



Singapore CA Qualification Examination

1 December 2025

Integrative Business Solutions

Examination Day Documents

INSTRUCTIONS TO CANDIDATES:

1. The time allowed for this examination paper is **4 hours and 30 minutes**. Please note there is no separate prescribed reading time for this examination.
2. This examination paper has **FOUR (4)** questions and comprises **THIRTY-TWO (32)** pages (including this instruction sheet). Each question may have **MULTIPLE** parts and **ALL** questions are examinable
3. This is an open-book examination. 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.
4. 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.
5. This examination paper and all video recordings are the property of the Accounting and Corporate Regulatory Authority (ACRA).
6. Only answers in **English** are accepted.
7. This is a hypothetical case written exclusively for this examination. Names, characters, places and incidents used are imaginary or fictional. Any resemblance to actual events or locales or persons, living or dead, is entirely coincidental. This case is not to be cited without permission from the ACRA.

IMPORTANT NOTICE:

If you are not feeling well, please do not press 'Start Assessment'. If you have started and leave during the examination, 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 "**Resources**" tab found at the bottom right of **EACH** question.
2. You may also download the question paper that allows annotation throughout your examination in Question 1 of the e-Exam portal.

Other important information:

3. You will be allowed to access your reference materials but **will not be allowed** to communicate with anyone either physically or through any electronic means.
4. You are **NOT ALLOWED** to access any websites during the examination.
5. You are **NOT ALLOWED** to print the question paper.
6. **Please take note that your screen will be monitored throughout the examination. If you are found to have accessed any websites, or if you cheat or attempt to cheat, you will be liable to severe disciplinary action.**

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

+65 6028 9811

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

Case study report instructions

These Examination Day Documents (EDD) complete the case study scenario and set out the requirements of the report that you are required to write (**Exhibit 18**). You must combine your pre-reading and analysis of the Advance Information (AI), your other pre-examination research, and the new information in the EDD to plan the content and structure of your report, and then to write the report.

The IB Examination will be an open-book examination of **4 hours 30 minutes**. Please note that there is no separate prescribed reading time for this examination.

Report format

Your report should follow the following format:

Requirement	eExam Qn. Number	Marks
Requirement 1: An Executive Summary	2	10
Requirement 2: A recent performance evaluation at Orchid Table and advise on potential Orchid Table restaurant close-down or turnaround decisions.	3, 4, 5, 6	34
Requirement 3: Review of potential venture capital funding arrangements and due diligence issues.	7, 8, 9	32
Requirement 4: Resolving a business ethics issue and evaluating a proposed employee training programme for Orchid Table employees.	10, 11, 12, 13	24

You should clearly state any assumptions that you make and include any supporting data. Please put your appendices (if any) at the end of each question part.

Please note that only your report commentary (including the assumptions made), appendices and workings entered in Cirrus on the day of the examination will be marked.

Advance Information (AI) – List of Exhibits

Exhibit	Exhibit Title	Start Page
Advance Information (AI)		
1	The restaurant sector in Singapore	AI-4
2	Economic outlook for Singapore’s restaurant sector: 2025 and beyond	AI-8
3	Article “Winners and Losers in Singapore's Dining Scene” - 5 January 2025	AI-11
4	About Orchid Table	AI-14
5	Overview of Orchid Table’s operations	AI-17
6	Orchid Table management accounts for the year ended 30 September 2024	AI-20
7	Commentary on Orchid Table management accounts for the year ended 30 September 2024	AI-23
8	Extract from Orchid Table board minutes - Strategic Options	AI-26
9	Orchid Table Human Resources Manager - Employee exit interview notes	AI-29
10	Hygiene and food safety at Orchid Table	AI-31
11	Suggestions for further research	AI-33

Note: Unless otherwise stated, all dollar amounts (\$) are in Singapore dollars.

Examination Day Documents (EDD) – List of Exhibits

Exhibit	Exhibit Title	Start Page
Examination Day Documents (EDD)		
12	Orchid Table Management Accounts for the year ended 30 September 2025	EDD-6
13	Commentary on Orchid Table Management Accounts for the year ended 30 September 2025	EDD-9
14	Request for evaluation of underperforming Orchid Table restaurants	EDD-12
15	Phoenix Capital Partners (PCP) funding of international expansion strategy and initial due diligence matters	EDD-17
16	Extract from Orchid Table Internal Control Review Report - September 2025	EDD-20
17	Proposed Orchid Table Employee Training and Development Programme (OTETDP)	EDD-22
18	Appointment of a Professional Advisor to the Board of Orchid Table	EDD-25
19	Orchid Table Requirements	EDD-26

Note: Unless otherwise stated, all dollar amounts (\$) are in Singapore dollars.

Orchid Table Management Accounts for the year ended 30 September 2025

To: The Board of Directors of Orchid Table
From: Sarah Goh, Orchid Table Finance Director
Date: 4 November 2025
Subject: Management accounts for the year ended 30 September 2025

Dear fellow Board members,

Please find extracts below from the management accounts for the year ended 30 September 2025 together with relevant operating data. Our CEO, Marcus Lim, will be circulating a commentary on our performance in due course.

Best regards,
 Sarah Goh
 Finance Director

Orchid Table Statement of Profit or Loss for the year ended 30 September

	2025	2024
	S\$'000	S\$'000
Revenue		
Food	121,030.0	92,041.9
Beverages	<u>32,399.3</u>	<u>24,184.6</u>
Total revenue	153,429.3	116,226.5
Cost of sales		
Food	(50,576.2)	(36,609.0)
Beverages	(11,403.2)	(7,751.2)
Restaurant employee costs	<u>(47,594.2)</u>	<u>(36,754.6)</u>
Total cost of sales	(109,573.6)	(81,114.8)
Gross profit	43,855.7	35,111.7

Energy and other property running costs	(3,262.7)	(3,002.1)
Amortisation of leases	(2,093.3)	(2,268.1)
Depreciation of non-current assets	(7,029.3)	(6,448.5)
Marketing	(3,697.8)	(3,779.8)
Other admin costs	<u>(14,330.2)</u>	<u>(13,231.8)</u>
Profit before interest and tax	13,442.4	6,381.4
Interest	<u>(1,823.3)</u>	<u>(1,860.5)</u>
Profit before tax	11,619.1	4,520.9
Taxation	<u>(1,975.2)</u>	<u>(768.6)</u>
Profit after tax	9,643.9	3,752.3
Dividends	<u>(4,541.1)</u>	<u>Nil</u>
Profit retained for the year	<u>5,102.8</u>	<u>3,752.3</u>

Orchid Table Operating Data for the year ended 30 September

	2025	2024
Number of restaurant diners	636,639	588,787
Average food & beverage spend per diner (\$)	241.0	197.4
Restaurant seat occupancy rate (%)	80.0%	76.0%
Customers served per restaurant employee per day	13.3	15.0
Food wastage (% of total food cost)	6.3%	5.7%
Average customer service wait time (minutes)	24.0	20.3
Customer satisfaction rating (out of 5)	4.5	4.8
Restaurant employee turnover (%)	<u>29.5%</u>	<u>24.2%</u>

Notes to the management accounts

1. Revenue

All restaurant food and beverage revenue is recognised at the point of sale.

2. Cost of sales

These are the direct costs incurred in ordering, preparing, and delivering food and beverages across Orchid Table's restaurants.

3. Depreciation and amortisation

These represent the reduction in value of Orchid Table's long-term assets over time, covering restaurant equipment, furniture, fixtures and fittings, as well as information technology (IT) infrastructure, whether owned or acquired under a lease arrangement.

4. Interest

This is payable on Orchid Table's obligations under its leasing obligations.

5. Average customer service wait time

This metric tracks the average time, in minutes, between a customer placing an order and the food being served.

END OF EXHIBIT 12

Commentary on Orchid Table Management Accounts for the year ended 30 September 2025

To: The Board of Directors of Orchid Table
From: Marcus Lim, Orchid Table Chief Executive Officer
Date: 5 November 2025
Subject: Commentary on our 2025 performance

Dear fellow Board members,

Please find below the commentary on the summary management accounts for the year ended 30 September 2025, along with relevant operating data.

CEO commentary for the year ended 30 September 2025

The year ended 30 September 2025 was successful for Orchid Table, with revenue reaching new heights. This growth was driven by increased food and beverage sales, supported by refreshed menu offerings, effective marketing and promotional campaigns, and the rise in visitors drawn by Orchid Table's reputation. We also introduced new vegetarian and vegan dishes in direct response to customer feedback. This menu expansion, along with locally inspired mocktails and premium teas, significantly boosted sales and strengthened our brand reputation.

An increase in total cost of sales was expected due to the revenue surge. Rising food costs and supply chain disruptions posed early challenges, but local sourcing helped stabilise costs later in the year. Employee costs also rose as we expanded our workforce to handle higher customer volumes and maintain service quality, and increased pay levels to maintain industry competitiveness.

Operating expenses rose slightly, due in part to an increase in property and energy costs caused by inflation and higher utility rates. To mitigate this, we implemented an energy efficiency programme, upgrading lighting and optimising Heating, Ventilation and Air-conditioning (HVAC) systems. This initiative offset some increased costs and improved operational efficiency. In addition, depreciation charges increased due to continued investment in our restaurants (see below).

We served a record number of diners in 2025, supported by the full-year operation of twenty restaurants following the opening of two sites in January 2024, the success of the *Gastronomic Weekend* campaign featuring exclusive chef-curated menus and promotions, and increased visitor numbers to Singapore attracted by the Orchid Table brand. Alongside higher seat occupancy, the average spend per diner also rose significantly, reflecting the impact of improved target marketing and social media engagement in attracting a greater share of higher-end customers willing to spend more on premium menu and beverage choices.

However, food wastage increased, primarily due to challenges in forecasting demand for new menu items. We are refining our inventory management to address this.

Addressing increased employee turnover remains a priority, as employee turnover continues to affect service levels and consistency, and adds to new employee recruitment costs. Moving forward, we will focus on strengthening retention strategies, improving restaurant service quality and efficiency, and enhancing menu variety to reinforce the customer experience.

It is noted that our customer satisfaction rating has dipped slightly, driven by the onboarding of a significant number of new employees with limited-service experience. While high employee turnover is typical in the restaurant sector, we are conducting a thorough review to identify the underlying causes, whether these stem from external economic opportunities, management practices, employment terms, or the workplace environment. A related concern is the increase in average customer service wait time, corroborated by negative

social media comments. We are actively analysing these issues to determine the primary drivers.

Despite these challenges, profit before interest and tax more than doubled, demonstrating the success of our revenue-boosting strategies and cost control. We refined our marketing, focusing on digital platforms to target audiences more effectively and reduce marketing costs.

This year, we declared dividends for the first time in recent years, marking a significant milestone and rewarding shareholders. Despite the payout, retained earnings remained healthy, allowing further investment in our restaurants. We modernised several high-traffic locations, enhancing the dining atmosphere for guests.

Non-current assets increased due to investments in upgrades, tableware, and furniture. Right-of-use assets related to leased properties continued to be amortised as per our 10-year average lease period. Lease liabilities were effectively managed, reducing long-term liabilities as we approach the midpoint of key leases.

Our cash reserves dipped slightly due to dividends and ongoing refurbishments. However, cash flow remains strong.

A small number of restaurant sites have underperformed for over two years, lagging behind board expectations and overall company performance. These sites will be subject to further analysis to determine the best course of action.

In summary, Orchid Table achieved strong financial and operational performance in 2025. Revenue growth, strategic cost management, new menu items, refined marketing, and investment in the customer experience have strengthened our market position, laying a solid foundation for the future. By enhancing service quality and reducing wastage, we aim to ensure Orchid Table remains a preferred dining destination in Singapore.

END OF EXHIBIT 13

Request for evaluation of underperforming Orchid Table restaurants

To: The Board of Directors of Orchid Table
From: Sarah Goh, Orchid Table Finance Director
Date: 2 December 2025
Subject: Underperforming Orchid Table restaurants

Dear colleagues,

Recent performance results have highlighted two Orchid Table restaurants that are underperforming relative to the group's average key performance indicators. These restaurants are Orchid Table: Punggol Promenade and Orchid Table: Sentosa Grove.

I have included financial and operating data for each of these two restaurants and the average Orchid Table restaurant performance for the year ended 30 September 2025 in Appendix 1.

Additionally, I have provided candid commentary from each restaurant manager in Appendix 2, where they discuss the recent performance and suggest potential plans to address the issues.

I recommend we consider whether to close one or both of these underperforming restaurants to divert resources toward other strategic projects, or whether a turnaround strategy could improve their performance. The decision will involve evaluating both financial and non-financial factors for each identified restaurant.

Best regards,
Sarah

Appendix 1: Orchid Table restaurant financial and operating performance report

Extract from 30 September 2025 Restaurant Report	Orchid Table: Restaurant Average	Orchid Table: Punggol Promenade	% of OT average restaurant	Orchid Table: Sentosa Grove	% of OT average restaurant
	2025	2025		2025	
Revenue (S\$'000)	7,671.5	5,253.7	68.5%	6,798.4	88.6%
Gross profit (S\$'000)	2,192.8	747.4	34.1%	1,997.2	91.1%
Gross profit %	28.6%	14.2%		29.4%	
EBITDA (S\$'000)	1,128.3	(256.3)	(122.7%)	675.8	59.9%
EBITDA %	14.7%	(4.9%)		9.9%	
Number of restaurant customers	31,832	23,873	75.0%	32,458	102.0%
Average food & beverage spend per diner (\$)	241.0	220.1	91.3%	209.5	86.9%
Restaurant seat occupancy rate (%)	80.0%	49.8%	62.3%	65.2%	81.5%
Customers served per restaurant employee per day	13.30	9.20	69.2%	12.10	91.0%
Food wastage (% of total food cost)	6.3%	12.5%	198.4%	8.5%	134.9%

Extract from 30 September 2025 Restaurant Report	Orchid Table: Restaurant Average	Orchid Table: Punggol Promenade	% of OT average restaurant	Orchid Table: Sentosa Grove	% of OT average restaurant
Average customer service wait time (minutes)	24.00	34.70	144.6%	28.00	116.7%
Customer satisfaction rating (out of 5)	4.50	2.80	62.2%	3.50	77.8%
Restaurant employee turnover (%)	29.5%	37.8%	128.1%	29.7%	100.7%

Note 1: EBITDA means earnings before interest, taxes, depreciation and amortisation and in the usage in the table above, EBITDA includes allocated central expenses such as marketing, finance, HR, and other shared costs.

Appendix 2: Commentary from Orchid Table Restaurant Managers

Orchid Table Punggol Promenade Restaurant Manager Tan Wei Ling

“Our revenue and occupancy rates have lagged behind the group average, and customer satisfaction scores reflect our recent struggles. I believe the core issues lie in both kitchen and restaurant operations. In the kitchen, inconsistent portion control, delays in food preparation, unimaginative menus and quality lapses have contributed to higher levels of food wastage and diner complaints. On the restaurant floor, things have been a little chaotic during the prolonged absence of my assistant manager for personal reasons, which is now resolved. This led to scheduling inefficiencies, inadequate staff training, and service delays -all contributing to longer wait time and a decline in the overall dining experience. These operational weaknesses are directly affecting customer perceptions and, in turn, our financial performance.

To turn things around, my plan involves rewriting the menu to include more locally sourced, seasonal ingredients that resonate with our target market. I also intend to implement stricter inventory management procedures to reduce wastage. Additionally, I propose retraining our staff to enhance service efficiency and improve the overall dining experience. With support from the central team, particularly in marketing and operations, I am confident that we can regain our competitive edge and elevate the Punggol Promenade location to meet the group’s standards.”

Orchid Table Sentosa Grove Restaurant Manager Lim Jia Hao

“I recognise that Orchid Table Sentosa Grove restaurant has not performed to its full potential over the past year. While we are situated in a prime location, our occupancy rates and customer satisfaction have been less than ideal. Recently, Sentosa Grove has seen the opening of two new restaurants which have increased customer choice and local competition. Also, the introduction of new menu items has been a double-edged sword - while they were well-received, poor demand forecasting led to higher food wastage, affecting our profitability.

To address these issues, I suggest focusing on a targeted marketing campaign that emphasises the regular introduction of new menu items and the prime dining experience we offer here at Sentosa Grove. In addition, I plan to tighten our stock management processes to reduce wastage and ensure only the freshest ingredients are used. By leveraging our strategic location and enhancing operational efficiency, I am confident that we can improve performance and bring Sentosa Grove in line with the company's expectations.”

END OF EXHIBIT 14

Phoenix Capital Partners (PCP) funding of international expansion strategy and initial due diligence matters

To: The Board of Directors
From: Sarah Goh, Orchid Table Finance Director
Date: 4 December 2025
Subject: Phoenix Capital Partners funding and due diligence matters

Dear fellow board members,

As we know, the investment proposal to grow internationally represents a critical juncture in Orchid Table's growth strategy, and it is crucial that we explore all aspects of introducing a venture capital investor into our capital structure to finance our growth ambitions.

It is imperative that we enter any negotiations with a clear understanding of both our position and that of PCP. Therefore, to ensure we are well-prepared, we must evaluate the proposal from PCP from a range of financial and non-financial aspects.

To aid in this preparation, I have outlined several key considerations that must be addressed:

- (1) **Valuation.** PCP has indicated in their initial offer that their investment will be based on a valuation of Orchid Table (before PCP investment) at five times the current EBITDA multiplied by 40%, in exchange for 40% equity stake. We need a robust and well-supported valuation model to serve as the foundation for these negotiations. This will be crucial in ensuring that the terms of the investment accurately reflect our company's value and growth potential.
- (2) **Exit strategy.** PCP's proposed exit route involves a public listing on the Singapore Exchange in three to five years, either through the Catalist or a Main Board listing. We

need to carefully assess the feasibility and implications of this timeline, ensuring it aligns with our long-term strategic objectives and that we are operationally prepared for such a transition. This also includes considering the market conditions and regulatory requirements associated with an Initial Public Offering (IPO).

- (3) **Equity ratchet.** The proposed equity ratchet clause allows PCP to gain an additional 1% equity stake for each year before the exit if our EBITDA remains below S\$40 million. This mechanism could significantly impact our future ownership structure, so it is vital that we conduct a detailed financial analysis to model various scenarios. Understanding how this clause might affect shareholder value and our financial strategy will be key in our decision-making.
- (4) **Board representation.** PCP has requested a seat on the Board as a non-executive director, with voting rights. This level of involvement will have direct implications for our strategic decision-making and governance. We need to evaluate how this request aligns with our current governance framework and what it could mean for our operational autonomy.

Based on a quick internet search, I note that the average price-to-earnings (P/E) ratio in the Singapore hospitality sector is approximately 13.0.

Additionally, while still ongoing, PCP has completed their preliminary due diligence review and has written to me with three matters requiring our response. These are included in Appendix 1 of this email. I suggest we proceed with an evaluation of the due diligence matters which PCP have raised.

Best regards,
Sarah

Appendix 1: Preliminary due diligence matters

As you are aware, Phoenix Capital Partners have recently completed some high-level due diligence and our advisors have presented their findings to us. We need to provide a response to the following matters, listed below, which have arisen as a result of this work.

- (1) **Leases.** Most Orchid Table premises long-term leases are amortised over the lease term. Whereas this is entirely understandable, we are concerned that the recent trend of restaurant closures needs to be prudently accounted for in any valuation. There is a significant risk in our view that up to 25% of the Singapore restaurants (so approximately 5 restaurant sites from the 20 sites) are not commercially viable and may need to close in the near future, meaning lease costs for the remaining contractual term will need to be immediately expensed. In our view, this will require a write off of approximately S\$8.0 million (Estimated total lease liability of S\$32 million / 4) = S\$8 million write off.
- (2) **Key person dependency.** The success of an Orchid Table restaurant seems to depend to a large extent on the skills of individual restaurant managers. We are concerned about excessive reliance on these individuals, and are unsure whether to standardise practices between restaurants, or provide for a loyalty bonus for each restaurant manager which remains with the company until Orchid Table becomes a listed company in 3-5 years' time.
- (3) **Brand.** We are aware of a recently launched legal challenge from the Singapore Orchid Group, a medium-sized chain of luxury hotels operating from sites in Singapore and Malaysia. The Singapore Orchid Group claim that the use of the Orchid Table brand by Orchid Table is an infringement of their exclusive right to their brand. They claim their brand is older than Orchid Table's (they launched the brand in 2005), and Orchid Table's use of the brand significantly misleads diners into believing they are booking into a restaurant in one of Singapore Orchid Group hotels.

END OF EXHIBIT 15

Extract from Orchid Table Internal Control Review Report - September 2025

Orchid Table's auditors have presented an update to the Board, highlighting several internal control issues. The following extract addresses a specific concern, and the Board of Orchid Table has requested an evaluation of this matter to determine an appropriate course of action.

Extract from interim internal control review report**Cash handling and employee tips at Orchid Table**

Orchid Table's restaurants pride themselves on providing excellent customer service, and tipping by customers is a regular practice. While most customers choose to leave tips through electronic payment, some customers still prefer to tip in cash, especially after private dining events. These cash tips are typically collected by servers at the end of their shifts and pooled for distribution among the front-of-house team. However, each restaurant has its own system for the distribution of these cash tips, leading to inconsistencies in how they are handled.

In some restaurants, managers oversee the collection and distribution of cash tips, while in others, servers handle this independently. However, there is no standardised process for logging or auditing cash tips, and the amounts are not recorded in Orchid Table's financial system.

Recently, concerns have also surfaced regarding the fairness of tip allocation. Instances have been reported where managers have taken a portion of the pooled tips for themselves or allocated higher shares to some employees. Additionally, kitchen staff have raised concerns about being excluded from the tip-sharing process, arguing that their efforts directly contribute to the overall dining experience and customer satisfaction. Furthermore,

some new servers have reported being entirely excluded from the tip distribution, which has caused tension and a sense of unfairness among staff.

Moreover, while customers are asked to "add a tip" through electronic payment devices, tips paid by debit card or credit card are not distributed to the staff. Instead, these electronically processed tips are retained by Orchid Table, with customers often unaware of how their gratuities are actually managed. Orchid Table's existing internal employee policies do not explicitly address how either cash or electronic tips should be managed or distributed, leaving the system vulnerable to manipulation and potential conflict among staff.

Despite these issues, Orchid Table has not yet received any formal complaints from employees.

END OF EXHIBIT 16

Proposed Orchid Table Employee Training and Development Programme (OTETDP)

To: The Board of Directors

From: Adrian Teo, Human Resources Director

Sent: 5 December 2025

Subject: Proposed Orchid Table Employee Training and Development Programme (OTETDP)

The Board of Directors at Orchid Table ("the Board") has recognised a critical need to enhance employee training and development to support the company's performance and growth, in response to feedback from exiting employees.

To achieve Orchid Table's strategic goal of global expansion, it is essential to elevate and standardise the skills and performance of all restaurant employees to deliver the world-class customer experience we aspire to in every location.

Proposal for Orchid Table Employee Training and Development Programme (OTETDP)

The Human Resource department proposes launching the Orchid Table Employee Training and Development Programme (OTETDP), designed to address current skill gaps, foster continuous learning, and align employee development with strategic objectives. This programme is not only a response to immediate concerns but is also a long-term investment in our workforce, laying the foundation for future success. The programme will initially focus on three key areas vital to Orchid Table's operations:

1. **Delivering sustainable and excellent performance:** Topics include delivering high quality and efficient customer service, energy-efficient kitchen practices and waste reduction.

2. **Compliance with hygiene and food safety standards:** Employees will learn best practices for food storage, preparation, and handling to ensure compliance and reduce health risks.
3. **Enhancing teamwork, management, and leadership:** Training will cover conflict resolution, strategic decision-making, communication, and team-building for managing diverse teams in an international context.

Programme Delivery

Training will be conducted at a newly leased Orchid Table Training Centre, serving as the central hub for learning and development. This centre will be equipped with state-of-the-art facilities, including simulated kitchens, multimedia classrooms, and spaces for team exercises. By investing in a dedicated training environment and expert training facilitators, Orchid Table aims to create an immersive learning experience that fosters skill acquisition and employee engagement.

Programme costs and contribution to revenue enhancement

Year 1 – Programme set-up

An initial budget of S\$3,000,000 has been allocated in year 1 to cover programme set-up, programme design and development, and training centre establishment.

Years 2 to 6 – Programme operations

The programme will launch from the beginning of year 2. An annual operating cost budget of S\$1,500,000 will include site leasing costs, ongoing facilitator-led training, and programme content updates.

From year 2, the OTETDP is expected to deliver an average annual revenue uplift equivalent to 2% of 2025 revenue. Also in year 2, the programme is forecast to improve the 2025 gross margin by 1 percentage point. This uplifted gross margin is then projected to remain constant for the following four years until the end of year 5, after which a major review and revamp of the programme will be required.

Programme evaluation

The Board evaluates all of its strategic proposals over an operating period of five years following initial implementation.

Overall

The Board anticipates that the OTETDP energise employees to drive the success and customer satisfaction at Orchid Table, enhancing its reputation in a competitive market.

Adrian Teo,
Human Resources Director

END OF EXHIBIT 17

Appointment of a Professional Advisor to the Board of Orchid Table

The Board of Orchid Table has engaged the services of Pinnacle Chartered Accountants to advise on strategic, operational and financial aspects of its restaurant operations.

This appointment aims to provide the Board of Orchid Table with a comprehensive and independent preliminary report to facilitate well-informed decision-making.

You are Michelle Kim, a recently qualified Singapore Chartered Accountant at Pinnacle Chartered Accountants.

You are responsible for drafting a report for review by a partner at Pinnacle Chartered Accountants which will form the basis for a submission to the Board of Orchid Table.

Your report will focus on:

- A recent performance evaluation at Orchid Table and advise on potential Orchid Table restaurant close-down or turnaround decisions.
- A review of potential venture capital funding arrangements and due diligence issues.
- Resolving a business ethics issue and an evaluation of a proposed employee training programme for Orchid Table employees.
- Providing an executive summary of significant findings.

The specific requirements to be included in your report are set out in Exhibit 19.

END OF EXHIBIT 18

Orchid Table Requirements

Your formal report should focus on Orchid Table only, and comprise the following four elements:

**e-Exam
Question
Number
2**

Requirement 1: An Executive Summary

- (a)** Write an executive summary to accompany your report. Your executive summary should allow the Board of Orchid Table, to obtain a general understanding of what your report contains, including the key numbers. You should also include clearly stated assumptions, conclusions, and recommendations.

Note to Candidates: While your executive summary should not contain any material or points you have not discussed in the main body of the report, you are required to highlight any potential interactions between the individual standalone requirements below.

(Total: 10 marks)

**e-Exam
Question
Number**

Requirement 2: Performance evaluation and potential Orchid Table restaurant close-down or turnaround decisions

3

- (a)** Evaluate the overall financial and operational performance of Orchid Table for the year ended 30 September 2025, compared to the year ended 30 September 2024.

Note to Candidates: Candidates are advised to focus on the Statement of Profit or Loss and analysis of operational data provided in Exhibit 12. To prepare your answer, you may use the Excel file attachment (provided in the separate attachment under the Instructions page), which contains figures from Exhibit 12.

(12 marks)

4

- (b)** Evaluate the strategic options (close down or turnaround strategy) for the two underperforming restaurants proposed by the Finance Director in Exhibit 14.

Note to Candidates: Use the performance data provided in Exhibit 14, Appendix 1. No further calculations are required.

(14 marks)

5

- (c)** Explain **TWO** risks of closing down underperforming restaurants on the remaining Orchid Table operations and recommend how each risk can be mitigated.

(4 marks)

**e-Exam
Question
Number**

Requirement 2 cont.

6

(d) Briefly explain **TWO** financial reporting consequences and **TWO** income tax consequences of a decision to close down one or more Orchid Table restaurants.

(4 marks)

(Total: 34 marks)

**e-Exam
Question
Number**

Requirement 3: Venture Capital Funding and Due Diligence Issues

7 **(a)** Evaluate **FOUR** non-financial benefits, **FOUR** risks and **FOUR** practical implementation challenges of pursuing an international expansion strategy for the Orchid Table brand.

(12 marks)

8 **(b)** Advise the Board on the offer from Phoenix Capital Partners to provide equity finance to Orchid Table to support the funding of its international growth strategy.

(14 marks)

9 **(c)** Evaluate the **THREE** due diligence matters received from Phoenix Capital Partners and advise the Board of Orchid Table on an appropriate response to each matter.

(6 marks)

(Total: 32 marks)

**e-Exam
Question
Number**

Requirement 4: Business ethics issue and proposed employee training programme

10

- (a)** Evaluate the ethical issue outlined in Exhibit 16 and recommend a course of action to the Board of Directors of Orchid Table.

(8 marks)

Note to Candidates: Use the following framework to structure your response:

1. Identify the ethical dilemma
2. Assess whether safeguards or other mitigations are already in place
3. Evaluate the ethical dilemma
4. Recommend a course of action

- (b)** For the proposed Orchid Table Employee Training and Development Programme (OTETDP):

11

- (i)** Prepare a five-year high-level cost versus benefit analysis for the proposed OTETDP.

(2 marks)

Note to Candidates: Ignore time value of money.

12

- (ii)** Evaluate **FOUR** pros and **TWO** cons of implementing the proposed OTETDP and recommend **TWO** areas of analysis which should be undertaken before committing to the OTETDP.

(8 marks)

**e-Exam
Question
Number**

13

Requirement 4 cont.

(iii) Recommend **TWO** internal audit projects which could be undertaken which could confirm to the Board of Orchid Table that the investment in OTETDP is delivering value for money.

(3 marks)

Note to candidates: Recommend one internal audit project to be undertaken during OTETDP development and one internal audit project to be undertaken once OTETDP operational delivery has commenced.

14

(iv) Comment on the accounting treatment/financial reporting treatment of (i) programme development costs associated with developing the OTETDP and (ii) new building lease costs. In doing so, reference applicable Singapore Financial Reporting Standards.

(3 marks)

(Total: 24 marks)

END OF EXHIBIT 19

END OF PAPER