

**INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**

**EXAMINERS' COMMENTS**

<b>SUBJECT</b> Financial Accounting & Reporting II	<b>SESSION</b> Certificate in Accounting and Finance (CAF) Examination - Autumn 2023
--	--

**Passing %**

Question-wise									Overall
1	2	3	4	5	6	7	8	9	
52%	62%	39%	30%	49%	50%	54%	57%	7%	41%

**General comments**

The existing pass rate of 41% closely aligns with the prior result of 42%. It's worth highlighting that while some examinees who did not pass the exam performed well on certain questions, they struggled to attain satisfactory results on others. It is imperative to emphasize that while past papers can serve as a useful tool in exam preparation, exclusive reliance on them is not advisable. The current examination may encompass sub-topics or variations that have not been covered in past papers

Furthermore, examinees who did not pass the examination often displayed disorganized work presentations, making it challenging to allocate partial marks for incorrect amounts due to the lack of a clear trail for the calculations.

**Question-wise common mistakes observed**

**Question 1**

- The tax base of the investment property was mistakenly considered as Rs. 610 million instead of Rs. 450 million.
- The tax base of penalties was inaccurately assumed nil, while it should have been Rs. 42 million.
- Few examinees unnecessarily computed the opening deferred tax liability.

**Question 2**

- Responses were accurate but lacked completeness, potentially resulting in missed opportunities for examinees to receive full credit.
- Segment F was incorrectly treated as a reportable segment when, in fact, it did not meet the definition of 'operating segment'.
- Examinees did not discuss the 75% test.

### **Question 3**

In part (i), examinees incorrectly determined that revenue should be recognized at a point in time. In part (iii), although the correct conclusions were drawn, the underlying rationale or basis for those conclusions was found to be inaccurate.

### **Question 4**

- 37% of the examinees had no idea of the area examined and could not even secure a single mark in the question.
- Examinees omitted to mention certain information relating to related parties. Please refer to note 1.2 of ICAP's suggested solution for such information.

### **Question 5**

Examinees ignored the information given for calculating amounts for taxation.

### **Question 6**

MCQs at serial (i) and (ii) presented particular challenges on this exam, as they were the least well-answered questions.

### **Question 7**

- In part (ii), examinees provided the amount of the provision but omitted to explain the elements that were included or excluded in arriving at that amount.
- In part (iii), many examinees lacked a proper understanding of the requirements outlined in IAS 1 for classifying a liability as current. As a result, they resorted to speculative or random guessing in their responses.

### **Question 8**

- The adjustment for unrealized profit on inventory was frequently miscalculated, with figures such as Rs. 100 million or Rs. 10 million being used.
- The revaluation surplus of BL arising during the year was mistakenly included in consolidated other comprehensive income when it should not have been.
- The finance cost related to deferred consideration was either not recorded at all or recorded for a duration of one year instead of the period of nine months.
- A revaluation surplus of Rs 450 million was not included in the net assets of BL at the acquisition date.
- Impairment of brand was incorporated with incorrect amounts.
- Total comprehensive income attributable to Parent and NCI was either not presented or presented with incorrect amounts.

### **Question 9**

- Purchase of new software was recorded at Rs. 430 million instead of Rs. 410 million while old software was amortized over 10 years instead of 3 years.
- The residual value of the license was ignored while calculating amortization.

- Depreciation on equipment was not capitalized in the cost of production development.
- Correction of error note was not prepared.

***(THE END)***