

Q: Allison received materials from Supplier C and updated the stock quantity in the SAP ERP system. Which ONE(1) of the functional areas does Allison belong to?

- **Options:**
 - Sales and Marketing
 - Purchasing
 - Logistics **(Correct Option)**
 - Finance

Q: Which TWO (2) of the following statements BEST explain Functional Areas?

- **Options:**
 - Issuing invoices is done by Operations.
 - Delivering finished goods to customers is done by Production.
 - Making of goods for sale to customers is done by Sales and Marketing.
 - Sales and Marketing promote the company's products. **(Correct Option)**
 - Management and tracking of stock movements is done by Logistics. **(Correct Option)**

Q: Which TWO (2) of the following statements BEST describe Functional Areas?

- **Options:**
 - Production will generate invoices to customers.
 - All vendor-related activities are managed by Purchasing. **(Correct Option)**
 - Sales and Marketing prepare and send goods to customers.
 - Physical movements of stocks are usually supported by Logistics. **(Correct Option)**
 - Customers should contact the Finance department for their complaints and issues.
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Order-to-Cash (OTC) Process

Q: Which TWO (2) of the following statements BEST describe the Order-To-Cash process?

- **Options:**
 - Order quantity in a sales order is classified as master data.
 - Billing is an optional step in the Order-To-Cash process.
 - One sales order can only have one delivery order.
 - Condition master data stores the selling prices of products. **(Correct Option)**
 - ATP is always calculated for Period 1. **(Correct Option)**

Q: Select TWO (2) of the following statements that are correct regarding ATP (Available-to-Promise).

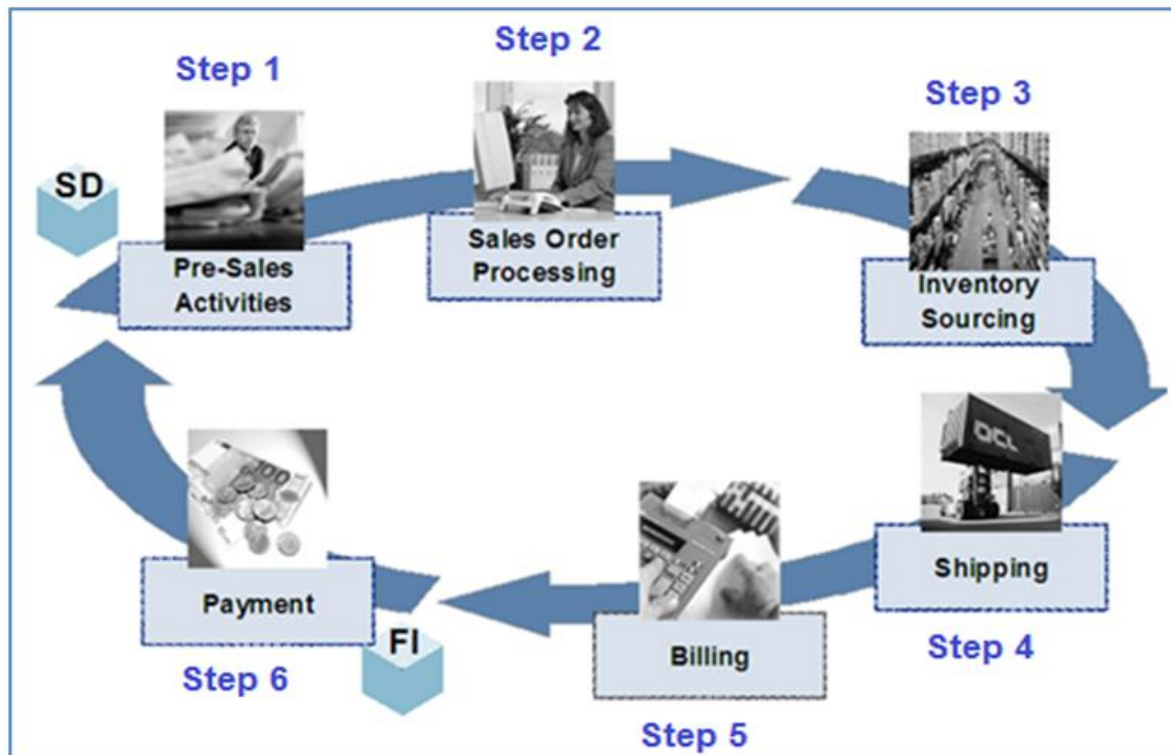
- **Options:**
 - Current inventory is always added to ATP in Period 1. **(Correct Option)**
 - ATP is only calculated for periods with and without MPS.
 - ATP is the sum of inward movement plus outward movement.
 - ATP is only calculated for periods with MPS. **(Correct Option)**
 - ATP is not calculated for Period 1.

Q: Which TWO (2) of the following statements are TRUE for the Order-to-Cash (OTC) cycle?

- **Options:**
 - Delivery Order is issued by the Logistics department to the Sales department.
 - Post Goods Issue will only be done after the customer has paid the invoice.
 - A Sales Order can be converted from multiple Sales Quotations. **(Correct Option)**
 - A Sales Order is issued by the Sales Department to the Logistics department.
 - Sales Quotation is an optional step within the OTC cycle. **(Correct Option)**

Q: Which of the TWO (2) following activities belong to the Order-to-Cash (OTC) cycle?

- **Options:**
 - Get purchase order.
 - Post Goods Issue. **(Correct Option)**
 - Create delivery order. **(Correct Option)**
 - Get quotation from supplier.
 - Receive invoice from supplier.



Q: This activity 'Preparing finished goods for delivery to customer' belongs to ONE(1) of the following Step in the diagram?

Pre-Sales

Sales order processing

Shipping (Correct Option)

Billing

Q: This activity 'Recording customer's purchase order into our ERP system' belongs to ONE(1) of the following Step in the diagram?

Pre-Sales

Sales order processing (Correct Option)

Shipping

Billing

Q: This activity 'Sending invoice to customer for goods delivered' belongs to ONE(1) of the following Step in the diagram?

Pre-Sales

Shipping

Sales order processing

Billing (Correct Option)

Inventory Management & Planning

Q: Select the TWO(2) statements of the following which BEST explain Inventory Management and Planning.

- **Options:**
 - Inventory Management and planning aim to minimize carrying costs and maximize ordering costs.
 - Stock on-hand is considered an inward movement during inventory planning. **(Correct Option)**
 - Planned order is automatically created upon receiving a customer order.
 - Lot Size will affect the quantity of inventory planned for. **(Correct Option)**
 - MRP Planning Run aims to ensure sufficient manpower for production.

Q: Select the TWO(2) statements of the following which BEST explain about LOT SIZE in the context of inventory management.

- **Options:**
 - Lot size type determines 'WHEN' material should be ordered.
 - Plan orders created using FIXED lot size settings will always have the same order quantity. **(Correct Option)**
 - Lot size type will affect the number of planned orders created by MRP. **(Correct Option)**
 - MONTHLY lot size will only create 1 planned order after MRP is executed.
 - FIXED lot size produces minimum inventories due to EXACT matching of requirements.

Q: Which ONE(1) of the following is a type of finished product?

- **Options:**
 - Mobile phone in a retail store. **(Correct Option)**
 - Mobile phone without casing.
 - Screws for a mobile phone.
 - Touchscreen for a mobile phone.

Purchasing Process & Activities

Q: Which TWO (2) of the following statements BEST describe purchasing activities?

- **Options:**

- A Purchase Requisition is a legal contract between the company and the vendor.
- During vendor selection, vendors are ranked based on a set of criteria and the vendor with the highest score is usually selected. **(Correct Option)**
- Vendor Selection must be done before the RFQ is issued.
- RFQ is issued to the vendor after the purchase order is created.
- A benefit of decentralized purchasing is that it is able to respond to local demands faster. **(Correct Option)**

Step 1	Step 2	Step 3	Step 4	Step 5
Planned Order	Purchase Requisition	Request for Quotation	Vendor Evaluation	Purchase Order

Q: Based on the above, select ONE(1) step whereby the purchaser will begin to contact vendors.

- **Correct Option:** Step 3 (Request for Quotation)

Q: Based on the above, select ONE(1) step whereby a request to purchase an item is made.

- **Correct Option:** Step 2 (Purchase Requisition)

Q: Based on the above, vendor's obligation to deliver starts after which ONE(1) step?

- **Correct Option:** Step 5 (Purchase Order)

Q: The following activities are in the purchasing process:

- **A.** Issue purchase orders to vendors
- **B.** Convert planned order to purchase requisition
- **C.** Carry out vendor evaluation
- **D.** Run MRP
- **E.** Request vendors to submit quotations

Q: Select ONE(1) correct sequence of activities in the purchasing process.

- **Correct Option:** DBECA

Q: Which TWO (2) steps are part of the purchasing process?

- **Options:**

- Deciding to buy from which vendor **(Correct Option)**
- Getting payment from the customer
- Issue order to supplier **(Correct Option)**
- Create delivery order


Q: Which TWO (2) responsibilities belong to the Purchasing department?

- **Options:**
 - Decide what is needed by other internal departments.
 - Negotiating prices with suppliers. **(Correct Option)**
 - Following up with suppliers to ensure that orders are delivered. **(Correct Option)**
 - Paying suppliers after they have delivered their products.

Three-Way Match in Purchasing

Q: Select TWO (2) statements which are TRUE for Three-Way Match in Purchasing.

- **Options:**
 - Supplier Invoice, Goods Receipt, and Sales Order are required to perform a Three-Way Match.
 - The Finance department should perform a Three-Way Match before making any payments to vendors. **(Correct Option)**
 - Vendors can only receive goods from the Logistics Department after doing a Three-Way Match.
 - Three-Way Match verifies material, price, and quantity information. **(Correct Option)**
 - Sales, Logistics, and Finance departments are involved in the Three-Way Match.

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7 
Create PR	Create RFQ	Vendor Selection	Create PO	Goods Receipt	Invoice Verification	Payment

Q: Which ONE (1) of the following steps shows three-way match is performed.

Answer: Step 6

Q: Which ONE (1) of the following steps shows user Department submits a request to purchase items?

Answer: Step 1

Goods Movement & Inventory Control

Q: Select ONE(1) statement that best describes goods moved from a warehouse in Singapore to a warehouse in Malaysia.

- **Correct Option:** Stock Transfer

Q: Select ONE(1) statement that best describes two boxes of goods damaged by water and can no longer be used.

- **Correct Option:** Transfer Posting

Q: Select ONE(1) statement that best describes finished goods packed and delivered from the warehouse to the customer.

- **Correct Option:** Goods Issue

Q: Select ONE(1) statement that best describes stock delivered by our vendor, which needs to be counted and moved to the warehouse for storage.

- **Correct Option:** Goods Receipt

Q: Select ONE(1) statement that best describes releasing raw materials for production usage after they have passed quality checks.

- **Correct Option:** Transfer Posting
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ABC Classification & Inventory Management

Q: Which of the following is TRUE for ABC classification?

- **Options:**
 - 'A' items have the highest units sold.
 - 'A' items should have the minimum level of administration required.
 - 'C' items have the lowest price.
 - 'B' items do not require accurate forecasting. **(Correct Option)**

Q: Select the following statement that best describes the advantage of wall-to-wall counting.

- **Options:**
 - ABC Classification of inventory is not required.
 - The time taken is longer.
 - All inventory figures will be accurate after the count. **(Correct Option)**
 - Less staff is needed.

Q: Which of the following statements is TRUE for Physical Inventory?

- **Options:**
 - Wall count is one of the counting methods.

- It always ensures that the actual count is equal to the stock level in the system.
- There is no impact on financial posting.
- It is to report the actual count of stock in the warehouse. **(Correct Option)**

Q: Select the statement that best describes the advantage of Cycle Counting.

- **Options:**
 - Only some staff are involved in it.
 - The time taken is longer.
 - It corrects stock level errors faster than wall-to-wall counting. **(Correct Option)**
 - It is only done yearly.

Q: Which of the following statements is TRUE for inventory control?

- **Options:**
 - Safety stock for all items must be high.
 - Small items such as screws and nails must have accurate forecasts.
 - The frequency of counting can be set based on an item's ABC classification. **(Correct Option)**
 - ABC classification means that tight control is required for all items.

Inventory Costing Methods

Q: Which of the following are TRUE for Inventory Costing methods?

- **Options:**
 - The advantage of the Standard costing method is that it is easy to use. **(Correct Option)**
 - The Average costing method may not be accurate during periods with high inflation. **(Correct Option)**
 - The FIFO costing method follows the actual physical movement of stock.
 - The LIFO costing method gives the most accurate value of ending inventory.
 - The Standard costing method ensures the biggest profits.

Q: Select the following statements which are TRUE for inventory costing.

- **Options:**

- A change in purchase price will always affect COGS in the Average Costing method. **(Correct Option)**
 - Warehouse personnel must issue the newest stock under the FIFO Costing method.
 - The Standard Costing method uses the latest purchase price for COGS calculation.
 - Profit margin is affected by the costing method used in a company. **(Correct Option)**
 - The LIFO Costing method produces higher gross profit when purchase prices are increasing.
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Goods and Services Tax (GST)

Q: Which of the following statements are TRUE for GST?

- **Options:**
 - Output tax is the tax amount that companies pay to vendors.
 - GST collected from customers is output tax. **(Correct Option)**
 - If input tax is less than output tax, companies must pay the difference to IRAS. **(Correct Option)**
 - Companies should not earn or lose money from GST. **(Correct Option)**
 - GST can help companies earn more profits.

Q: Select the statements which are TRUE for GST Policy.

- **Options:**
 - Companies that export most of their goods need not register for GST. **(Correct Option)**
 - Big companies with more than 1000 employees must register for GST.
 - GST-registered companies must have a system that can trace the GST amount back to the originating transaction made by the company. **(Correct Option)**
 - Non-GST registered companies do not have to pay for GST from supplier invoices.
 - GST-registered companies must submit GST returns reports to IRAS every month.

Q: Select the statements which are TRUE for GST Policy.

- **Options:**
 - A company with sales revenue less than \$1 million cannot register for GST.

- A company that is GST-registered must display the GST registration number in their tax invoices to customers. **(Correct Option)**
- When a GST-registered company issues a credit note to a customer, the GST amount is not included.
- A company with sales revenue greater than \$1 million need not register for GST if all their products are exported. **(Correct Option)**
- The company's IT system only needs to provide a summary of the total GST amount and not the GST amount for individual transactions.

Accounts Receivable (AR), Accounts Payable (AP), and General Ledger (GL)

Q: Which of the following statements are TRUE for AR/AP/GL?

- **Options:**
 - Accounts Payable keeps track of how much customers need to pay the company.
 - Receiving invoices from suppliers will update Accounts Payable. **(Correct Option)**
 - Accounts Receivables keep track of the amount of stock the company should receive from their suppliers.
 - Billing a customer will update the General Ledger. **(Correct Option)**
 - Accounts Receivables keep track of how much the company needs to pay vendors.

Q: Which of the following statements are TRUE for Accounting?

- **Options:**
 - Control accounts are a summary of the balances in a subsidiary ledger. **(Correct Option)**
 - Reconciliation accounts are the link between control accounts and the general ledger.
 - Control accounts are the link between subsidiary ledgers and the general ledger. **(Correct Option)**
 - Accounts Payable and Accounts Receivables are general ledgers.
 - Finance oversees Accounts Payable and Accounts Receivables. **(Correct Option)**

Subsidiary Ledgers and General Ledger

Q: Select the statements which are TRUE for Subsidiary Ledgers and General Ledger.

- **Options:**
 - There is only one control account in the AP subsidiary ledger.
 - Subsidiary Ledgers summarize the balances of all general ledgers.

- AP subsidiary ledgers track customer payments in detail.
- AR subsidiary ledger is updated when customer invoices are generated. **(Correct Option)**
- Subsidiary ledgers are linked to the general ledger through control accounts. **(Correct Option)**

Q: Select the statements which are TRUE for Subsidiary Ledgers and General Ledger.

- **Options:**
 - Only one reconciliation account is allowed in the general ledger.
 - Subsidiary ledgers are also known as control accounts.
 - Creation of customer invoices impacts AR subsidiary ledgers. **(Correct Option)**
 - There is no link between subsidiary ledgers and the general ledger.
 - AP subsidiary ledgers track suppliers' payments in detail. **(Correct Option)**

Q: Select the statement which is TRUE.

- **Options:**
 - Post Goods Issue will update Accounts Receivable.
 - Customer making payment to the company will update Accounts Receivable. **(Correct Option)**
 - Receiving a billing from a supplier will not update Accounts Payable.
 - Issuing a Purchase Order will update Accounts Payable.

Q: Select the statements which are TRUE for Credit Management.

- **Options:**
 - Dunning letters can be issued to customers who have already settled their payments.
 - Ageing report provides an overview of receivables status. **(Correct Option)**
 - Sales order can be blocked when credit limit is more than credit exposure.
 - Customer's credit limit is determined during the credit term granting process. **(Correct Option)**
 - Customer's credit limit cannot be changed once it is set in the system.

Exam questions answers:

1. Which **TWO (2)** of the following are places where company keep their finished goods ?

- a) Plant
- b) Client
- c) Sales Organization
- d) Company Code

e) Storage location

2. Which **TWO (2)** of the following information are found in Master Data in Sales Order for mobile phone?

- a) Cost of touchscreen panel
- b) Model of the mobile phone
- c) Mobile phone is blue in colour
- d) Address of mobile phone casing supplier
- e) Tax charged by supplier of camera for mobile phone

3. Which **TWO (2)** of the following will increase inventory of warehouse?

- a) Inquiry
- b) Factory production
- c) Delivery to Customer
- d) Purchase Orders
- e) Sales Orders

4. Which **TWO (2)** of the following statements are **TRUE**?

- a) Delivery of Sales Order is always based on customer request date
- b) There is always only 1 delivery date for Sales Order
- c) On hand stock amount may not always be enough to support Sales Order
- d) New delivery dates of Sales Order can be proposed to customer
- e) Finance can start the delivery process of Sales Order

5. Which **TWO (2)** of the following best describe Planned Orders?

- a) Raw materials can be produced by another department in the same company
- b) Post Good Issue is done
- c) Raw materials are bought from vendor
- d) Supplier invoice will be updated
- e) Material document will be generated

6. Which **TWO (2)** of the following explain the need for Safety Stock?

- a) Customer forecast demand is not reliable
- b) It is used for Post Good Issue
- c) Delivery date from supplier is always changing
- d) Goods to be delivered by supplier
- e) Raw materials needed for production

7. Which **TWO (2)** of the following departments are involved in the purchasing process ?

- a) Purchasing
- b) Sales
- c) Finance
- d) Production
- e) Marketing

8. Select 2 statements that are TRUE about Centralized Purchasing:

- a) Eliminate duplication of effort
- b) Purchasing process is faster
- c) Enjoy better discounts due to large volume purchases
- d) Different plants will make purchases on their own
- e) Develop better relationship with customers

1. Which of the following are affected by Goods Receipt?

(It is possible to have more than 1 answer and answer in this format: E.g AB or ABC)

- A. Purchase Order History
- B. Sales Order
- C. Billing invoice to customer
- D. On-Order Stock
- E. Inventory Valuation

2. Which of the following will increase inventory of Plant 1?

(It is possible to have more than 1 answer and answer in this format: E.g AB or ABC)

- A. Goods reject from customer
- B. Goods receipt from vendor
- C. Goods are delivered to customer
- D. Stocks are moved from quality inspection to unrestricted
- E. Stocks are being transferred from Plant 2 to Plant 1

3. Select the statements which are **TRUE** for ABC Classification.

(It is possible to have more than 1 answer and answer in this format: E.g AB or ABC)

- A. Classification of an item depends on price only
- B. Items classified as 'C' represent a very small portion of the total inventory value
- C. 'A' items must have the highest safety stock levels
- D. Items that require highly accurate forecasting should be categorized as 'A'
- E. Items classified as 'B' should have low level of safety stock

4. Which of the following are types of counting for physical inventory?

(It is possible to have more than 1 answer and answer in this format: E.g AB or ABC)

- A. Wall Counting
- B. Cycle Counting
- C. Wall-to-Wall Count
- D. ABC Counting

E. Tolerance Counting

5. Choose the following which are **TRUE** regarding Cost of Goods Sold.
(It is possible to have more than 1 answer and answer in this format: E.g AB or ABC)

- A. It indicates total costs in manufacturing the products sold by company
- B. It can be used to calculate total revenue earned by company
- C. It can be used to calculate profits
- D. It indicates total cost of balance inventory
- E. It indicates inflation

6. Select the following statements which are **TRUE** for GST Policy.
(It is possible to have more than 1 answer and answer in this format: E.g AB or ABC)

- A. A company with sales revenue less than \$1 million may register for GST
- B. A company must always include input tax for their vendor invoices
- C. Every item bought must be always include GST tax
- D. A company with sales revenue greater than \$1 million cannot register for GST
- E. Company needs to pay GST for supplier invoices if suppliers are GST registered

7. Select the statements which are **TRUE** for Physical Inventory.
(It is possible to have more than 1 answer and answer in this format: E.g AB or ABC)

- A. Wall-to-Wall Count is done less often than Cycle Counting.
- B. Cycle Counting can be used to focus on low value items.
- C. In Wall-to-Wall Count, low-value items are counted more often than high-value items.
- D. Cycle Counting requires lesser staff than Wall-to-Wall Count.
- E. ABC classification has no impact on Wall-to-Wall Count.

8. Which of the following describe Accounts Receivable Control Account/ Reconciliation Account in General Ledger?
(It is possible to have more than 1 answer and answer in this format: E.g AB or ABC)

- A. It contains invoices of 1 customer only
- B. It contains payment of invoices by 1 customer only
- C. It contains invoices of all customers
- D. It contains payment of invoices by all customers
- E. It contains invoices of some customers

ESE Revision Paper

1. Which of the following are **TRUE** for ABC classification?

- A. 'A' items have the highest units sold.
- B. 'C' items should have the minimum level of administration required.
- C. 'C' items have the lowest price.
- D. 'B' items do not require accurate forecast.
- E. 'A' items have high safety stock

2. Select the statements which are TRUE for Account Payable and Accounts Receivable.

- A. Creating a Sales Order will update Accounts Receivable.
- B. Receiving payment from a customer will update Accounts Receivable.
- C. Invoice Verification of a supplier invoice will update Account Payable.
- D. Billing a customer will not update Accounts Receivable.
- E. Goods receipt will update Accounts Payable.

3. Select the statements which are TRUE for inventory costing.

- A. A change in purchase price may affect COGS in Average Costing method
- B. Warehouse personnel must issue the newest stock under FIFO Costing method
- C. Standard Costing method uses the latest purchase price for COGS calculation
- D. Profit margin is affected by the costing method used in a company
- E. LIFO Costing method produces higher gross profit when purchase prices are increasing

Q: Company A is manufacturing shoes to sell to customer and customer is asking for earlier delivery of shoes.

- i. State another 2 departments (other than Sales & Marketing) are involved.
- ii. Explain why Sales & Marketing is involved.

- i. Production and Logistics
- ii. Sales & Marketing will be discussing with customer on the delivery date

5.

Select the statements which are TRUE for GST Policy.

- A. Companies with annual turnover less than one million SGD can opt for Voluntary GST Registration.
- B. A company with 100 employees or more must register for GST.
- C. GST value can be calculated and recorded in any currencies.
- D. GST registered companies can choose to include or exclude GST amount in their tax invoices.
- E. GST registered companies must submit GST returns report to IRAS.

6.

Select the statements which are TRUE for Inventory Management.

- A. Inventory Management helps to optimise both carrying and order costs.
- B. Purchase order is considered as a supply during inventory planning.
- C. Planned order is always created upon receiving customer order.
- D. MRP Type affects how inventory will be planned.
- E. MRP Planning Run aims to ensure sufficient manpower for production.

7.

Which TWO (2) of the following statements are TRUE for Planning?

- A. MRP Type affects when to order stock.
- B. Economic Order Quantity (EOQ) will calculate the lowest possible carrying cost.
- C. Safety stock and lead time will affect your reorder point.
- D. An increase in the replenishment lead time will lead to a lower reorder point.
- E. It will not increase profits

8.

Which of the following statements are TRUE for SAP Organisational Structure?

- A. Company Code is the highest level of the Organisational Structure.
- B. A Storage Location represents a Warehouse.
- C. Each Client has its own set of master data.
- D. A Plant can represent a Factory.
- E. 1 Company Code can only have 1 plant.

9.

Select the statements which are TRUE for Sales Order Processing.

- A. Condition master data stores the selling prices of products.
- B. A sales quotation must be created before you can create a sales order.
- C. Product's description is stored in the material master data.
- D. Supplier address is required when creating a new sales order.
- E. Tax rate is stored in the output master data.

10.

Which of the following steps are parts of the purchasing process?

- A. PO monitoring
- B. Monitoring receivables
- C. Goods receipt
- D. Post goods issue
- E. Billing invoice