

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Certificate in Accounting and Finance Stage Examination

Managerial and Financial Analysis

Examiners' Comments

Autumn 2025

PASSING %

Question-wise								Overall
1	2	3	4	5	6	7	8	53%
91%	32%	52%	39%	2%	81%	69%	23%	

GENERAL COMMENTS

Overall, the performance in this examination was almost identical to that of the previous session. While most examinees demonstrated a reasonable understanding of basic concepts, many struggled to apply theoretical knowledge to practical scenarios. Weaknesses were observed in analytical reasoning, planning, and interpretation of question requirements, highlighting the need for greater emphasis on conceptual clarity and structured problem-solving in future examinations.

QUESTION-WISE COMMON MISTAKES OBSERVED

Question 1

MCQs at serial (viii), (xi), and (xii) were the least performed.

Question 2

- Examinees were unable to differentiate between the resources and competencies, often mixing the two. They also showed confusion between threshold and unique resources as well as between threshold and core competencies, frequently providing examples belonging to the other type.
- Examinees were unfamiliar with the term 'sustainable core competencies' and interpreted it in the environmental context rather than in relation to durability and difficulty of imitation of a competency.

Question 3

- Examinees confused the concepts of fairness and rightness within the Tucker Five-Question model, leading to incorrect answers.
- Examinees failed to provide any recommendation or advice as required by the question.

Question 4

- Examinees listed the four stages of the product lifecycle in general terms rather than identifying the specific events described in the given situation.
- Examinees were able to identify key costs associated with each stage, but they were unable to propose an appropriate marketing strategy, indicating a lack of ability to apply theoretical knowledge to practical scenarios.

Question 5

This question, which required the preparation of a cash budget, demanded careful planning before attempting the solution. However, most examinees demonstrated weak planning skills and consequently overlooked several key considerations, such as:

- The time lag between sales and collection in cash on delivery and credit card was the same, whereas that of high-value items was different.
- The effect of gross margins and the opening and closing stock when determining purchases and related payments for the quarter.
- The delay in collection from credit card sales occurred five days after the actual sales.

As a result, examinees were unable to secure high marks.

Question 6

- While the question was attempted well by examinees, many examinees failed to provide a recommendation on the possible course of action for the company.
- Some examinees also applied incorrect exchange rates, confusing bid and ask rates when determining the effective exchange rate.

Question 7

- Examinees overlooked the fact that the current market price was cum dividend and therefore failed to calculate the ex-dividend price necessary for the determination of the cost of equity
- Examinees made errors in calculating market values of share capital and bonds, leading to inaccuracies in WACC calculations.

Question 8

- The NPVs of Projects A and B were computed over four years instead of five.
- The savings under Project A were incorrectly computed due to errors in one or more relevant factors — namely, growth in volume, increase in variable cost per unit, and savings per unit.
- The incremental contribution under Project B was incorrectly determined by miscalculating one or more relevant factors — such as growth in volume post-expansion, growth in volume pre-expansion, and an increase in contribution margin.

(THE END)