Operational level case study – Examiner's report

November 2022 – February 2023 exam session

This document should be read in conjunction with the examiner's suggested answers and marking guidance.

General comments

The purpose of this document is to give feedback on the November 2022 Operational Case Study (OCS). It also aims to provide useful advice for candidates preparing to re-sit this exam in February 2023. If you are planning to re-sit in February 2023, remember that the exam will be based on the same pre-seen as November 2022. You do not need to know or use any information from the variants of the exam that were taken in November 2022.

General comments

The Operational Case Study (OCS) for November was based on FireWorks, a company that designs, manufactures and sells a range of outdoor grills. The company is based in Beeland, a country in Europe which has the B$ as its currency. Most of the company's sales are to customers in Beeland, although FireWorks does not operate its own retail outlets. In 2021, FireWorks sales volumes were split: 68% through retailers in Beeland, 20% direct to customers in Beeland through the FireWorks website and 12% to third-party agents based in other countries. In the financial year to 30 June 2022, the company's revenue was B$76.5 million, gross profit was B$32.2 million, and profit before tax was B$6.9 million. During that year, the company sold 192,500 grills and, on 30 June 2022, the company had 316 employees.

The pre-seen, made available in advance, contained information about FireWorks' products, key managers and teams, production processes, purchases and suppliers, sales markets and sales channels, distribution, budgets, financial statements and the industry. Three exam variants based on FireWorks were made available for November. Each variant gave additional information about FireWorks and had four 45-minute sections to be completed. Each section was split into two or more sub-tasks, with each sub-task relating to a specific core activity. All core activities were covered in each variant in line with the OCS blueprint.

The quality of answers in November varied significantly. Candidates that scored highly did so because they provided clear and comprehensive explanations which demonstrated accurate technical understanding of the topics being covered on the paper. In addition, these high scoring answers were focussed on the sub-task given, with good application to the scenario. However, there were a significant number of candidates that produced very poor answers, indeed, more than in previous sessions. Despite attempting to

answer most tasks, these candidates scored few marks and seemed to be completely unprepared for sitting this OCS examination. As is usually the case though, the majority of answers scored in the mid-range and in line with previous sessions. Common features of these types of answers were as follows:

- Gaps in technical knowledge and understanding in some of the P1 and F1 areas, meaning that some tasks were answered well and others poorly.
- Lack of application to the scenario, leading to generic, text-book type answers.
- Lack of clarity and depth in explanations: a focus on identification rather than explanation.
- Candidates answering the task that they wish they had been asked rather than what had been asked or misreading the task given.

In November 2022, like in previous sessions, the presentation of answers was generally good. Most candidates used headings and sub-headings and wrote short to-the-point paragraphs and sentences which were easy to read. Time management did not appear to be an issue for most candidates. Where elements of tasks were not answered this seemed to be because of a lack of knowledge rather than a timing issue.

In relation to the core activities, the following comments are relevant:

A	Prepare costing information for different purposes to meet the needs of managers	This core activity represents between 12% and 18% of the marks available in the OCS blueprint. Most candidates were able to demonstrate a technical understanding of costing approaches and costing issues in a general sense. However, candidates often failed to use the scenario information given to illustrate their answers. Many candidates demonstrated business awareness of costing issues in a digital environment, although sometimes failed to explain this clearly. Application of professional scepticism and judgement in the context of the business was reasonable and better than in previous sessions.
B	Prepare budget information and assess its use for planning and control purposes	This core activity represents between 17% and 25% of the marks available in the OCS blueprint. As is normally the case, candidate performance was very dependent on the specific budgeting topic being tested. In some cases, there was a lack of knowledge and understanding of the more technical aspects of budgeting and some confusion between budgeting and costing approaches. As a result, the demonstration of business awareness and professional judgement was often limited. There were however some less technical areas of budgeting that where technical understanding was demonstrated in an applied way reasonably well. There was a reasonable attempt to communicate clearly and to apply to the scenario.

C	Analyse performance using financial and non-financial information	This core activity represents between 17% to 25% of the marks available in the OCS blueprint. Most candidates demonstrated a good technical understanding of the meaning of some, but not all variances. As a result, communicating the meaning for the variances sometimes lacked accuracy and clarity. The reasons given though were usually valid and therefore the application of professional scepticism and business awareness when interpreting variances was generally sound. Many candidates demonstrated a reasonable understanding of the business model and its environment in respect of the selection and interpretation of KPIs, although quite often justification of why a KPI was appropriate lacked depth and clarity.
D	Apply relevant financial reporting standards and corporate governance, ethical and tax principles	This core activity represents between 12% and 18% of the marks available in the OCS blueprint. Many candidates demonstrated reasonable technical knowledge and understanding of relevant IFRS and where able to apply this to the specifics of the scenario. Communication was typically clear, and there was a good level of professional scepticism and judgement in applying IFRS to the scenario. This is an improvement from previous sessions.
E	Prepare information to support short-term decision making	This core activity represents between 17% and 25% of the marks available in the OCS blueprint. As for budgeting, the quality of answers was very dependent on the topic. There was a lack of technical understanding for certain decision-making techniques and, where this was the case, communication was generally poor, and answers lacked professional judgment and business awareness. Where candidates had the technical knowledge and understanding, answers were usually clearly communicated and demonstrated reasonable application of professional judgement and business awareness.
F	Prepare information to manage working capital	This core activity represents between 7% and 13% of the marks available in the OCS blueprint. Consistent with previous sessions, most candidates seemed to be well prepared for this core activity and, for the most part, although not for all tasks, produced answers that were clearly communicated, demonstrated reasonable business awareness with reasonable application of professional judgement.

Specific comments to candidates

The reasons why candidates failed in November 2022 are essentially the same as in previous sessions and hence these points are repeated from previous reports. If you failed in November 2022, this is likely to be because you did not:

- Demonstrate technical knowledge and understanding of technical P1 and F1 topics. The OCS blueprint is heavily focussed on the application of technical knowledge. This has been said many times, but you cannot hope to apply technical knowledge that you do not have.
- Apply the technical knowledge that you did have to the case study scenario. Lack of application limits the score for many traits to level 1 or low level 2.
- Answer the task given rather than the task that you wish you had been given and had pre-prepared an answer for.
- Explain rather than describe or simply identify points. Typically, at OCS, we ask for explanation which means that we are looking for depth in answers rather than a list of points.
- Utilise the new information about the business given to you in the exam to provide an applied context to your answers. Generic text-book style answers score few if any marks and pre-prepared answers based only on the pre-seen will also limit your mark.
- Provide an answer to all elements of a task or sub-task. We do not give compensatory marks if one part of your answer is excellent, but another part is missing. If there is 'no rewardable material' for a task or sub-task, you will score nil.

If you failed in November 2022, there are things that you can do to help improve your chance of future success (again, I make no apologies that these are the same points as my last report!). Make sure that you:

1. Revise technical topics from P1 and F1 and don't just rely on remembering what you learnt for the OTQ exams.
2. Practise and keep practising past OCS questions (which are all available for use). Doing this will help you to:
   o Understand how to apply the technical knowledge gained from your revision in point 1 above.
   o Appreciate how the pre-seen and new information in the exam itself can be utilised to give application in answers.
   o Get used to how the examiner phrases tasks and from reviewing suggested solutions, what they are looking for.
   o Get used to managing your time (assuming that you test yourself under exam conditions) and working under time pressure.

3. In the exam itself:
   o Allocate your time to ensure that all elements of a task are answered and read the task carefully: don't just assume that because it's on a topic that has come up before that the task will be the same. Think to yourself as you are writing… 'is this answering the task?'
   o Plan answers rather than launching straight in. This is best done in the body of the answer box by using headings and short points, which can then be expanded to give a fully explained answer. You also now have the functionality to use tables in your answers.
   o Make sure that you are explaining rather than just stating or identifying a list of points. Quite often, adding 'because', or 'this is due to' or 'resulting in' will help you to develop a point which takes it from identification to explanation.
   o Use the information given to you in the exam: it's there for a reason! Don't be afraid to use your common sense and think around an issue if needed.
   o Don't give up.

Good luck!