

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Certificate in Accounting and Finance Stage Examination

Management Accounting

Examiners' Comments

Spring 2026

PASSING %

Question-wise									Overall
1	2	3	4	5	6	7	8	9	
47%	83%	13%	74%	65%	25%	41%	4%	34%	33%

GENERAL COMMENTS

Under the Education Scheme 2025, this paper has been relocated from CAF-3 to CAF-5. Consequently, a significant decline in the number of students appearing in this paper was observed.

In this session, a decline in performance was noted as compared to the previous attempt's pass rate of 37%. However, first-attempt students in the current Management Accounting paper achieved a significantly higher pass rate of 50%, compared to 37% in the previous attempt under the earlier Cost and Management Accounting scheme.

The decline in the overall result is largely attributable to poor performance in the 'Decision Making' question (Q. 8), which carried 18 marks but reflected a pass rate of only 4.13%.

QUESTION-WISE COMMON MISTAKES OBSERVED

Question 1

MCQs (vi) and (vii) were the least performed MCQs.

Question 2

- Annual demand was not grossed up to account for the 90% yield.
- The cost of financing the purchase price of inventory was applied to 390 instead of 380.
- Fixed storage charges were included in the holding costs of inventory.
- Variable transportation cost of Rs. 10 per kg was included in the ordering costs.
- Delivery charges of Rs. 15,000 per consignment were not included in the ordering costs.

Question 3

- Only sales of products A and B were reduced, and the cost of sales was ignored.
- An increase in normal labour hours available as a result of a reduction in the production of products A and B was ignored.
- 3% normal processing loss was ignored in determining the requirement for raw material X.
- Supervisors' salaries were computed for one month instead of the whole year.
- The cost of all labour hours was computed at the normal rate, ignoring overtime.

Question 4

- Increase/decrease in sales quantities was ignored.
- The impact of an increase/decrease in sales quantities on production costs was ignored.
- Margin of safety % was not computed or computed incorrectly by dividing break-even sales by projected sales.

Question 5

- The cost of electricity and power was allocated on the basis of machine hours per unit instead of total machine hours consumed in each department.
- Depreciation on machines was allocated on the basis of machine hours per unit instead of total machine hours consumed in each department.
- Incorrect simultaneous equations were formed.
- The repeated distribution method was used even though it was clearly mentioned in the question that WL uses the simultaneous equation method for apportioning service departments' costs to production departments.

Question 6

- Selling prices of the previous year were used instead of current selling prices in computing NRV.
- The units sold during the year and the variable selling cost per unit were wrongly calculated.
- NRV of units with and without repairs was not computed.
- While using the 'sale after repair' option, the sale price of damaged units without repair was used to calculate NRV.

Question 7

- A proper profit and loss account was not prepared, and all figures were placed in a haphazard manner.
- Only calculations were made, and no statement was prepared.
- Consumption of stores and spares was included in raw material consumption instead of being treated as factory overhead.
- Opening and closing WIP units were ignored while computing the equivalent production units.
- Depreciation was treated as a variable cost.
- The cost of permanently employed indirect labour was treated as a variable cost.
- Fixed manufacturing costs were also included in the valuation of inventories.
- Selling and distribution costs were also included in the valuation of inventories.

Question 8 (a)

- Fixed factory overheads were also included in determining the variable production cost of Product A99.
- The additional number of units of product A99 that could be produced if component X is purchased was not calculated.
- The same sales quantity was used under both options.
- Labour hours to be consumed on assembling the final product were ignored.
- Labour hours required per unit of each raw material were computed incorrectly.
- The cost of only one unit of X was taken for producing product A99 instead of 2 units when purchasing from outside.

Question 8 (b)

Financial instead of non-financial factors were discussed.

Question 9 (a) (b) & (c)

- Material price variance was computed based on quantities purchased.
- Material price variance was computed based on the production of one unit of D-Star rather than per kg of D1 and D2.
- Material usage variance was computed instead of material yield variance. Many examinees computed both variances, which did not earn additional marks but resulted in a loss of valuable time.
- Labour variances were calculated, which were not required.
- Wrong formulas were used to calculate efficiency and capacity variances.

(THE END)