Operational level case study – Interim Examiner's report

May & August 2022 exam session

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

General comments

The Operational Case Study (OCS) for May was based on Meals@Home, a company that sells meal kits direct to customers through a digital subscription service. A meal kit includes the ingredients for a single meal for a set number of portions of that meal and a recipe card which gives instructions on how to prepare and cook the meal at home. The company is based in Newland, a country in Europe. During the year to 31 December 2021, the company's revenue was N$62.5 million, and its operating loss was N$3.7 million. For the year ending 31 December 2022, sales revenue is budgeted to be N$75.8 million, and the company is expected to make its first operating profit of N$2.1 million.

The pre-seen, made available in advance, contained information about Meals@Home's meal kit subscription service, key managers, sales market and sales channel, production processes, key ingredients and suppliers, distribution, budgets, financial statements and the industry. Three exam variants based on Meals@Home were made available for May. Each variant gave additional information about Meals@Home 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.

As has been the case in previous sessions, the quality of answers in May varied significantly. There were a significant number of very poor answers, where candidates, despite attempting to answer most tasks, scored few marks. These candidates appeared to be completely unprepared for sitting this OCS examination. On the other extreme, there were some high-scoring answers, where candidates demonstrated good technical understanding across the paper and where explanations were consistently clear, comprehensive, accurate, focussed and applied to the scenario given.

It was pleasing that there appeared to be more of these high-scoring answers than in previous sessions. The majority of answers though scored in the mid-range and, in line with previous sessions, common characteristics of these answers were as follows:

- 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.
- Gaps in technical knowledge and understanding, meaning that some tasks were answered well and others poorly.
- Candidates answering the task that they wish they had been asked rather than what had been asked or misreading the task given.

In May 2022, the presentation of answers was generally good. Most candidates used headings and sub-headings and wrote concise 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.** Many candidates did demonstrate reasonable technical understanding of costing approaches in a general sense, although often answers lacked application. Many candidates showed good business awareness of costing issues in a digital environment, although sometimes failed to articulate this clearly. Application of professional scepticism and judgement in the context of the business was generally poor.
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.** Candidate performance was very dependent on the specific budgeting topic being tested. In many cases, there seemed to be a lack of knowledge and understanding of some of the more technical aspects of budgeting. Demonstration of business awareness and professional judgement was often limited by this lack of technical knowledge and understanding. There was a reasonable attempt to communicate clearly, although quite often application to the scenario was limited.

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.** 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 was weak. Many candidates failed to demonstrate consistent technical understanding across the range of variances tested and to be able to clearly communicate the meaning of variances, although the reasons for variances were usually valid. This meant that the application of professional scepticism and business awareness when interpreting variances was sometimes limited.
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.** For this core activity, candidates either had the technical knowledge and therefore could apply this to specifics of the scenario, or they did not, which meant that scores tended to be either very good or very poor; although pleasingly, there are now significantly more good answers than poor answers. Where technical knowledge was evident, communication was typically clear, and there was a good level of professional scepticism and judgement in applying the regulations to the scenario. As has been the case in previous sessions, without the technical knowledge and understanding, this was not the case.
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.** The quality of answers was very dependent on the decision-making topic being tested: some topics are clearly still a problem for candidates. Where candidates had the technical knowledge and understanding, answers were usually clearly communicated and demonstrated reasonable application of professional judgement and business awareness. Where the technical knowledge and understanding was not evident, answers were poor.

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 and demonstrated reasonable business awareness with a reasonable application of professional judgement.

Specific comments to candidates

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

- Demonstrate technical knowledge and understanding of technical P1 and F1 subjects. 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 an 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 May 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 an 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 subject 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!