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CIMA OCS

Theory Revision Pack

Operational Case Study — SoPa Case

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Contents

E1.1 - Digital Finance - Finance Function Transformation

Theory

The Evolving Role of the Finance Function in a Disrupted Business World

Q1. What is the role of the finance function in today's business environment?

The finance function supports management by providing timely, relevant financial and non-financial information. This helps in planning, strategic decision-making, and monitoring performance. It also plays a vital role in value creation and preservation.

Q2. What does the acronym VUCA stand for, and why is it relevant to finance?

VUCA stands for Volatile, Uncertain, Complexity, and Ambiguity. It describes today's fast-changing business environment, requiring finance functions to be agile, analytical, and strategically supportive.

Q3. What are the key disruptive changes affecting finance functions?

- Globalisation: Increased cross-border trade and demand for detailed information.
- Technology: Automation, data analytics, and big data influence processes and interactions.
- Risk and regulation: Increased focus on transparency and accountability post major scandals.
- Consumer empowerment: Customers are more informed and influential.
- Demographics: Multiple generations in the workforce require adaptable leadership styles.
- Broader stakeholder demands: Consideration of social, environmental, and ethical impacts.

Q4. What are the traditional finance function areas and activities?

- Financial accounting & operations: Record-keeping and transaction processing.
- Information systems: Managing data access, integrity, and reporting dashboards.
- External reporting: Financial statements, statutory filings, internal controls.
- Management information: Forecasting, budgeting, and performance analysis.
- Decision support: Investment appraisal, risk/cost analysis, project management.
- Specialist areas: Tax, treasury, mergers & acquisitions.

Q5. What is operations management and its relevance to finance?

Operations management focuses on efficient delivery of goods/services. It involves analysing:

- Volume: High output needs more automation and specialist labour.
- Variety: Wide product range needs complex supply chains.
- Variation: Seasonal demand affects planning.
- Visibility: High customer interaction requires strong service skills.

Finance must work closely with operations to ensure value is optimised.

Q6. What are the finance function's key external relationships?

- Customers: Moving from just billing to analysing customer behaviour and informing strategy.
- Suppliers: Building collaborative relationships for smooth operations.
- Banks and lenders: Ensuring liquidity and managing finance facilities and covenants.

- Government and regulators: Compliance with financial, tax, and environmental regulations.
- Professional consultants: Bringing in external expertise when needed (e.g., legal, IT, tax).
- External auditors: Providing independent assurance over financial statements.

Q7. What is the finance function's role in value creation?

Finance supports value creation by progressing through four key stages:

- Assemble information: Gather accurate data.
- Analyse for insight: Identify trends and risks.
- Advise to influence: Guide decision-making.
- Apply for impact: Use systems and measures to deliver results.

Q8. What are the broader evolving roles of the finance function?

- Reporting: Trusted source ensuring data integrity.
- Questioning: Strategic business partner enabling value creation.
- Developing solutions: Commercial analyst driving insight.
- Deploying solutions: Subject matter expert influencing strategic actions.

Applying Theory to Case Study

Q1. What is the role of the finance function in today's business environment?

At SoPa, finance supports management by preparing management accounting information and providing managers with information to assist decision-making (p.4).
Finance could support management with budgeting, profitability analysis and financial appraisal of decisions on expansion, ghost kitchens, branded dips and vertical farming. (pp.13–15).

Q2. How does SoPa reflect a VUCA business environment?

- Volatile: Food inflation, wage increases and property costs put pressure on margins (p.5).
- Uncertain: Customer reviews have become more varied, creating risk to reputation and demand (p.14).
- Complex: SoPa operates nine restaurants, uses multiple suppliers and employs over 300 people (pp.4, 15–16).
- Ambiguous: Management is considering expansion into Neeland, ghost kitchens, vertical farming and branded dips (pp.13–15).

Q3. What disruptive changes are affecting SoPa?

- Globalisation: SoPa is considering its first international expansion into Neeland (p.13).
- Technology: AI, automation, robotics and digital ordering could improve efficiency and service (pp.28–29).
- Risk and regulation: Finance must ensure compliance with corporation tax and sales tax rules (p.34).
- Consumer empowerment: The case states that "poor customer reviews on food and service" can lead to "a poor reputation", and SoPa's recent reviews now show more mixed customer experiences (pp.5, 17).
- Demographics: The industry faces high staff turnover and recruitment challenges (p.5).
- Broader stakeholder demands: Sustainability is important through green energy, recycled materials and sustainable sourcing (p.15).

F1.2 - Preparing and Interpreting Financial Statements

Theory

The Conceptual Framework

Purpose and Objective

Q1. What is the purpose of the IFRS Conceptual Framework?

To provide consistent principles that guide the IASB in developing standards and help preparers create accounting policies where no IFRS applies. It also helps users interpret IFRS.
Note: It's not itself a Standard and cannot override IFRS rules.

Q2. What is the overall objective of financial reporting?

To provide useful financial information about an entity that helps investors, lenders, and other creditors make decisions about providing resources.

Users and Decision-Making

Q3. Who uses financial statements and for what purpose?

- Investors and shareholders – decide to buy, hold or sell shares.
- Lenders and creditors – decide whether to provide or recover loans.
- Other stakeholders – assess performance, stability, and management stewardship.

Applying Theory to Case Study

Q1. What is the purpose of the Conceptual Framework?

The Conceptual Framework helps finance prepare consistent and useful financial information.
At SoPa, this supports reliable reporting of revenue, costs, assets, borrowings and tax as the business grows and considers expansion into Neeland, ghost kitchens and vertical farming (pp.13–15).

Q2. What is the overall objective of financial reporting at SoPa?

The objective is to provide useful information to users such as owners, lenders and other stakeholders.
This is important because SoPa has 2025 bank loans totalling Z$1.986m, made up of Z$1.812m non-current and Z$0.174m current bank loans (p.19).

Q3. Who uses SoPa's financial statements?

Owners: Paolo and Sofia use the accounts to assess performance and support decisions, as they still own 100% of SoPa (p.4).
Lenders: Banks use the accounts to assess SoPa's ability to repay loans (p.19).
Management: Directors use financial information to monitor profitability, budgets and growth plans (pp.18–21).

Theory

Financial Statements

Statement of Financial Position (SOFP)

Q1. What does the statement of financial position show?

It shows the entity's assets, liabilities and equity at a specific date — its overall financial position.

Q2. How are assets and liabilities classified?

They are classified as current or non-current depending on whether they are expected to be realised or settled within 12 months or the normal operating cycle.

Q3. What are examples of current assets?

Inventory, trade receivables, and cash or cash equivalents.

Q4. What are examples of current liabilities?

Trade payables, short-term borrowings, and accruals due within 12 months.

Applying Theory to Case Study

Q1. What does the statement of financial position show?

SoPa's statement of financial position shows its assets, liabilities and equity at 31 December 2025.
It shows that SoPa had total assets of Z$13.256m, total equity of Z$7.628m and total liabilities of Z$5.628m (p.19).

Q2. How are SoPa's assets and liabilities classified?

SoPa's assets are split between non-current assets and current assets.
Non-current assets include property, plant and equipment of Z$11.450m (p.19).
Current assets include inventory, other receivables and cash (p.19).
Liabilities are split into non-current liabilities and current liabilities, including bank loans, trade payables and tax liabilities (p.19).

Q3. What are SoPa's current assets?

SoPa's current assets at 31 December 2025 were:
Inventory: Z$230k.
Other receivables: Z$150k.
Cash and cash equivalents: Z$1.426m.
Total current assets: Z$1.806m (p.19).

Q4. What are SoPa's current liabilities?

SoPa’s current liabilities at 31 December 2025 were:
Current bank loan: Z$174k.
Trade payables: Z$1.450m.
Other payables: Z$1.290m.
Tax liability: Z$902k.
Total current liabilities: Z$3.816m (p.19).

This is just a sample.

Unlock the complete 127-page SoPa Theory Revision Pack.

You've seen the depth and quality of our analysis. The full pack works through the entire technical syllabus across E1, F1 and P1 in clear question-and-answer format, then applies every concept directly to the SoPa pre-seen so you know exactly how the theory turns up in the real case.

★ Complete Theory, Made Exam-Ready

Comprehensive coverage of the core examinable areas across E1 Digital Finance, F1 Financial Reporting & Taxation and P1 Management Accounting, broken into focused Q&As that strip out the noise and give you precisely what you need to know, nothing padded, nothing missing.

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This is what sets the pack apart. After each theory area we apply it straight to SoPa using the real figures, page references and scenario detail from the pre-seen, so you walk into the exam already knowing how the theory maps onto the case in front of you.

Exam-focused. Practical. Results-driven.