THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Certificate in Accounting and Finance Stage Examination

Management Accounting

Examiners' Comments **Autumn 2026**

PASSING %

Question-wise									Overall
1	2	3	4	5	6	7	8	9	
53%	38%	46%	67%	74%	64%	26%	49%	10%	38%

GENERAL COMMENTS

The overall pass rate improved compared with the previous attempt. Nevertheless, examinees continued to perform poorly on questions relating to the decision-making grid. This remains a challenging area, indicating a persistent gap in understanding and insufficient practice in applying decision-making techniques. Examinees are advised to study and practice this compulsory grid more thoroughly to improve their results.

QUESTION-WISE COMMON MISTAKES OBSERVED

Question 1

The lowest success rates among the MCQs were recorded for (i) and (ii).

Question 2

- 'Raw material – Job 101/202' was debited instead of 'Work-in-process – Job 101/202'. In addition, 'Raw material consumed' was credited instead of 'Raw material'.
- Job numbers were omitted from the 'Work-in-process' account titles.
- Journal entries were prepared for the purchase of materials and payment of wages.
- Debit and credit entries were reversed when the transactions were recorded.

- Journal entries were passed for indirect materials used to repair a machine dedicated exclusively to Job 202 and for material used to paint the factory building.

- Opening work-in-process was omitted when calculating the total cost of Job 101 on completion.

- The cost of direct materials transferred from Job 101 to Job 202 was not deducted from the cost of Job 101.

- The entire cost of Job 101 was transferred to finished goods without allocating the cost of the 50 units rejected as an abnormal loss.

Question 3

- When deriving the actual material price per kg, the favourable material price variance was added to the standard price instead of being deducted.

- The standard variable factory overhead rate per labour hour was incorrectly treated as the variable overhead cost per unit, without multiplying it by standard labour hours per unit.

- Contribution per unit was used instead of standard profit per unit when calculating the sales volume profit variance.

- Actual figures were used instead of standard figures to calculate the sales volume profit variance.

- When calculating standard material and labour costs per unit for the sales volume profit variance, the standard material price per kg and standard labour rate per hour were not multiplied by the respective standard material consumption and standard labour hours per unit.

Question 4

- Budgeted factory overheads were not calculated, despite being an explicit requirement of the question.

- Budgeted factory overheads were compared with actual factory overheads instead of comparing overheads applied to production with actual overheads incurred to determine under- or over-applied overheads.

- Actual direct labour hours per unit were used with budgeted production units, and budgeted direct labour hours per unit were used with actual production units, when calculating budgeted and actual labour hours. In other cases, production units were multiplied by the incorrect labour hours per unit.

- Incorrect account titles were used to record under-applied factory overheads, or the debit and credit entries were reversed.

Question 5

- Manufacturing costs were incorrectly classified in the statement of cost of goods manufactured. For example, indirect materials were included in prime cost/direct costs instead of factory overheads, or factory supervisors' salaries were classified as direct labour.

- Administrative expenses were included in the statement of cost of goods manufactured, although they are not manufacturing costs.

- Opening and closing finished goods inventories were included in the statement of cost of goods manufactured, although they are relevant to the calculation of cost of goods sold.

Question 6

- When calculating the raw material cost excluding wastage for the first batch, Rs. 21,000 was multiplied by 95% instead of being divided by 105%.

- For subsequent batches, the total material cost of the preceding batch was reduced by 10%, instead of reducing only the wastage component by 10%.

- The labour hours required for the first batch were not calculated, or the number of seats produced in each batch was not accounted for when applying the learning curve.

- The learning curve was applied to the sixth batch, although the question stated that the labour time per unit applicable to the fifth batch would remain unchanged for the sixth batch.

- The contribution margin percentage was not calculated before concluding whether the order should be accepted, and the required minimum contribution margin of 30% was not used as the basis for the conclusion.

Question 7

- Department-wise quantity schedules were prepared, although they were not required to calculate closing inventory costs.

- The quantity of Product A available for sale after transferring the required quantity to Department II was either not calculated or calculated incorrectly.

- Joint costs were allocated between Products A and B on the basis of production quantities instead of their net realisable values at the split-off point.

- Costs incurred in Department II were not calculated; instead, only the joint cost allocated to Product B was used to value the closing inventory of Product Z.

- The quantity of raw material R required for production in Department II was calculated incorrectly.

- Factory overheads were allocated between departments using the labour rate per hour instead of the direct labour hours worked in each department.

- When calculating the cost per unit of Product A, the joint cost attributable to Product B and transferred to Department II was not deducted from the relevant joint costs.

Question 8

- The units of Standard and Premium sold in 20X6 were calculated incorrectly. In particular, 300 units were treated as the combined quantity of both products and divided by two, although 300 units represented the quantity of each product sold.

- The 20X7 sales revenue was calculated by increasing only the 20X6 selling prices by 10%, while ignoring the expected increases in sales quantities. Alternatively, both quantity growth factors (1.05 and 1.08) were applied to total 20X6 sales revenue instead of applying the relevant growth rate to each product separately.

- The 20X7 raw material cost was calculated by multiplying the total 20X6 raw material cost of Rs. 44 million by both 1.06 and 1.25, without distinguishing between the increase in the cost of common raw materials and the increase in the cost of the special material used exclusively in Premium.

- The expected increase in sales quantities was not taken into account when calculating the 20X7 direct labour cost and variable factory overheads.

- Variable operating expenses were not increased in line with the expected increase in sales revenue when preparing the 20X7 forecast.

- Rs. 96 million was used as the budgeted sales revenue when calculating the margin of safety for 20X7, instead of calculating the forecast sales revenue for 20X7.

Question 9

- Under Option 1, Product A's sales volume was reduced by 20% instead of applying the stated 80% decline.

- When Product A's sales volume was reduced under Option 1, the related variable costs were not reduced accordingly. In some cases, fixed costs were also reduced.

- When calculating revised raw material purchases following a reduction in production and sales, the net purchase cost was not grossed up to determine gross purchases before applying the

supplier's discount. In some cases, the 10% discount was continued even when gross purchases fell below the threshold at which the discount would reduce to 4%.

- Labour hours were not separated into normal and overtime hours when applying the normal capacity limit of 40,000 hours and calculating the relevant labour costs.

- Idle labour hours arising from the reduction in production were not calculated, despite the requirement to pay idle labour at Rs. 320 per hour.

- Contribution was calculated instead of revised operating profit as required in the question.

- Under Option 2, costs were reduced by 30% along with the selling price, although only Product A's selling price was required to be reduced by 30%.

- Under Option 3, similar errors to those under Option 1 were observed, including errors in calculating material costs, labour costs and the effect of discontinuing Product A.

(THE END)