THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Certificate in Accounting and Finance Stage Examination

Business Insights and Analysis

Examiners' Comments **Autumn 2026**

PASSING %

Question-wise									Overall
1	2	3	4	5	6	7	8	9	49%
59%	55%	81%	36%	50%	36%	32%	63%	33%	

GENERAL COMMENTS

Performance in this session was slightly weaker than that of the preceding attempt. While foundational knowledge was adequately demonstrated across most areas, many examinees again struggled with the descriptive questions, where answers were often generic, limited to a single point, or not placed under the required headings. Question 6(a) was a particular concern: unlike the computational questions usually set on financial risk management, it required a descriptive discussion of the suitability of the proposed measures, and performance was weaker as a result. Improvement in examination technique, particularly in reading requirements carefully and using the information given in the scenario, remains an area requiring attention.

QUESTION-WISE COMMON MISTAKES OBSERVED

Question 1

- MCQs at serial (iv), (v) and (vii) were the least performed.

Question 2

- While examinees were generally able to determine the correct intensity of each force, many gave only one explanation per force and did not address the other relevant information in the scenario. For example, under competitive rivalry, they noted the absence of significant price competition but did not mention the long-term supply agreements. Under supplier power, they covered supplier fragmentation but not SRML's ability to switch suppliers freely.

- Examinees failed to identify the 35% import tariff as the single most important factor that could change SRML's competitive position, as its removal would weaken several of the five forces at once.

Question 3

- While examinees were generally able to classify the products correctly, many failed to recommend appropriate strategies for the Cash Cow and the Question Mark. For the Cash Cow, they recommended further investment instead of maintaining its position with minimal investment. For the Question Mark, they did not explain what would justify any further investment.

- While examinees were able to identify the emotional brand association of Snap Corn, which makes the Dog strategy of divestment inappropriate, many failed to identify Spice Pop as a product for which the Star strategy may not be appropriate. Its market share was achieved through a six-month promotional pricing campaign, which reflects stimulated demand rather than sustainable customer preference.

Question 4

- Examinees defined sustainability instead of sustainability reporting. Consequently, they gave the benefits of sustainability rather than the benefits of sustainability reporting.

- Examinees frequently mixed up internal and external benefits. For example, they stated that shareholders and customers valuing the company is an internal benefit, whereas it is an external one.

- Examinees frequently failed to give two distinct examples of positive and negative indicators under each pillar, and instead repeated the same example in different words. For example, under the Environmental pillar, solar energy and wind energy were given as two separate positive indicators, although both represent the use of renewable energy.

Question 5

- Examinees were unable to apply the AAA model properly. Their answers were superficial and generic, and their points were not placed distinctly under the four steps of the model.

- Some examinees also attempted to apply all seven steps of the model instead of the four steps specified in the question.

- Examinees did not recommend reporting the matter internally first, by escalating to the Board, before disclosing it to the government client. Internal escalation is the normal ethical reporting approach, as it allows the entity to correct the matter itself and limits potential damage.

Question 6

- Examinees were unable to identify the financial risk that most of the measures were intended to manage. Even where the risk was correctly identified, they failed to assess the suitability of the measure. In particular, they did not recognize that a currency call option and a lender's option were inappropriate, and that a currency put option and a borrower's option, respectively, should have been recommended instead.

- Examinees selected a currency call option instead of a put option. As an exporter expecting to receive euros, ABC needs the right to sell foreign currency, which is provided by a put option, not a call.

- Some examinees made errors in determining the number of option contracts. The EUR 2 million receivable divided by the contract size of EUR 250,000 gives 8 contracts, and the premium and exercise fee had to be applied to this number.

Question 7

- Examinees did not identify machine hours as the limiting factor, and prepared the budget on the marketing department's sales forecast even though it required 72,000 machine hours against 66,000 available.

- Examinees who attempted to rank the products ranked them on contribution per unit instead of contribution per machine hour.

- As a consequence of not recognizing the limiting factor, the figures in the budgeted statement of profit or loss were based on the forecast units (180,000 Granola and 240,000 Muesli) instead of the optimal units (180,000 Granola and 200,000 Muesli), which overstated sales, variable costs and profit.

Question 8

- Examinees ignored the minimum purchase commitment under Option 1, and paid STL only for actual demand in Years 1 and 2 (600,000 and 660,000 cartons) instead of the minimum of 700,000 cartons.

- Examinees overlooked the maximum capacity of 650,000 cartons of the new production line under Option 2. Instead of manufacturing up to capacity and outsourcing only the excess demand to LTL, they manufactured the full demand in-house.

- Examinees applied the growth rates from Year 1 instead of Year 2. The Year 1 demand, selling price, and costs were given, and the growth of 10% in demand, 6% in price, and 5% in costs applied only from Year 2. This distorted the sales, costs, and outsourced quantities in all later years.

Question 9

- Examinees did not determine the current dividend of Rs. 12.00. They either did not calculate it at all or used the expected dividend of Rs. 12.60 for next year in its place.

- Examinees used the wrong share price when calculating the cost of equity. For Option 1, they used the rights issue price of Rs. 60 or the current price of Rs. 98, instead of the ex-rights price of Rs. 93.

- Examinees adjusted for the 30% corporate tax rate in their calculations, even though it is not relevant to the cost of equity under the dividend growth model.

(THE END)