

<b>THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN</b>	
<b>EXAMINERS' COMMENTS</b>	
<b>SUBJECT</b> Financial Accounting & Reporting I	<b>SESSION</b> Certificate in Accounting and Finance (CAF) Examination - Spring 2020

### Passing %

Question-wise								Overall
1	2	3	4	5	6	7	8	
51%	49%	10%	56%	65%	63%	25%	46%	51%

### General:

An overall passing ratio of 51% is much higher than previous two sessions' results i.e. 39% and 29% respectively. The high result was mainly due to better than expected performance in Q8 (based on newly added areas of the syllabus) which helped many marginal cases. The highest score in the paper was 90 marks.

Performance in Q3 and Q7 was poor. Q3 (IAS 16) was based on measurement basis which seems to have been completely overlooked by examinees. Poor performance in Q7 (IFRS 15) could be construed to the newness of the topic.

Although many students performed well, some shortcomings such as lack of practice, poor presentation, etc. were commonly noted in most scripts. Many students seems failing because of technique to approach the answer rather than knowledge or understanding of the subject.

### Question-wise common mistakes observed

#### Question 1

- Due to incomplete information for preparing a complete statement of profit or loss, net profit or loss could only be determined using "Net assets approach". However, majority of the examinees prepared statement of profit or loss and wasted their precious time.
- Vehicle invested into the business was included in closing assets but was not deducted from increase in net assets for determining net profit.

### **Question 2**

- Answers were correct to the extent discussed but often lacked completeness.
- Answer to query (iv) was either totally incorrect or left un-attempted.

### **Question 3**

Majority of the examinees discussed cost and revaluation model.

### **Question 4**

MCQs at serial (iv) and (vi) were least well answered.

### **Question 5**

- Donation for burns ward was shown in income & expenditure account.
- Medical equipment received as donation was not included in income.
- Hospital facilities provided free of charge were treated as expenditure.
- Cafeteria revenues were presented in income while cafeteria expenses were presented in expenditure instead of presenting profit from cafeteria as a single line item.
- Statement of financial position was often left incomplete.

### **Question 6**

- Examinees calculated ratios without mentioning the corresponding part number. In such cases, only those examinees were awarded marks who wrote the conclusion.
- In part (v), examinees restricted the calculations to current ratio only. Since the current ratio of both entities was equal, quick ratio was also required to be calculated to reach to the conclusion.
- For part (iii) and (vi), examinees often calculated irrelevant ratios.

### **Question 7**

- Examinees prepared the correct entries that should have been prepared on the transaction date. However, the question required correcting entries to rectify the wrong entries already made in the books.
- In part (i), correction for contract cost was ignored.
- In part (ii), entry to record cost of goods sold was not made.
- In part (iii), examinees could not differentiate between receivable and contract asset.

### **Question 8**

- Comparative figures for 2018 were not disclosed as required by the question.
- Revaluation surplus was not presented in at least one statement.
- Adjustment of revaluation of vehicle in 2019 was bifurcated into revaluation surplus and profit or loss with incorrect amounts.
- Grant income for 2018 was calculated for full year.

*The End*