

INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN EXAMINERS' COMMENTS	
SUBJECT Managerial and Financial Analysis (MFA)	SESSION Certificate in Accounting and Finance (CAF) Spring 2025

Passing %

Question-wise								Overall
1	2	3	4	5	6	7	8	
85%	46%	39%	36%	5%	69%	80%	33%	54%

General comments

During this examination session, performance improved notably, with the pass rate increasing to 54%, up from 45% in the previous session. MFA's result has shown consistent progress across successive sessions, with the pass rate also reaching 54% in the session before last. The dip in performance occurred in the last session, primarily due to below-average scores in Section B, particularly the budgeted cash flow question.

Question-wise common mistakes observed

Question 1

MCQs at serial (iii), (xiv), and (xv) were the least performed.

Question 2

- Examinees were unable to differentiate between the most critical and less relevant controls. In some cases, vague terms such as 'good control' and 'better control' were used rather than clearly specifying the level of criticality.
- Examinees also failed to provide justifications for their classification.

Question 3

- Examinees struggled to apply the AAA model in a structured manner. A common issue was the failure to address all seven steps of the model, often omitting key steps such as alternative courses of action or matching norms, principles, and values.
- Examinees lacked clarity and coherence, with issues or considerations from one step being misplaced under another. This mixing of ideas diluted the logical flow and undermined the overall ethical reasoning.

Question 4(a)

- Examinees were unable to identify and address all six factors of the PESTEL framework.
- Some examinees focused on company-specific details such as product features or competitive advantages, instead of analyzing the broader industry trends and external environment factors.
- Some examinees lacked clear structure, with considerations meant for one factor (e.g., legal) incorrectly placed under another (e.g., political)

Question 4(b)

- Examinees failed to clearly distinguish between internal factors (Strengths and Weaknesses) and external factors (Opportunities and Threats), resulting in misclassification of several observations.
- Examinees repeated the same point under multiple factors, indicating a limited understanding of the fundamental differences between each element of the SWOT framework

Question 4(c)

Examinees provided only overly generalized benefits of the built-in app, such as increased profitability or revenue, rather than highlighting specific advantages like enhanced customer confidence, a solution to common EV concerns, or insights into charging patterns.

Question 5(a)

Examinees failed to consider that the interest rate option was already purchased and the premium cost, being already incurred, was a sunk cost for the purpose of decision making.

Question 5(b)

- Examinees incorrectly selected the put option, instead of the appropriate call option, leading to the incorrect determination of the net effective exchange rate
- Examinees failed to properly compute the premium on options. In some cases, the premium was mistakenly added to the expected receipts instead of being correctly deducted.
- Examinees failed to provide proper justification for their conclusion. They failed to consider that although there was a likelihood of a favorable future spot rate, the risk of adverse movement was substantial, and therefore it was reasonable to hedge the exposure.

Question 6

- Examinees failed to allocate important cash flows to their correct years, such as recognizing government subsidies in the second year instead of the first, and additional investments in the fourth year instead of the third.
- Examinees overlooked other important impacts, such as loss from working capital release and gain on sale of equipment for the purpose of tax calculation.

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 determination of cost of equity.
- Examinees failed to calculate the dividend growth rate and instead used the expected market price growth to determine the cost of equity.
- Examinees made errors in calculating the market values of ordinary and preference share capital, leading to inaccuracies in WACC calculations.

Question 8

Examinees made several errors in determining the amounts required for the budgeted profit and loss account. Common mistakes included:

- Computing revenue for WildLand and WaveLand based on monthly visitor numbers rather than annual visitor numbers.
- Overlooking the impact of group size when calculating food and beverage revenue.
- Incorrectly calculating revenue for WildWave Arena without factoring in the number of weekly shows.
- Failing to account for the number of new shows per year when determining the annual production cost for the theatre.
- Neglecting to exclude the non-CapEx expenditure of 200 million from the depreciation calculation.

(THE END)