

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN	
EXAMINERS' COMMENTS	
SUBJECT Financial Accounting & Reporting II	SESSION Certificate in Accounting and Finance (CAF) Examination - Autumn 2019

Passing %

Question-wise								Overall
1	2	3	4	5	6	7	8	
85%	85%	60%	40%	19%	22%	59%	49%	50%

General comments

An overall passing ratio of 50% is fairly consistent with last two results of 39% and 48%. There were 19% examinees who were just short of 9 or lower marks and could have easily obtained them if they have covered all areas on the syllabus. The highest score in the paper was 94 marks.

The importance of the coverage of the syllabus has further increased due to the inclusion of short questions and MCQs in the paper. Almost, all areas of the syllabus were examined in this paper.

Although many examinees performed well, some shortcomings such as lack of practice, poor presentation, etc. were commonly noted in numerous scripts. Examinees secured good marks in two to three questions but failed to obtain reasonable marks in the remaining questions.

It has been observed that examinees often spend extra time on completing a question which affect their performance on the other questions. Examinees are therefore strongly advised to move to the next question after they have spent reasonable time on a particular question. This would help them to attempt all questions of the paper.

Question-wise common mistakes observed

Question 1

Advance paid for the machine on 1 July 2018 was re-translated on 1 October 2018.

Question 2

- Quantitative threshold based on higher of total profit or total loss was taken on the basis of net total of profits/losses of all segments.
- "75% test" was not performed.

Question 3

- Accounting for transaction cost was interchangeably recorded in (a) and (b).
- In (b), entry for interest income and amount of fair value adjustment were incorrect.

Question 4

- MCQs at serial (ii), (iv) and (v) were least well answered.

Question 5

- In statement of financial position, balances as at 30 June 2017 were not presented.
- Several types of mistakes were made in determining the amount of revaluation surplus as on 30 June 2019 and amounts of effect on statement of financial position in note of correction of error. Please refer suggested solution for correct amounts.
- Option to purchase the machine at the end of lease term was included in lease payments.

Question 6

- Unrealized profit in respect of associate was either not adjusted or adjusted with incorrect amount.
- Amount subsequently recognized in SL's book in respect of contingent liability at acquisition cost was not reversed.
- Profit attributable to NCI was incorrectly computed.
- Total comprehensive income attributable to Parent and NCI was either not presented or presented with incorrect amounts.
- In (b), only share in profit for the year was added instead of share in post-acquisition profit.

Question 7

- Answers were correct to the extent discussed but lacked completeness.
- In (ii), costs other than redundancy payments were included in the amount of restructuring provision.
- In (iii), the need of NRV adjustment in respect of closing inventory was not discussed. Further, cost to fulfill the contract was calculated incorrectly.
- In (iv), amount already claimed was not deducted for determining the provision to be made. Further, contingent liability in respect of warranty for first 8 months was not discussed.

Question 8

- Full Rs. 48 million were capitalized as development cost.
- Cost of website contained atleast one error.
- Amortization of license was not considered.

(THE END)