

<b>THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN</b>	
<b>EXAMINERS' COMMENTS</b>	
<b>SUBJECT</b> Management Professional Competence	<b>SESSION</b> Multi Subject Assessment Examination (MSA-2) - Summer 2019

### Passing %

Question-wise										Overall
1a	1b	1c	1d	1e	2a	2b	3a	3b	3c	41%
49%	78%	14%	2%	12%	79%	26%	26%	53%	22%	

### General comments

The overall passing percentage has shown improvement from 30% in the previous attempt to 41% in this attempt. Like past exams, examinees performed well in numerical parts. However, performance remained below satisfactory level in the parts of questions where critical evaluation of business situation, comments on numerical results and recommendations were required.

It was also commonly observed that examinees opted to offer answer by simply copying the information from the questions. The appropriate linkage of information from the question, appendix and application of concepts could result in overall improved performances.

### Question-wise common mistakes observed

#### Question 1(a)

- Instead of using Porter's five forces model to analyze PEM's strategy, many examinees made generalized assumptions and commented thereon.
- Some examinees contradicted themselves by mentioning strength of force as weak while giving arguments indicating strength of force as strong and vice versa.
- Many examinees mentioned that threat of new entrants was low despite there were strong indications of high threat of new entrants.
- Many examinees offered the same arguments with different wordings under different headings of Porter's five forces model.
- Many examinees misinterpreted the information by discussing it in a force of model (say threat of substitutes) that should have been used as an argument under relevant force of model (say bargaining power of buyers).

**Question 1(b)**

This part was generally performed well by most of the examinees.

**Question 1(c)**

- Some examinees only commented on assumptions in determining the base case NPV and ignored the discussion over the appropriateness of using APV method under the given situation.
- Some examinees could not differentiate the discussion on appropriateness of using APV method and discussion on assumptions in determining the base case NPV.
- Many examinees could only offer one or two arguments while discussing the appropriateness of APV method.
- Many examinees did not comment on Modigliani and Miller's ungearing proposition while discussing appropriateness of APV method.
- Only few examinees commented on importance of sale of manufacturing site in year 4.
- Some examinees failed to comment on timely remittance of Rs. 1,000 million per annum to fund R&D.

**Question 1(d)**

- Most of the examinees could not discuss the key elements for successful implementation of project and instead discussed the economic, political and social factors.
- Some examinees performed environmental analysis by using self-generated assumptions.

**Question 1(e)**

- Many examinees did not discuss the adjustment of tax losses.
- Some examinees failed to mention that remitted profits would be subject to Malaysian income tax.
- Some examinees did not discuss the formula for computation of tax credit.

**Question 2(a)**

This part was well answered by majority of the examinees.

**Question 2(b)**

- Most of the examinees did not discuss operational and gearing risks at all.
- Many examinees wasted their time on discussion of risks having no direct relation to expansion of business.
- Many examinees either skipped or made invalid discussion on mitigating strategies.

**Question 3(a)**

Most of the examinees structured their answer around the process of developing a general marketing strategy without relating it to the given situation.

**Question 3(b)**

Many examinees restricted their answers to very few points and consequently could not achieve high marks.

**Question 3(c)**

The ethical issues such as misrepresentation, unfair bundling, aggressive or disrespectful dealing with competitors were commonly missed by many examinees.

***(THE END)***