



## **Free Mini Mock: Answer Plan**

Operational Case Study – May & August 2026

## **Answer Planning & Time Management Technique**

Please refer to the recorded version of Webinar 03: Answering Technique for an in-depth guide on answer planning & time management. Visit <https://www.studyattcs.com/product/operational-case-study> and click on the “Free Content” tab to access the video tutorial.

Replicate the same technique when practicing the six mocks and when attempting the real exam.

## **Simplified Requirements**

### **TASK 01**

- Total mark allocation: 37.5 marks per task
  - Restaurant ops: How to adopt ABC & benefits (48% = 18 marks)
  - T&D program: Steps (30% = 11 marks)
  - Recommend & justify 3 KPIs: Operational inefficiencies (22% = 8.5 marks)

### **Task 2**

- Capitalization of expenses & effect on financial statements (40% = 15 marks)
- Extending UEL from 5 to 10 yrs. & effect on financial statements (30% = 11 marks)
- Recommend & justify 3 KPIs: Effectiveness of HR policies (30% = 11.5 marks)

### **Task 3**

- Explain each variance. (40% = 15 marks)
- Should we hold Tim accountable for fixed production variances? (32% = 12 marks)
- 3 Short term options to use cash surpluses (28% = 10.5 marks)

### **Task 4**

- Explain Moody's working capital position. Risks of selecting Moody's (45% = 17 marks)
- How to prepare a flexible budget. Benefits (35% = 13 marks)
- Sales budgeting: How big data & analytics help planning & control (20% = 7.5 marks)

## **Time Management Plan**

- Total time allocation: 45 minutes per task
  - Time allocation for Reading: 05 minutes per task
  - Time allocation for the Answer Plan: 25 minutes per task
  - Time allocation for typing: 15 minutes per task

### **Activity Based Costing** (18 marks)

#### ABC: Overview

- ABC allocates indirect restaurant running costs based on activities that drive costs
- Current approach: Costs classified as
  - Direct costs
  - Restaurant running costs
- May not reflect actual resource consumption by menu items

#### Activity cost pools & cost drivers

- Cost pool: Food preparation
  - Activities: washing, chopping, portioning, preparing ingredients
  - Costs: preparation labour, equipment, utilities
  - Cost driver:
    - Number of meals prepared OR
    - Preparation time per dish
  - Justification: complex dishes require more preparation effort
- Cost pool: Cooking & kitchen ops
  - Activities: cooking meals using ovens, grills, fryers
  - Costs: chef labour, energy usage, kitchen equipment
  - Cost driver:
    - Cooking time per dish OR
    - Number of meals cooked
  - Justification: longer cooking times consume more kitchen resources

- Cost pool: Order processing
  - Activities: taking orders, entering orders into POS, sending orders to kitchen
  - Costs: front-of-house labour, POS system costs
  - Cost driver:
    - Number of customer orders OR
    - Number of transactions
  - Justification: administrative effort rises with order volume
  
- Cost pool: Table service
  - Activities: serving meals, assisting customers, clearing tables
  - Costs: service staff wages, service-related resources
  - Cost driver:
    - Number of covers served OR
    - Time spent serving tables
  - Justification: higher customer volumes require more service effort
  
- Cost pool: Cleaning & table turnover
  - Activities: clearing tables, cleaning dining areas, resetting tables
  - Costs: cleaning labour, cleaning materials
  - Cost driver:
    - Number of covers served OR
    - Number of tables used
  - Justification: higher traffic increases cleaning frequency

## Benefits of adopting ABC

### Accurate cost allocation

- ABC links indirect restaurant running costs to activities that consume resources
- Current system: Costs treated as one single pool deducted after profit after direct costs
- ABC splits costs into activity cost pools & allocates them using cost drivers
- Result: Realistic cost of preparing & serving

### Improved menu profitability analysis

- Identifies menu items that consume high preparation, cooking / service resources
- Some dishes may appear profitable when only direct costs are considered
- ABC reveals true profitability after allocating indirect costs
- Supports:
  - Better pricing decisions
  - Menu engineering / menu redesign
  - Removal of consistently unprofitable items

### Improved operational decision-making

- Highlights activities that drive major restaurant running costs
- Managers can identify inefficiencies in operations
  - High prep costs → simplify prep processes
  - High cooking costs → improve kitchen workflow
  - High service effort → adjust staffing deployment / training
- Helps address capacity constraints during peak periods

**Stages to be followed when conducting a training and development program (11 marks)**

- Identify training needs
  - Based on issues faced at present
- Set T&D objectives
  - Based on achieving efficiency in serving operations
  - Should be SMART
- Planning
  - Training methods
    - Formal
    - Informal
  - Location
  - Budgets
- Delivery & Implementation
  - Delivery
    - Inhouse
    - External
  - Are we achieving T&D objectives?
- Evaluate
  - Seek feedback from trainers & attendees

## **KPIs: Restaurant Operations** (8.5 marks)

### **Food Wastage Percentage**

- $(\text{Value of food wasted} / \text{total ingredient costs}) * 100$ 
  - Ingredients form a significant portion of direct costs
- High wastage indicates:
  - Poor inventory management
  - Inaccurate portion control
  - Inefficient food preparation processes
- Monitoring helps identify whether kitchen staff follow:
  - Standard recipes
  - Handle ingredients efficiently
- Reducing wastage:
  - Improves cost control
  - Protects contribution per menu item

### **Avg. Prep Time per Order**

- Time taken by kitchen staff to prepare & deliver meals after order is received
  - Helps identify operational bottlenecks in the kitchen
- Long preparation times indicate:
  - Inefficient kitchen workflow
  - Poor coordination between kitchen staff
  - Inadequate planning during peak periods
- Enables improvements:
  - Better task allocation
  - Improved kitchen layout
- Faster preparation:
  - Increases customer satisfaction
  - Allows more covers to be served

### **Occupancy Rate (Actual Covers vs Capacity)**

- Measures restaurant capacity utilisation
- Profitability is dependent on covers served
- Low occupancy may indicate:
  - Ineffective marketing
  - Poor reservation management
  - Weak customer service
- Monitoring helps assess whether seating capacity is utilised effectively
- Higher occupancy:
  - Spreads fixed costs (rent, managers' salaries, depreciation) over more covers
  - Improves overall restaurant profitability



**Capitalization of expenditure: New combi ovens** (15 marks)

IAS 16 PPE

- To capitalize the expenditure, an asset must have been created
- Asset is created if:
  - Probable that the expenditure results in future economic benefit
    - New equipment will generate future profits
      - Improve efficiency
      - Contain costs
  - Expenditure can be reliably measured
    - Expenditure is cash related
- Assets should be held for the supply of goods and services
  - Met
- Assets should be held for more than one accounting period
  - Met

**Treatment of items in the schedule**

- Method of capitalization
  - Purchase price (including import duties)
  - Directly attributable costs incurred to get the asset ready for its intended use
- Application
  - Costs to be capitalized
    - Purchase price inclusive of VAT, since SP is not VAT registered
    - Directly attributable costs
      - Building costs of modifying the cooking stations
      - Equipment modification costs

- Costs to be expensed
  - Training costs
    - Not directly attributable
    - Revenue expenditure
    - Charged to the SOPL
  - Ongoing maintenance
    - Not directly attributable
    - Revenue expenditure
    - Charged to the SOPL
  - Interest costs
    - Cost of financing the asset
    - Charged to the SOPL

### Useful life of the new equipment (11 marks)

- IAS 16 PPE
- Useful life of an asset
  - Period over which the business expects the asset to be available for use OR,
  - Number of production units expected to be created from using the asset
- Potential useful life of machine
  - 5 years
    - Is this accurate?
      - Tim is the Head of Property & Equipment
      - Possesses the best knowledge about the useful life
  - Should not depreciate over 10 years just to spread the cost over more years
- Change in accounting estimate
  - Can change the useful life after the initial assessment if there is evidence
  - If so,
    - Change the annual depreciation
      - $\text{CV of asset at the date of change} / \text{new remaining life at that date}$

## **KPIs: HRM** (11.5 marks)

### **Staff Turnover Rate**

- % of employees leaving over a period (monthly / quarterly / annually)
- High turnover indicates:
  - Poor working conditions
  - Ineffective recruitment
  - Lack of career progression / recognition
- If HR policies (recruitment, pay, training, scheduling) are effective:
  - Turnover declines
- Lower turnover leads to:
  - Service consistency
  - Lower recruitment & training costs
  - More experienced staff

### **Retention Rate after Onboarding / Probation**

- % of new employees remaining after 3–6 months
  - Focuses specifically on new-starter retention
- Tests effectiveness of:
  - Recruitment screening
  - Induction programmes
  - Early employee support
- Poor retention indicates:
  - Hiring the wrong candidates
  - Weak onboarding / training
- Higher retention helps:
  - Reduce repeated hiring cycles
  - Stabilise staffing during peak periods

## Employee Engagement / Satisfaction Index

- Measured through employee surveys
- Captures motivation levels & workplace perceptions
- Evaluates factors such as:
  - Supervisor support
  - Workload fairness
  - Scheduling practices
  - Training opportunities
  - Recognition and rewards
- High engagement leads to:
  - Better attendance
  - Lower turnover
  - Improved service behaviour
- Acts as an early warning indicator before resignations increase

Please upgrade to the Essential or Value course to unlock the remaining two sections of this mock exam. Please visit <https://www.studyattcs.com/product/operational-case-study>