

FINANCIAL MANAGEMENT

FOUNDATION PROGRAMME
STUDY GUIDE:
2025-2026 EDITION

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About the Institute of Singapore Chartered Accountants

The Institute of Singapore Chartered Accountants (ISCA) is the national accountancy body of Singapore with over 39,000 ISCA members making their stride in businesses across industries in Singapore and around the world. ISCA members can be found in over 40 countries and members based out of Singapore are supported through 12 overseas chapters in 10 countries.

Established in 1963, ISCA is an advocate of the interests of the profession. Complementing its global mindset with Asian insights, ISCA leverages its regional expertise, knowledge, and networks with diverse stakeholders to contribute towards the advancement of the accountancy profession.

ISCA administers the Singapore CA Qualification and the Designated Entity to confer the Chartered Accountant of Singapore - CA (Singapore) - designation.

ISCA is a member of Chartered Accountants Worldwide, a global family that brings together the members of leading institutes to create a community of over 1.8 million Chartered Accountants and Candidates in more than 190 countries.

For more information, visit www.isca.org.sg

The Accounting and Corporate Regulatory Authority

The Accounting and Corporate Regulatory Authority (ACRA) is the regulator of business registration, financial reporting, public accountants, and corporate service providers. We are also responsible for developing the accountancy sector and setting the accounting standards for companies, charities, cooperative societies, and societies in Singapore. ACRA fosters a vibrant and trusted business environment that enables innovation and growth and contribute towards making Singapore the best place for business.

ACRA was formed as a statutory board on 1 April 2004, following the merger of the Registry of Companies and Businesses (RCB) and the Public Accountants' Board (PAB). This merger sought to achieve synergies between the monitoring of corporate compliance with disclosure requirements and the regulation of public accountants performing statutory audits.

On 1 April 2023, ACRA, the Singapore Accountancy Commission (SAC) and the Accounting Standards Council (ASC) merged as one entity, taking on the name, ACRA. The merger aimed to strengthen the effectiveness of regulation, standards-setting, and sector development by harnessing synergies across complementary accountancy-related functions.

For more information, visit: www.acra.gov.sg

The Singapore CA Qualification

The Singapore Chartered Accountant Qualification (SCAQ) is Singapore's national professional accountancy qualification, designed to develop business leaders. It is internationally recognised through Reciprocal Membership Agreements with world-renowned Chartered Accountant (CA) Professional Bodies in Australia, New Zealand, Ireland, Scotland, and the United Kingdom; and provides an Asian perspective.

Completion of SCAQ opens the way to full membership with the Institute of Singapore Chartered Accountants (ISCA) which is required in order to be conferred the Chartered Accountant of Singapore – CA (Singapore) designation.

SCAQ was developed by the Singapore Accountancy Commission (SAC) in 2013. On 1 April 2023, SAC, the Accounting & Corporate Regulatory Authority (ACRA) and the Accounting Standards Council (ASC) merged as one entity, taking on the name, ACRA. The merged ACRA is responsible for the growth and development of the accountancy sector and its related fields in Singapore, including SCAQ.

Introduction

The Study Guide helps Candidates to be better prepared for the Singapore CA Qualification examinations. The Study Guide provides guidance to Candidates on how to use the recommended textbooks.

Module Assessment

The Foundation Programme is assessed by way of centralised examinations. These standard national examinations are applicable to all Candidates. Each module will be assessed by way of a 3-hour and 15 minutes restricted open-book written examination. There will be four questions, and each question may have multiple parts requiring structured responses. For instance, written short answer questions, essay style questions, computations, or standard format questions (e.g., extracts from income tax returns and GST returns, journal entries, etc.).

Module Objective

The Financial Management module develops skills and techniques to assist in short-term and long-term financial planning. The long-term financial plan consists of decisions relating to investments (including acquisitions and mergers), finance and dividend decisions. Long-term decision often seek to maximise shareholder wealth, although the module briefly examines other possible scenarios. The short-term focuses on working capital and liquidity management. An underpinning concept throughout is the identification and management of risk. Upon successful completion of this module, Candidates will have gained practical knowledge through the application of various financial management tools and techniques.

Assumed Knowledge and Pre-requisites

It is assumed that Candidates have acquired a basic understanding of financial management issues from their prior tertiary studies, and have a good working knowledge of the Singapore economy, including its position in the region and internationally.

Recommended Textbook

There is no prescribed learning materials for each of the Foundation Programme modules. Candidates should make use of the Recommended Textbooks to deepen their knowledge and understanding of the topics and learning outcomes. This study guide maps out the module Learning Outcomes to the various chapters and sections found within the recommended Textbooks that you would find useful and relevant in your studies and work.

The Recommended Textbook are as follows:

No	Textbook	Authors	Publisher	Edition
1.	Financial Management Theory and Practice	Ser Keng Ang, Jack Hong, Annie Koh, Eugene F. Brigham, Michael C. Ehrhardt	Cengage	2 nd Edition
2.	Principles of Corporate Finance	Richard A Brealey, Stewart C Myers, Franklin Allen, Alex Edmans	McGraw-Hill	14 th Edition

As the textbooks are not customised for the Singapore CA Qualification, there are learning outcomes not covered by the textbooks. The Study Guide had aligned such learning outcomes to publicly available references. Candidates may refer to other sources to supplement their learning.

In addition to the above references, Candidates should make use of other resources like the Examiners' Guide published on the SCAQ website and Essential Reading listed in this Study Guide.

Studying for the Singapore CA Qualification (Foundation)

Candidates may choose the following mode of study for the Singapore CA Qualification (Foundation):

- (a) Attend tuition courses with a Registered Learning Organisation – Foundation Programme (RLO-FP); or
- (b) Self-study.

Attending the preparatory or revision classes conducted by the RLO-FPs may help you to better prepare for the Singapore CA Qualification (Foundation) examinations. The list of RLO-FPs is available on the SCAQ website. For more details regarding course fees, schedules, and duration, please visit the respective RLO-FP websites.

Using the Study Guide and the Recommended Textbooks

Utilising the Study Guide and the Recommended Textbooks together for studying the Singapore CA Qualification will:

- help you navigate and achieve the module learning outcomes to obtain insightful commentary and explanatory details of the module topic
- increase your comprehension and organise your understanding through the module topic and practice with application based examples, and
- prepare you for a successful exam, while providing the knowledge you can put into action at work right away.

Planning Your Study Programme

Each semester is approximately 13 weeks long. You should establish your own detailed study plan that fits in with your work and other commitments. There are two distinct periods during the semester that you should take note of: i) gaining knowledge and developing your application skills and ii) revising for the examination, which includes honing your application skills.

A sample study plan might be to divide the semester into two with:

- The first ten weeks spent gaining knowledge and developing your application skills; and
- The final three weeks spent revising for the examination and doing practice exam questions.

Using this sample study plan, you would then divide the number of topics by ten and plan to work through each topic accordingly. As you complete each topic, you should also attempt the corresponding practice questions from the Textbooks. This approach will help you establish

whether you have understood the concepts thoroughly and reinforces the knowledge and skills gained.

Once you have read all the relevant sections from the Recommended Textbooks, as well as the other suggested reading materials and worked through the topic-specific questions from the Textbooks, you should then switch to intense revision mode and start preparing yourself for the examination.

The past year examination questions also help you get prepared for your examination. You should attempt each question as if it were the real examination, limiting the time allowed to complete, and being honest with yourself when you compare your answer to the answer suggested. As part of your revision, you should refer to the Recommended Textbooks and other essential reading materials to ensure that you have fully understood the concepts and noted any exceptions.

In terms of time invested, it is recommended that you spend 100 hours on gaining knowledge and developing your application skills (approximately 10 hours a week for the first 10 weeks of the semester). The last three weeks should be devoted to intensive revision and exam practice. At a minimum, you should plan to invest at least 12 hours each week in the three weeks leading up to the examination.

Module Syllabus

FINANCIAL MANAGEMENT

Introduction to Financial Management	4Hrs	7%
Cash and Working Capital Management	12Hrs	20%
Financing Decision – Capital Structure (including dividend decision)	12Hrs	20%
Investment Decision	24Hrs	40%
Risk Management	8Hrs	13%

* Estimated study hours only serve as a guide for the Candidates.

THE MODULE AT A GLANCE

- A** Describe the nature and purpose of financial management, and how the objectives relate to an entity's corporate strategy, both financially and non-financially, in different types of organisations. For each type of business, outline the economic environment faced by the business and consider the role of financial markets and institutions.
- B** Discuss the importance of working capital management and describe the different management approaches relating to inventory, accounts receivable, accounts payable, and cash appropriate to the business entity, for working capital needs and funding strategies.
- C** Describe the different sources of short- and long-term finance that are appropriate and available to different business entities in different industries and size, including small- and medium-sized entities. Consider the implications of an existing or proposed finance structure on gearing, cost of capital (debt and equity), and the capital structure.
- D** Describe Identify the purpose of investment appraisal and apply the non-discounted and discounted cash flow techniques, adjusting for the effects of risk and uncertainty. Effects of inflation and taxation are also considered under the discounted cash flow techniques, as appropriate. Consider the impact of the cost of capital in investment appraisal. Describe and apply the different business valuation models available to value an organisation with debt and/or equity. Outline the efficient market hypothesis and state how this affects the valuation of shares.
- E** Identify the different types of risk that may be contained within a defined business environment and apply appropriate monitoring and mitigation strategies.

ESSENTIAL READING

The financial press in relation to emerging trends and current issues.

SPECIFIC EXCLUSIONS

Nil.

Module Syllabus

Cognitive Levels

The cognitive levels (CL) give an indication of the intellectual depth which Candidates are expected to achieve. Each learning outcome is identified with a cognitive level ranging from 1 to 3. The cognitive levels are described below.

Cognitive Level 1

An ability to communicate knowledge and insight in relation to emerging trends, current issues, and regulatory changes, with some practical application.

Cognitive Level 2

An ability to assess and apply knowledge to common scenarios that a Candidate would be likely to encounter in the workplace to derive an appropriate outcome.

Cognitive Level 3

An ability to demonstrate an elevated level of application of knowledge and assess information in more complex scenarios in order to arrive at an appropriate outcome.

Core and non-core learning outcomes

In addition to the CL, each learning outcome is defined as core or non-core to distinguish between fundamental or supplemental knowledge and skills prescribed in this module.

Core learning outcomes

These are essential learning outcomes which Candidates are expected to achieve in order to gain competency in the described module objective.

Non-core learning outcomes

These are learning outcomes which supplement the core learning outcomes and will equip Candidates with a holistic understanding of the module

Using the Study Guide

				Chapter where covered		
	Financial Management			Financial Management Theory and Practice	Principles of Corporate Finance	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
A	INTRODUCTION TO FINANCIAL MANAGEMENT					
A1	The Financial Management Function and Environment					
1	Outline the nature and purpose of financial management.	1	C	Chapter 1 Part 1-1 to 1-4	Chapter 1 Part 1-1 and 1-2	—
2	State the scope of financial management and identify its functions.	1	C			—
3	Describe the three key decisions in a financial strategy investment, finance, and dividends and how they interact.	1	C	—		—
4	Describe how financial objectives relate to corporate strategy.	2	C	—		—

	Financial Management			Chapter where covered		
				Financial Management Theory and Practice (2nd Edition)	Principles of Corporate Finance (14th Edition)	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
5	Apply the Value for Money Framework of economy, efficiency and effectiveness to assess the performance of a non-profit entity.	2	NC	—	—	Web link: https://safe.menlosecurity.com/https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918479/value-for-money-framework.pdf
6	Describe the nature and role of the main financial institutions and markets in Singapore.	1	NC	—	—	Weblink: http://www.mas.gov.sg/Singapore-Financial-Centre.aspx
7	Describe and explain the key issues in relation to both domestic and international current developments.	1	NC	—	—	Weblink: https://www.mas.gov.sg/development/financial-services-industry-transformation-map-2025

				Chapter where covered		
	Financial Management			Financial Management Theory and Practice	Principles of Corporate Finance	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
B	CASH AND WORKING CAPITAL MANAGEMENT					
B1	Working capital management					
8	Explain the nature, elements, and importance of working capital.	1	C	Chapter 16 Part 16-1	Chapter 31 Part 31-1	—
9	Describe the management of inventories, accounts receivable, accounts payable, and cash and recommend improvements.	2	C	Chapters 16 Part 16-3 to 16-6	—	—
10	Calculate the amount of working capital investment required assuming aggressive (low net investment) or conservative (high net investment) attitudes.	3	C	Chapter 16 Part 16-2	—	—
11	Explain the advantages and disadvantages of aggressive (low net investment) and conservative (high net investment) attitudes for an organisation.	3	C		—	—

				Chapter where covered		
	Financial Management			Financial Management Theory and Practice	Principles of Corporate Finance	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
12	Calculate the amount of short- term and long-term finance required to fund working capital assuming aggressive or conservative attitudes.	3	C	Chapter 16 Part 16-2	—	—
13	Explain the sources, advantages and disadvantages of short- term and long-term finance required to fund working capital assuming aggressive or conservative attitudes.	3	C		—	—
14	Calculate the impact of a change in working capital policies (including the example, the costs and benefits of introducing an early settlement discount or the services of a debt factor in the management of receivables).	3	C	Chapters 16 Part 16-10 to 16-11	—	—
15	Analyse financial (ratio analysis) and non-financial information in relation to working capital to draw conclusions about an organisation's financial health.	2	C	Chapters 16 Part 16-3 to 16-6	—	—
B2	Cash management					

	Financial Management			Chapter where covered		
				Financial Management Theory and Practice (2nd Edition)	Principles of Corporate Finance (14th Edition)	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
16	Produce cash flow forecasts for an organisation and explain the implications they have for funding.	3	C	Chapters 16 Part 16-7 to 16-9	—	—
17	Construct cash management policies using the Baumol model of cash management and evaluate the assumptions of the model.	2	C	—	—	Weblink https://ceopedia.org/index.php/Baumol_model
C	THE FINANCING DECISION - CAPITAL STRUCTURE (INCLUDING DIVIDEND DECISION)					
C1	Dividend Decision					
18	Explain the impact of a change in dividend policy using Modigliani and Miller's Dividend theory, and the traditional view of dividend policy.	2	C	—	Chapter 16 Part 16-1 to 16-3	—
19	Explain the appropriateness of the assumptions behind Modigliani and Miller's Dividend theory.	2	C	—		—
20	Identify practical considerations that should be considered in dividend policy in a given situation.	3	C	—		—

				Chapter where covered		
	Financial Management			Financial Management Theory and Practice	Principles of Corporate Finance	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
C2	Financing Decision					
21	Recommend the use of different sources of finance available to an organisation.	2	C	—	Chapters 13 Whole Chapter	—
22	Calculate the cost of each component of the cost of capital including: <ul style="list-style-type: none"> • equity (using the dividend valuation model and the Capital Asset Pricing Model), • bonds (irredeemable and redeemable), • bank loans, • preference shares (redeemable and irredeemable); and • assemble this information to determine the weighted average cost of capital. 	3	C	Chapters 9 Part 9-1 to 9-8	Chapters 8 Whole Chapter	—
23	Explain the capital asset pricing model and its assumptions in estimating the cost of equity.	3	C	Chapters 9 Part 9-6	Chapters 9 Part 9-1 to 9-2	—
24	Explain the effect of capital structure on the cost of capital, based on the traditional view and Modigliani and Miller (with and without tax). Detailed calculations will not be required.	2	C	Chapter 15 Part 15-3	—	—

	Financial Management			Chapter where covered		
				Financial Management Theory and Practice (2nd Edition)	Principles of Corporate Finance (14th Edition)	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
25	Assess the appropriateness and cost of the various non-traditional sources of financing available to an organisation, including Islamic financing, crowd funding, venture capital, and business angels.	1	NC	—	Chapter 14 Part 14-1	Islamic financing: https://corporatefinanceinstitute.com/resources/knowledge/finance/islamic-finance/ Crowd funding: https://www.fundable.com/learn/resources/guides/crowdfunding/what-is-crowdfunding
26	Explain the nature of the finance gap (e.g. reduced access to traditional sources of finance) in relation to SMEs.	1	NC	Chapter 1 Part 1-3	—	—
27	Assess the impact of an organisation's overall credit rating on the cost of debt and the overall cost of capital.	2	C	—	Chapter 24 Part 24-3	Weblink https://www.investopedia.com/terms/c/credit-rating.asp

	Financial Management			Chapter where covered		
				Financial Management Theory and Practice (2nd Edition)	Principles of Corporate Finance (14th Edition)	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
28	Assess the merits of leasing over borrowing to purchase assets including using appropriate calculations to compare the cost of leasing and borrowing.	2	C	Chapter 19 Whole Chapter	—	—
29	Evaluate the significance of exchange controls for a given investment decision and strategies for dealing with restricted remittance.	2	C	—	—	Weblink: https://www.investopedia.com/terms/e/exchangecontrol.asp
30	Assess the impact of a project upon an organisation's exposure to foreign exchange, cross-border transactions, and economic risk.	2	C	—	Chapter 28 Part 28-1 to 28-4	—
D	THE INVESTMENT DECISION					
D1	Investment Appraisal					
31	Describe the nature of investment decisions and the appraisal process.	2	C	—	Chapter 1 and 12 Part 1-1, Part 12-1	—

				Chapter where covered		
	Financial Management			Financial Management Theory and Practice	Principles of Corporate Finance	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
32	Explain the main assumptions when using the existing weighted average cost of capital in investment appraisal decisions based on net present value.	3	C	—	Chapter 18 Part 18-1 to 18-2	—
33	Calculate relevant cashflows for inclusion in investment appraisal calculations.	3	C	—		—
34	Perform and interpret investment appraisal calculations using: <ul style="list-style-type: none"> • 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). 	3	C	—	Chapter 5 Part 5-1 to 5-3	—
35	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.	3	C	—		—

	Financial Management			Chapter where covered		
				Financial Management Theory and Practice (2nd Edition)	Principles of Corporate Finance (14th Edition)	Other references
No	Learning Outcomes	CL	Core			
36	Calculate an optimal investment plan when faced with capital constraints at a point in time, for both divisible (using the profitability index) and indivisible projects.	3	C	—	Chapter 5 Part 5-4	—
37	Calculate the optimal replacement cycle for an asset using net present value and equivalent annual cost.	3	C	—	Chapter 6 Part 6-4	—
38	Calculate the sensitivity of investment decisions to changes in key variables using sensitivity analysis.	2	C	—	Chapter 10 Part 10-1	—
39	Explain the concept and operation of simulations (such as monte-carlo simulations) to assist in investment decisions, including their advantages and disadvantages.	1	NC	—	Chapter 10 Part 10-1	—
D2	Business Valuation Techniques					
40	Describe what determines the value of an organisation's shares and how management can influence these values.	2	C	—	Chapter 4 Whole Chapter	—

	Financial Management			Chapter where covered		
				Financial Management Theory and Practice (2nd Edition)	Principles of Corporate Finance (14th Edition)	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
41	Apply the following business valuation techniques: • dividend discount model, • cash flow methods (discounted and non-discounted), • future maintainable earnings method (using an adjusted price earnings ratio), and • the revised net asset value method for appraising investments and valuing ordinary shares.	2	C	—	Chapter 4 Whole Chapter	—
42	Describe the efficient market hypothesis.	2	C	—	Chapter 12 Whole Chapter	—
43	State how the efficient market hypothesis affects the valuation of an organisation's share holdings.	2	C	—		—
44	Explain the significance and influence of behavioural finance and how it affects the rationality of market behaviour and decision making, including examples in a given situation.	1	C	—		—
45	Identify practical considerations when valuing shares.	2	C	—	Chapter 6 Part 6-1 to 6-2	Weblink:

				Chapter where covered		
	Financial Management			Financial Management Theory and Practice	Principles of Corporate Finance	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
						https://www.rklcpa.com/five-key-considerations-for-your-business-valuation/
46	Outline situations in which discounts or premiums might be applied when valuing a business.	2	C	—	Chapter 6 Part 6-1 to 6-2	—
D3	Mergers and Acquisitions					
47	State the key elements of the Singapore Code on Take-overs and Mergers, including the ethical considerations (brief overview only required).	1	NC	—	—	Weblink: https://www.mas.gov.sg/-/media/MAS/resource/sic/The_Singapore_Code_on_Take_Overs_and_Merger_24-January-2019.pdf?la=en&hash=8DCB4A29BF6DDA

				Chapter where covered		
	Financial Management			Financial Management Theory and Practice	Principles of Corporate Finance	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
						17527EC7E54A8CB5 CFEDDAEE7D
48	Justify the arguments for and against the use of mergers and acquisitions as a method of corporate expansion.	2	NC	—	Chapters 32 Whole Chapter	—
49	Outline the problems of overvaluation of target companies.	2	NC	—		—
E	RISK MANAGEMENT					
E1	Risk Assessment					
50	Describe the nature of risk and uncertainty.	2	C	—	Chapter 7 Whole Chapter	—
51	Justify the necessity of risk taking as part of managing an organisation.	2	C	—		—
52	Explain the dynamic nature of risk assessment.	2	C	—		—
53	Explain risk appetite and how this affects risk policy.	2	C	—		—

				Chapter where covered		
	Financial Management			Financial Management Theory and Practice (2nd Edition)	Principles of Corporate Finance (14th Edition)	Other references
No	Learning Outcomes	CL	Core			
54	Describe management's responsibilities in relation to risk management.	2	C	—	Chapter 27 Part 27-1	—
55	Identify the costs and benefits of implementing a risk assessment framework for various sizes of organisations.	2	C	—		—
E2	Risk Management					
56	Recommend a process for formal risk management by following the steps listed below: <ul style="list-style-type: none"> • identification • analysis (severity and probability) • prioritization • treatment (transfer, accept, reduce, avoid) • monitoring and review. 	3	C	Chapter 23 Part 23-1	—	—
57	Assess the different approaches to embedding risk management into an organisation, including the importance of 'tone at the top'.	2	C	Chapter 23 Part 23-2	—	—
58	Explain how organisations use policies and techniques to mitigate various business risks	2	C	Chapter 23	Chapter 27	—

				Chapter where covered		
	Financial Management			Financial Management Theory and Practice	Principles of Corporate Finance	Other references
No	Learning Outcomes	CL	Core	(2nd Edition)	(14th Edition)	
	(operational, financial, and strategic), and recommend an appropriate course of action in relation to a risk in a given situation.			Part 23-3 to 23-4	Part 27-1	
E3	Foreign Exchange Risk					
59	Explain the reasons for exchange rate differences (transaction, translation and economic risk).	2	C	Chapter 23 Part 23-5	Chapter 28 Whole Chapter	—
60	Recommend external hedging techniques used for foreign currency and interest rate risk (including forwards, futures, options, swaps, money market hedges). <i>Note: calculations will not be required for futures and exchange traded options.</i>	2	C	—		—
61	Calculate forward exchange rates using Interest Rate Parity and Purchasing Power Parity.	2	C	—		—

Appendix A - Common verbs used by the Examiners

Verb	Description
Account (for) / Bring to account	Account requires you to show how to record an element in the financial statements appropriately. This might be by means of a journal entry, T-account, or an extract from the financial statements. Remember, a journal or a T-account is only complete if it shows the date of the entry, the correct accounts, the correct amounts, and has a description (narration) – easy marks are often thrown away through carelessness. Bring to account requires you to include all components, say itemise all revenue that should be recognised for income tax purposes.
Advise / Give advice	As a Professional Accountant, your work will invariably require you to form an opinion about the most appropriate course of action, or offer alternative courses of action depending upon the situation. This type of question requires you to give specific guidance to an individual or a group (e.g. a taxpayer, audit client, management, etc.), so your answer must provide specific information or make a recommendation tailored to the individual or group and justify your position.
Analyse	Identify 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 state any implications of your answer and any assumptions that you make.
Apply	This instruction requires you to relate your answer back to a specific document/s or set of facts. Alternatively, you may be required to use a specific formula, model, or process. For instance, “ Apply the relevant Singapore Financial Accounting Standard to ...”. Another example would be “ Apply the 3-year and 2-year concessional rules for determining tax residence”. Apply and With reference to are similar.
Appraise	Make a judgment about the value, quality, outcomes, results, or size. Often there will be a qualifier in the instruction, which will tell you exactly what to appraise . For instance, “ Appraise Company X’s <u>credit worthiness</u> ...”. Professional judgment and scepticism (a questioning mind) are called for when making an appraisal . Appraise and Assess are interchangeable.

Verb	Description
Arrange	Put into the correct order or sequence. Sometimes arrange will require you to make a judgment about which items or factors should be given priority or the order of importance (Rank or Prioritise). For instance, when considering the severity and/or frequency of risks, it is possible to prioritise (or rank) the risks according to whether they have a low, medium, or high probability of occurring and appropriate resources can be deployed efficiently.
Assess	Make a judgment about the value, quality, outcomes, results, or size. Often there will be a qualifier in the instruction, which will tell you exactly what to assess . For instance, " Assess the <u>adequacy</u> of the disclosures in the financial statements relating to ...". Professional judgment and scepticism (a questioning mind) are called for when making an assessment . Appraise and Assess are interchangeable.
Bullet points	Unless specifically asked for, <u>only</u> use bullet points in your answer as an <u>absolute last resort</u> if you are running out of time. A quarter of a mark is better than zero.
Calculate Compute	/ Do the number crunching and derive the correct answer? Make sure that you write down your workings and crosscheck your numbers. Candidates often underperform because of careless mistakes.
Comment	Comment is similar to evaluate in that you are required to make a judgment or provide your opinion based on the facts at hand. Professional judgment and scepticism (a questioning mind) are called for when commenting .
Compare and Contrast	Compare requires you to show how things are similar and/or different while contrast requires you to show how things are different or opposite. Even if you are asked just to compare , you must indicate both the similarities and differences.
Conclude Draw conclusions	/ Form a judgment, or determine the outcome, or resolve an issue, by using the facts presented. An example might be "Conclude whether to outsource the human resource function".

Verb	Description
Critically (analyse evaluate) /	<p>Critically requires that your answer be more extensive than if you were asked to analyse or evaluate the data. Your answer must add a greater degree or level of accuracy, depth, knowledge, understanding, logic, questioning, reflection, and quality to your analysis or evaluation.</p> <p>Remember, critically requires you to consider both the positive and negative points and apply professional scepticism (a questioning mind) in conjunction with professional judgment. Often when an examiner asks you to critically evaluate or analyse something it is because there can be more than one right answer, so you have to convincingly defend your opinion as part of your answer.</p>
Defend	<p>Whenever you see the word defend you <u>must</u> provide reasons for your answer, in other words, provide support for your argument or conclusion. If you fail to justify your answer, you will lose valuable marks. For example, "Defend your advice."</p>
Define	<p>Like list, you are unlikely to be asked just to define a term, particularly in a professional accounting-related examination unless it is a term that requires you to communicate your understanding rather than copying down someone else's definition or rote learning. For instance, "Define in your own words ...".</p>
Demonstrate	<p>Demonstrate requires you to prove or disprove something beyond any doubt, or show that it applies in the situation described by giving evidence (for instance, provide an example). The evidence can be from the facts given or from your general knowledge and experience. Demonstrate and Illustrate are similar.</p>
Describe	<p>Describe requires you to provide the characteristics and features of an item or situation. For instance, "Describe the audit procedures to verify ..." requires you to state the specific audit procedure/s that you would use without going into step-by-step detail of how to perform that procedure.</p>
Detail	<p>Detail requires you to give very specific instructions or advice. For instance, "Detail the audit procedures to verify ..." requires you to provide step-by-step instructions. Another example is "Detail how the findings from the site visit will affect the planning of the statutory audit". This instruction requires you to state the positive and negative consequences in relation to the site visit and the planning of the audit. Don't forget to think about the future and the past, not just the present when stating the consequences.</p>

Verb	Description
Determine	Ascertain or conclude after analysis and evaluation the most appropriate course of action or most correct answer from a range of viable alternatives.
Discuss	<p>Discuss 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 discuss is placed near the front of the instruction, then it requires you to provide an answer that is similar to explain, but addresses both the for and against arguments. For instance, “Discuss why numerical valuation is essential when buying or selling a small business”.</p> <p>However, if there is a statement and discuss is placed at the end, your answer <u>must be</u> in the form of <u>an essay</u> with the following elements:</p> <ul style="list-style-type: none"> • An introduction, which declares whether you agree, disagree, partly agree, or partly disagree with the statement; • The body of your answer, stating: i) Why it is possible to agree <u>and</u> ii) why it is possible to disagree with the statement. You should provide examples to support both points of view; and • A conclusion that proves your original position. <p>An example of a discuss question that requires an essay style answer would be “Numerical valuation is not essential when buying or selling a small business because the actual selling price is the outcome of negotiation. Discuss”.</p>
Distinguish	To note differences between. For instance, “ Describe what is meant by the term tax planning and distinguish it from tax evasion”. Apart from describing what tax planning involves (say 1-2 marks), you need to explain how the two terms are different and how they are similar. However, providing a list of differences and similarities is insufficient – complete sentences are essential to achieve full marks. In addition, it is important that you also mention any other relevant factors (e.g. the ethical and legal issues).

Verb	Description
Evaluate	Pass judgment on or provide your opinion based on the facts at hand. When making an evaluation , there are often predetermined criteria that you will use to base your opinion on. The key here is to give your opinion or make a judgment of the facts, but providing just a description of the facts is insufficient. Professional judgment and scepticism (a questioning mind) are called for when making an evaluation . Examine and Evaluate are interchangeable.
Examine	Pass judgment on or provide your opinion based on the facts at hand. When examining the facts given, there are often predetermined criteria that you will use to base your opinion on. The key here is to give your opinion or make a judgment of the facts, but providing just a description of the facts is insufficient. Professional judgment and scepticism (a questioning mind) are called for when making an evaluation . Examine and Evaluate are interchangeable.
Explain	<p>As a Professional Accountant, you will be frequently called upon in your work to explain difficult concepts and technical issues to people who are not accounting trained. This is where your ability to share your knowledge using simple everyday terms will be most needed.</p> <p>Explain requires you to write at least several sentences conveying how you have analysed the information in a way that a layperson can easily understand the concept or grasp the technical issue at hand. For instance, “Explain whether an ‘emphasis of matter’ paragraph or an ‘other matter’ paragraph would be most appropriate in this situation”, or “Explain how a partnership is assessed for tax”. Evaluate and Examine are interchangeable.</p>

Verb	Description
Identify	<p>Identify is similar to list, but requires you to also provide an explanation as to why the item/s that you have identified is/are relevant to the facts given in the question.</p> <p>Often identify will require you to select a specific issue or issues, but not all issues, so you need to look out for any qualifying words. For instance, “Identify the <u>Board Matters</u> ...” is asking you to focus solely on issues that relate to Board Matters from the Singapore <i>Code of Corporate Governance</i> so if you digress and identify remuneration issues, you will not score well. Another example is “Identify the companies that qualify as members of a group for the purposes of group tax relief”. In order to score well in this second example, you need to identify the companies and state why they are included in the group. You also need to state if a company is not included and why.</p>
Illustrate / Give examples	<p>Illustrate requires you to provide an example, either from the facts given, a real-life example, or a made-up example to illustrate the point you are trying to make. Illustrate and Demonstrate have similarities.</p>
In accordance with	<p>This instruction requires you to relate your answer back to a specific document. Failure to make specific mention of the document in your answer will result in a loss of marks.</p>
Interpret	<p>Look at the whole as well as the individual parts and decide what the data (or diagram) is telling you. Remember, although interpret may involve some subjective assessment, some answers will be <u>more right</u> (or appropriate) than others.</p>
Justify	<p>Whenever you see the word justify you <u>must</u> provide reasons for your answer, in other words, provide support for your argument or conclusion. If you fail to justify your answer, you will lose valuable marks. Justify is similar to defend.</p>
List	<p>Prepare an itemised list. Although you are unlikely to be asked just for a list of items, it is important to remember that many of the common verbs used by examiners require you to begin with a mental list of issues to consider.</p>

Verb	Description
Outline	Outline requires you to provide a general overview of the situation and indicate the main features. Outline is used when the question is worth only a couple of marks, but a single sentence is usually never enough to achieve full marks.
Plan	Prepare a detailed proposal. For instance, in an assurance engagement, you may be asked to ' Plan a review of historical information'.
Predict	Suggest what may happen based on the available information. Remember, although predicting involves uncertainty, some answers will be <u>more right</u> (or appropriate) than others.
Prepare	Prepare requires you to produce your answer using a specific format. For instance, " Prepare the Statement of Cash Flows for ..." or " Prepare all the relevant journal entries for ...". Remember, a journal entry is only complete if it shows the date of the entry, the correct accounts, the correct amounts, and has a description (narration) – easy marks are often thrown away through carelessness. Record and Prepare have similarities.
Prioritise	Make a judgment about which items or factors should be given priority based on importance. For instance, when considering the severity and/or frequency of a risk, it is possible to categorise risks according to whether they have a low, medium, or high risk of occurring and appropriate resources can be deployed efficiently. Rank and Prioritise are interchangeable, and both terms have similarities with Arrange .
Produce	Produce requires you to present your answer in a specific format from scratch. For instance, you may be required to " Produce a Profit or Loss Statement".
Propose/ Provide	Put forward (for example, a point of view, idea, argument, alternatives, etc.) for consideration or action. For instance, "Based on the facts of the case, propose the most tax-effective entity type ...", or " Propose audit adjusting entries to correct ...".
Prove	Prove requires you to establish that something is true by citing evidence or giving clear logical reasons. When you reconcile the Bank Account in the General Ledger you are proving that the account balance is correct.

Verb	Description
Quantify	Provide a <u>numerical value</u> (an exact calculation) or a <u>range of values</u> (upper/lower limits, average, likely values, etc.). For instance, “ Quantify the misstatement in the ‘investment in subsidiary’ in the Statement of Financial Position” or “ Quantify the adverse direct materials variance cost”. As with calculate and compute , you should always show your workings and crosscheck your numbers.
Rank	Make a judgment about which items or factors should be given priority based on importance. For instance, when considering the severity and/or frequency of a risk, it is possible to categorise risks according to whether they have a low, medium, or high risk of occurring and appropriate resources can be deployed efficiently. Rank and Prioritise are interchangeable, and both terms have similarities with Arrange .
Record	Record is similar to prepare in that you may need to perform a calculation and show the specific components in an appropriate format. For instance, “ Record the closing entries to transfer profit (or loss) to retained earnings”. Record and Prepare have similarities.
Recognise	Recognise requires you to distinguish between various components and to be able to state how each component should be treated. For instance, “... and indicate if the gain/loss is recognised as profit or loss or other comprehensive income”. Identify and Recognise have similarities.
Recommend	Make a statement about the most appropriate course of action. If there is more than one possible course of action, state which action you would choose and why (justify your choice). Your professional judgment and your ability to interpret 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 recommendation .
Reconcile / Reconciliation	Prove that the balance of an account is correct. For instance, “ Using the data given, prepare a bank reconciliation ” requires you to prove that the bank balance in the General Ledger corresponds with the balance shown on the bank statement, listing down the timing differences (e.g. unpresented cheques) and errors (if any). Note here the term <u>Bank Reconciliation</u> , as this acts as a <u>qualifier</u> to indicate the format that you should use to present your answer.

Verb	Description
Respond / Reply	This is your right of reply . When you are asked to respond , it is usually in reply to a comment made by someone else (although you can also be asked how you would respond in a particular situation). For instance, " Respond to the Chairperson regarding her comment on impairment". Whenever you are asked to respond , you must always justify your opinion or the actions you would take.
State	State is similar to list , but the items require your professional judgement. For instance, " State any restrictions that apply". One of the easiest ways to make sure that you state comprehensively is to think, " list and justify ". You will note that state appears in many of the verb descriptions given.
Summarise	Provide a concise description. Summarise is similar to describe , but in a condensed format.
To what extent	This instruction requires you to advance arguments in favour of a position or point of view and respond to or take into consideration the opposing arguments or points of view. You must always justify your answer.
Translate	For the purposes of Singapore CA Qualification examinations, translate refers to the conversion of monetary values from one currency into another currency (although translate can refer to spoken and written language as well).
Use / Using	This instruction tells you the type of model that you must use when formulating your answer. For instance, " Using the <u>Discounted Cash Flow approach</u> , ..." tells you what valuation approach to use. Another common phrase is " Using 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.
With reference to	This instruction requires you to relate your answer back to a specific document/s or set of facts. For instance, " With reference to relevant Singapore Financial Reporting Standards, explain the risk of material misstatements relating to ...". In this example, relevant <u>Singapore Financial Reporting Standards</u> acts as a qualifier (with reference to 'what'). Failure to make specific mention of the document/s or facts in your answer will result in a substantial loss of marks.

END OF STUDY GUIDE