INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

EXAMINERS' COMMENTS

SUBJECT	SESSION
Managerial and Financial Analysis (MFA)	Certificate in Accounting and Finance (CAF) Spring 2022

Passing %

Question-wise										Overall
1	2	3	4	5	6	7	8	9	10	
53%	13%	41%	27%	49%	31%	73%	54%	38%	56%	37%

General comments

MFA exam has been introduced under the Education Scheme 2021 and has replaced BMBS of the previous scheme.

The overall result is 37%. It was commonly observed that examinees performed reasonably well in numerical parts of the exam. However, the performance in application of theoretical concepts was less than satisfactory. In particular, Q.2 was poorly performed. It is suggested that instead of rote learning, understand the underlying concepts and related application in the practical scenarios.

Question-wise common mistakes observed

Question 1

(i), (iv), (viii) and (x) were least well-performed MCQs.

Question 2

- Examinees who ignored the given information about low/high cut-off for market growth, ended in the wrong identification of the quadrants and explanation of corresponding strategies.
- Since both products were neither the market leaders nor the market growth rates were above or at the cut-off growth rates, both of these products fall under the quadrant of 'Dog' products. However, very few examinees were able to identify that correctly.
- Product 1 was generally identified as 'Question mark' and product 2 was generally identified as 'Star'.
- Instead of highlighting the relevant criticism as per the given case scenario, large number of examinees opted to produce general criticism at length that resulted in wastage of time.
- Some examinees opted to reproduce the strategies similar to the ones recommended under part (a) of the question.

Question 3

- Many examinees could only identify, explain and relate 1-2 fundamental principles of Code of Ethics of ICAP correctly.
- Some examinees opted to identify, explain and relate all principles of Code of Ethics of ICAP resulting in wastage of time and reflected lack of knowledge of application of concepts.

Question 4

- Examinees remained confused among Management Information System, Expert System and Decision Support System.
- Some examinees although correctly identified the type of information system, they opted to offer explanation by simply copying the information from the given question.
- Few examinees opted to identify the systems by only giving the abbreviation of type of information system.

Question 5

- Examinees wasted time in offering general explanation of numerous factors that could result in strengthen or weaken the competitive forces. The question clearly required the discussion from the perspective of lifting of ban to import automobiles.
- Many examinees assumed that the imported automobiles are the substitute of locally manufactured automobiles.
- Examinees also assumed the suppliers as of sellers of automobiles rather than the suppliers to sellers of those automobiles.

Question 6

- Examinees failed to determine the cost of equity by using the CAPM model.
- Some examinees assumed that return on preference shares is subject to tax deduction.
- Many examinees wasted time in determining the IRR of preference shares.
- Examinees remained confused between cash inflows and cash outflows while computing the IRR of convertible bonds.

Question 7

Several mistakes were noted while determining the hedging through money market. For example, in selecting the correct borrowing rates and exchange rates.

Question 8

- Some examinees wrongly applied the formulas for inventory days and trade creditors' days.
- Examinees opted to offer general discussion while validating the CFO's views. The discussion was not supported by the numbers that could have been determined by using the given information in the case scenario.
- Actions to reduce the length of cash operating cycle were generally correct. However, the corresponding risks lacked the substance.

Question 9

- Many examinees wrongly assumed that t-test would be the most appropriate in the given case scenario.
- Examinees could not construct the hypothesis equation correctly.
- Examinees failed to draw appropriate conclusion based on the results achieved while applying z-test formula.

Question 10

- Different types of mistakes were noted in constructing the cash flows. For example, some examinees failed to apply inflation or quantity or discount rates correctly.
- Many examinees ignored the information regarding opportunity cost of losing the sales units through retail outlets.
- Sales commission (variable component) was mostly wrongly computed.
- Some examinees ignored to consider the loss on disposal of kiosks.

(THE END)