STRICTLY CONFIDENTIAL

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

DECEMBER 2019 EXAMINATIONS

CA LEVEL 1 (KNOWLEDGE)

P3 - MANAGEMENT INFORMATION

EXAMINER'S REPORT

GENERAL OBSERVATIONS

The performance at the December 2019 P3 Management Information examination was poor compared to that at the June 2019. In general, candidates displayed lack of preparedness compared to previous sittings.

Question 1

As usual, this was a multiple choice question with items therein drawn from various topics of the syllabus. Performance was good with 67% of the candidates passing.

Question 2

Part (a) was on contract costing. Part (a)(i) required candidates to define retention monies which was fairly done. Part (a)(ii) was on interim profits and most candidates did not do well. They displayed lack of knowledge on how to take a portion of the profit as interim profit.

Part (b) required candidates to discuss use of standard costing in factories only. Most candidates appeared to have no justification as to why it can be used in service industries as well.

Part (c) on activity-based costing was poorly done, so was part (d) on characteristics of Poisson random variable.

However, part (e) on definitions for cost object and cost centre were well done by most candidates.

Question 3

Part (a) was about correlation and most candidates showed lack of preparedness in the area, both in defining coefficient of correlation and purposes of rank correlation coefficient.

Assumptions behind CVP analysis in part (b) were fairly done by candidates.

Parts (c) and (d) on calculation of gross pay per week and expressing an objective function respectively were poorly done. So were parts (e) and (f) on distinguishing a function from an equation and defining a time series respectively.

Part (g) which was on calculation of ratios was fairly done.

Question 4

Part (a) on definition of a budget was not well done.

Part (b) required candidates to define continuous data and compile a grouped frequency distribution. This was well done by most candidates. In few cases, candidates failed to align the grouping to the total number of measurements given (60) and ended up having fewer than those given.

Most candidates struggled with Part (c) which was on index numbers. Most of them showed lack of knowledge in the area.

Parts (d) and (e) on standard deviation and advantages of payback method were fairly done.

Question 5

This question was a challenge to most candidates although parts (a) and (b) on overhead absorption rates cost per ton were fairly done.

Most candidates struggled with parts (c) and (d) which were on advantages of expected values and semi-averages.

In part (e), candidates struggled mainly to define a random variable.

CONCLUSION

Candidates are encouraged to cover the whole syllabus. There were indications that some areas of the syllabus were not properly covered by students in readiness for the examination.