinguish between job costing and process costing.  
**(6 marks)**

**13**

- (b) Explain the differences between a variable cost, a fixed cost, and a semi variable cost, using examples from Job 124.  
**(6 marks)**

**14**

- (c) Calculate the relevant cost and the price to charge for Job 124.  
**(13 marks)**

**(Total: 25 marks)**

**END OF PAPER**

## Appendix A – Common verbs used by the Examiners

Verb	Description
<b>Analyse</b>	<b>Identify</b> the key components, look for similarities and differences, look for patterns or outliers, and weight up the issues. If there is numerical data, you might need to provide a range of answers depending on how you substitute the data into your model. Make sure you <b>state</b> any implications of your answer and any assumptions that you make.
<b>Calculate</b>	Do the number crunching and derive the correct answer. Make sure that you write down your workings and crosscheck your numbers.
<b>Discuss</b>	<b>Discuss</b> requires you to provide the 'for' and 'against' arguments, you cannot have a discussion without opposing views otherwise it would be just a conversation. If <b>discuss</b> is placed near the front of the instruction, then it requires you to provide an answer that is similar to <b>explain</b> , but addresses both the for and against arguments.
<b>Explain</b>	<b>Explain</b> requires you to write at least several sentences conveying how you have <b>analysed</b> the information in a way that a layperson can easily understand the concept or grasp the technical issue at hand.
<b>Justify</b>	Whenever you see the word <b>justify</b> you <u>must</u> provide reasons for your answer, in other words, provide support for your argument or conclusion. If you fail to <b>justify</b> your answer, you will lose valuable marks. <b>Justify</b> is similar to <b>defend</b> .
<b>Use/Using</b>	This instruction tells you the type of model that you must <b>use</b> when formulating your answer. For instance, " <b>Using</b> the <u>Discounted Cash Flow approach</u> , ..." tells you what valuation approach to use. Another common phrase is " <b>Using</b> the facts of the case, ...", which tells you that you must relate your answer to the specific facts given in the question scenario. Generic answers will not pass.
<b>Recommend</b>	Make a statement about the most appropriate course of action. If there is more than one possible course of action, <b>state</b> which action you would choose and why ( <b>justify</b> your choice). Your professional judgment and your ability to <b>interpret</b> the wider situation are critical to scoring well in these types of questions. Don't forget to think about the future and the past, not just the present when making a <b>recommendation</b> .