

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

### Passing %

Question-wise									Overall
1	2	3	4	5	6	7	8	9	
55%	12%	27%	23%	54%	35%	48%	17%	19%	25%

### General comments

The current result of 25% is consistent with the previous result of 23%. The result of examinees who attempted this paper after passing Introduction to Accounting was 40% as compared to 21% for examinees who attempted this paper after obtaining exemption in Introduction to Accounting due to the transition to Education Scheme 2021.

Many examinees secured marks in the 80s and even as high as 88. It was commonly noted that many examinees secured good marks in three to four questions but failed to obtain reasonable marks in the remaining questions. The element of the selective study was evident from the fact that a number of examinees secured a maximum of 1 mark in Q2, Q3, Q4, and Q8 whereas numerous other examinees secured full marks in these questions. The examinees struggled to obtain the easy marks available in the paper which could have been achieved with just basic preparation of the topic.

### Question-wise common mistakes observed

#### Question 1

- Statements at serial (iii) and (vi) were least well answered.
- Reasons for false statements were not mentioned as required by the question.

#### Question 2

- Examinees just reproduced the wording of the question.
- Entries and calculations were presented that were not required by the question.

#### Question 3

- Overall approach to handling the question was missing and the performance was lower than expected in such an easy question. Examinees made basic mistakes; for example, reported equipment without deducting depreciation, computed opening general fund and omitted interest receivable and cash balance.

- Examinees could not work out the amount of closing inventory on the basis of the canteen trading account.

#### **Question 4**

- In error (ii), inventory was recorded by Rs. 450,000 instead of reducing the inventory by Rs. 40,000.
- In error (iv), corrections to trade receivables and trade payables were omitted.

#### **Question 5**

- Discount rate of 8% was applied instead of 10% for calculating the value in use.
- Cash flows were not adjusted for depreciation and tax while computing value in use.

#### **Question 6**

- MCQs at serial (ii) and (vi) were least well answered.
- Some examinees wasted valuable time in reproducing the wordings of the correct option instead of mentioning the serial of the option.

#### **Question 7**

- Transfer of incremental depreciation was not considered in computing “profit”. Further, the incremental depreciation was shown in “adjustments for”.
- Loss on disposal of the vehicle disposed of in the previous year was also shown in ‘adjustments for’.
- Examinees could not identify that the impact of work in process inventories was not required to be excluded while calculating the change in inventories.

#### **Question 8**

- Examinees were found lacking even the elementary concepts of calculating basic earnings per share.
- Calculations for diluted earnings per share were mostly altogether incorrect or were left unattempted. Also, workings were haphazard and partial marks could not be awarded as the trail for the calculations was not available.

#### **Question 9**

- Schedule of property, plant and equipment was incomplete in terms of presentation.
- Adjustment of revaluation of the warehouse was not properly presented and/or incorrectly bifurcated into revaluation surplus and profit or loss.
- The revaluation of the warehouse before reclassification into investment property was not presented in the note of property, plant and equipment.
- Note on investment property was not presented at all.

***(THE END)***