THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Strategic Case Study

Examiners' Comments **Summer 2026**

PASSING %

Question-wise									Overall
1a	1b	1c	2a	2b	2c	2d	3a	3b	
27%	35%	18%	42%	88%	7%	75%	26%	51%	46%

GENERAL COMMENTS

This is the first examination of this paper. Overall, examinees demonstrated a reasonable understanding of the concepts tested in the paper, as reflected by an overall pass rate of 46%. However, many responses lacked sufficient analytical depth and did not adequately apply technical knowledge to the specific circumstances of the case study. Examinees are reminded that the Strategic Case Study examination requires well-structured, reasoned responses that integrate financial, operational and strategic considerations and are supported by relevant information from both the pre-seen material and the examination scenario.

QUESTION-WISE COMMON MISTAKES OBSERVED

Question 1a

- Examinees frequently presented ratio calculations or descriptions of movements with limited interpretation or evaluation by relating them to the financial, operational and non-financial information provided in the scenario, such as strategic targets, fleet utilisation, average mileage, customer satisfaction and employee turnover.

- Examinees focused primarily on profitability while giving limited attention to the company's deteriorating liquidity and working capital position, including the movement from a cash balance to a bank overdraft and adverse changes in receivables and inventory.

Question 1b

- Examinees often provided generic recommendations that did not adequately address the underlying causes of KMCH's working capital issues identified in the scenario, such as delayed invoicing, precautionary inventory purchases and advance payments to suppliers.

- Examinees focused primarily on receivables and payables management, while giving limited attention to inventory management and cash flow forecasting.

Question 1c

- Examinees evaluated the fleet renewal proposal primarily from a financial perspective and gave limited consideration to its operational and strategic implications.

- Examinees frequently overlooked the relationship between the ageing fleet and operational performance, including its impact on vehicle utilisation, maintenance requirements and customer satisfaction.

- Examinees often did not discuss the operational efficiency gains arising from the fleet renewal programme, such as more predictable maintenance cycles, fewer emergency interventions, smoother scheduling and their positive impact on employee productivity and retention.

- Examinees generally did not address the risks associated with the fleet renewal programme. A balanced evaluation should also consider the implementation risks before arriving at a recommendation.

Question 2a

- Examinees identified some of the non-financial benefits associated with the proposed expansion. However, future growth potential and operational learning and capability development were frequently overlooked.

- Examinees also gave limited attention to important risks associated with the proposed expansion, particularly increased operational complexity and the challenge of maintaining consistent service quality across multiple locations.

- Examinees did not address the implementation challenges associated with the proposed expansion, despite this being an explicit requirement of the question.

Question 2b

- Examinees either omitted or made errors in the calculation of the terminal value, resulting in incorrect business valuations.

- Examinees failed to calculate the post-money and pre-money valuations and, consequently, were unable to evaluate the valuation implied by Lioncrest's investment offer.

Question 2c

- Examinees generally did not provide appropriate advice to the Board on how to respond to Lioncrest's due diligence concerns. Much of the relevant information required to address the two due diligence matters in the context of the scenario was absent from their responses.

- Examinees demonstrated a limited understanding of the rent-a-car industry. The pre-seen information, which is a distinguishing feature of the SCS examination, is provided approximately 30 days before the examination to enable examinees to develop a broader understanding of the business and industry in which the case organisation operates. Consequently, many responses did not incorporate relevant industry information, such as utilisation trends, route profitability, vehicle breakdown trends, workshop capacity, reconciliations and sensitivity analysis, into the advice provided to the Board.

Question 2d

Examinees addressed only the income tax implications while giving little or no attention to the sales tax implications of the proposed transaction.

Question 3a

- Examinees frequently did not follow the four-point response structure specified in the question requirement, resulting in highly unstructured responses.
- Examinees frequently overlooked the safeguards and mitigating measures that were already in place, despite these being specifically required as part of the response.
- Examinees generally identified some appropriate actions for the Board. However, the recommended course of action was frequently incomplete and did not adequately address key matters such as conducting a formal investigation, addressing the safety concerns, protecting HR independence, communicating appropriately with the employee, taking disciplinary action where necessary, and reinforcing organisational culture and reporting integrity.

Question 3b

- Examinees discussed the benefits of the proposed initiative but gave limited attention to the associated risks and implementation challenges.
- Examinees did not address the conditions required for the successful implementation of the proposed initiative, despite this being an explicit requirement of the question.
- Examinees generally recommended proceeding with the implementation. However, many responses did not recognise that a phased implementation would have been more appropriate to avoid overstretching management capacity and exacerbating short-term financial pressures.

(THE END)