

INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN CERTIFICATE IN ACCOUNTING AND FINANCE (CAF) EXAMINATIONS EXAMINERS' COMMENTS	
SUBJECT Financial Accounting and Reporting-I (FAR-I)	SESSION Spring 2019

Passing %

Question-wise							Overall
1	2	3	4	5	6	7	
55%	07%	60%	22%	28%	21%	53%	29%

General comments

Performance in Q.2 was poor while it was average in Q.4, Q.5 and Q.6.

Although many students performed well, some shortcomings such as lack of practice, poor presentation, etc. were commonly noted.

A common weakness amongst most students was that they failed to make a reasonable attempt of all questions. Students are advised to move to the next question after spending a reasonable time on a particular question. This would help them to attempt all questions of the paper. In this paper, 20% students were just short of 9 or less marks and could have crossed the line had they attempted all questions in the paper.

Question-wise common mistakes observed

Question 1

- General reserve was not distributed among partners.
- Goodwill were written off with the amount that would be after the retirement of Z.
- New profit sharing ratio was incorrectly calculated.

Question 2(a)

Students failed to identify any correct difference other than one based on number of data set.

Question 2(b)

Graphs were made on the basis of 'total cost' instead of 'per unit cost' on y-axis.

Question 3

- Closing balances were used instead of average balances for calculating ratios for working capital cycle.

- Cost of sales was used instead of purchases for calculating creditor payment period.
- Part (b) was either not attempted or attempted half-heartedly which showed lack of knowledge.

Question 4(a)

Students could not understand the actual requirement of the question and often gave altogether incorrect answer.

Question 4(b)

- Student did not read the requirement carefully and restricted their answers to journal entries (which were not even required) or/and calculations only.
- In situation (i), explanations were often correct but incomplete.
- In situation (ii), students could not identify existence of significant financing component in the contract.

Question 5

- Depreciation on equipment was required for 6 months whereas full year depreciation was taken in first year.
- Change in residual value of plant was taken from 2017 instead of 2016.
- Students incorporated effects of revaluation even before calculating depreciation for 2016 and 2018.
- Several mistakes were made in bifurcating the effect of revaluation into profit & loss account and revaluation surplus.

Question 6

- Annual increase in rent by Rs. 6,000 was considered as monthly or quarterly increase.
- Students could not pick the fact that balance of snooker table as at 31 December 2007 represented 75% of the cost as those was purchased in 2016.
- Opening balance of life membership fund was not correctly calculated.
- Opening balance of life membership fund was not deducted while calculating opening general fund.
- Students left the question incomplete after getting stuck in some areas of the question.

Question 7

- Students either did not calculate profit before tax or atleast missed one amount in the calculation.
- Effects of depreciation and disposal were not incorporated in calculating additions to PPE.
- In cash flow from operating activities, deductions had been shown as additions and vice versa.

The End