

<b>INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN</b>	
<b>EXAMINERS' COMMENTS</b>	
<b>SUBJECT</b> Financial Accounting and Reporting II	<b>SESSION</b> Certificate in Accounting and Finance (CAF) Spring 2022

**Passing %**

Question-wise									Overall
1	2	3	4	5	6	7	8	9	
49%	10%	14%	47%	6%	61%	46%	38%	25%	27%

**General:**

The overall result of 27% is significantly lower than the previous session's result of 46%. The low result was mainly due to lower than expected performance in Q.2, Q.3 and Q.5 which prevented many marginal cases from crossing the line. In Q.2 and Q.3, about one fourth of the examinees did not secure any mark while in Q.5 about half of the examinees did not secure any mark. Poor performance in these questions was mainly because questions had been examined in a different way and / or these areas of the syllabus were not studied on the assumption that these topics could not be examined.

Despite poor result, there were many examinees who secured marks in the 80s and even as high as 90 marks.

**Question-wise common mistakes observed**

**Question 1**

Entries for depreciation and unwinding of interest were not presented.

**Question 2**

- In part (a), examinees reproduced extracts from IFRS 15 and failed to link those extract with the situation and failed to reach to the correct conclusion.
- In part (b), examinees focused on principles of integrity and professional behavior instead of principle of professional competence and due care.

**Question 3**

- For (i), examinees only presented effects for loss arising on fair value adjustment but did not correct the dividend and share of profit already recorded in the books.
- Adjustments for (ii) were often not presented or were altogether incorrect.

**Question 4**

- Answers were correct to the extent discussed but failed to cover all aspects of the given issues.
- In (i), the operating cost incurred on pilot plant was not capitalized.
- In (ii), patent was capitalized at Rs. 57 million instead of Rs. 60 million.

**Question 5**

- Examinees did not seem to have any idea of relevant disclosure requirements.
- Answers were usually restricted to points related to “balances not in agreement” and “missing comparative information”.

**Question 6**

- MCQs at serial (vi) and (vii) were least well answered.
- Many examinees wasted valuable time in reproducing the wordings of correct option instead of only mentioning the serial number of their selected option.

**Question 7**

- Effect of revaluation loss taken to revaluation surplus was not excluded in determining deferred tax expense charged to profit or loss.
- Effect of unused losses and fair value gain on investment were not presented in the reconciliation.
- While calculating deferred tax liability / (asset) at year end, impact of opening temporary differences were ignored.

**Question 8**

- Adjustment to cost of sales was made with 10% of inventory instead of 40% while adjustment for amortization of software was made with Rs. 50 million instead of Rs. 45 million.
- Unwinding of interest on deferred consideration was not included in the finance cost.
- Total comprehensive income attributable to Parent and NCI was either not presented or presented with incorrect amounts.

**Question 9**

- Extracts from Notes to the financial statements were not presented.
- Workings were haphazard and partial marks could not be awarded as trail for the calculations was not available.
- Arrangement (ii) was considered as lease though it was not a lease.
- Part (b) was left un-attempted by many examinees.

***(THE END)***