

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN	
EXAMINERS' COMMENTS	
SUBJECT Advanced Accounting and Financial Reporting	SESSION Certified Finance and Accounting Professional (CFAP) Examination - Summer 2019

Passing %

Question-wise					Overall
1	2	3	4	5	
58%	23%	36%	26%	67%	45%

General comments

An overall passing ratio of 44.7% is improvement from the last two results of 41.4% and 33.2%. There were many impressive individual performances and one of them secured Gold Medal. Although many examinees performed well, some shortcomings such as lack of practice, poor presentation, etc. were commonly noted in most scripts. Many students 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 in 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

- Lease liability and right of use asset in respect to machine leased by OL from BL were not reversed.
- Fair value adjustment in respect of building was incorporated though it was not required because OL had already adopted revaluation model.
- BL's direct investment in CL was not remeasured at fair value after acquisition.
- The investment made in PL was treated as 'joint operations' instead of 'Joint venture'.
- BL's surplus on revaluation was included in full rather than to the extent of BL's share.

Question 2

- In part (i), capitalization of web servers along with its operating system under IAS 16 was either not mentioned or capitalized under IAS 38. Further, additional information required was not mentioned.
- In part (ii), examinees failed to produce complete answer and consequently did not secure full marks.
- In part (iii), discussion was based on share based payment transactions in which counterparty had a choice of settlement. In fact, in the given situation, the entity i.e. FL had the choice of settlement.
- In part (iv), examinees correctly identified that revenue should not be immediately recognized but failed to mention the reasons properly. Further, 'right to recover a product to be returned asset' and 'deferred revenue liability' were not discussed.

Question 3

Errors / omissions mentioned at serial (i), (vi), (viii) and (ix) in the suggested solution were ignored.

Question 4

- Tax rate was applied on unutilized minimum tax while computing opening deferred tax.
- Deferred tax on share scheme was calculated using fair value of shares instead of intrinsic value.
- Effect of previously unrecognized deferred tax on minimum tax was not shown in reconciliation between tax expense and accounting profit.
- Effects of deferred tax on equity and OCI were not separately shown anywhere.
- Redrafting of statement of comprehensive income was either not made or made without presenting tax effects of OCI items.

Question 5

- Debenture was initially recorded at Rs. 97 i.e. at purchase price instead of Rs. 96 i.e. quoted market price.
- Debenture cost was credited instead of crediting debenture loss allowance for recording impairment in value of debenture.
- In 2018, interest income was computed by examinees on gross amount of debenture instead of net debenture amount i.e. gross amount minus impairment loss.

(THE END)