

INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN	
EXAMINERS' COMMENTS	
SUBJECT Financial Accounting and Reporting I	SESSION Certificate in Accounting and Finance (CAF) Spring 2022

Passing %

Question-wise									Overall
1	2	3	4	5	6	7	8	9	
46%	46%	8%	52%	13%	54%	25%	23%	23%	23%

General comments

The overall result of 23% in this session is lower than the previous session's result of 31%. Result of examinees who attempted this paper after passing Introduction to Accounting (CAF-1) was 42% as compared to 17% for examinees who appeared in this paper after obtaining exemption in Introduction to Accounting under the transition rules of the Education Scheme 2021.

The performance of the examinees significantly varied from one answer script to another answer script. There were many examinees who secured marks in the 80s and even as high as 95. Some examinees secured good marks in three to four questions but failed to obtain reasonable marks in the remaining questions. About one third examinees did not secure any mark in Q.1, Q.3 and Q.5. It seems that they did not study these areas of the syllabus on the assumption that these topics would have least possibility of being examined. Some of the examinees were struggling to obtain the easy marks available in the paper which could have been achieved with basic preparation.

Question-wise common mistakes observed

Question 1

- Borrowing cost for June 2023 was not capitalized.
- Examinees often mixed up the concepts of specific and general borrowings.

Question 2

- Amounts of profit before tax and working capital changes were usually incorrect.
- A significant minority tried to solve the question using direct method despite the fact that sufficient information was not available.

Question 3

Examinees seemed to have no idea of the “deferral method”. This question was mostly attempted half-heartedly in the last and therefore examinees could not even secure basic marks available in the question which could have been easily obtained.

Question 4

Examinees mostly discussed difference no. (ii) and (iii) as appearing in the ICAP’s suggested solution and struggled in identifying four differences.

Question 5

- Examinees prepared correcting entries which were not required. This resulted in loss of valuable time and also affected the performance in other questions
- Amount of loss from embezzlement was neither calculated in suspense account nor shown in computation of profit.
- In (a), effect of (ii) was taken to the credit of suspense account while effect of (iii) was taken to the debit of suspense account.

Question 6

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

Question 7

- About one fourth of the examinees did not secure any mark in the question despite availability of very easy marks in part (a).
- In part (a), incorrect denominator was used in computing return on non-current asset and incorrect numerator was used in computing interest cover. Further, debtors’ turnover was computed in ‘days’ instead of ‘times’.
- In part (b), reasons for variation were not linked with financial and operating decisions provided in the question.

Question 8

- Authorized capital was presented as issuance of shares at the start of statement of changes in equity.
- The word ‘restated’ was not mentioned for each line item which was different from the previously reported amount due to impact of correction of error.
- EPS for 2020 was not restated for the impact of correction of error and right issue.
- Examinees could not realize the fact that basic and diluted EPS were the same.

Question 9

- Incomplete schedule of property, plant and equipment was prepared in terms of presentation.

- Depreciation for 2020 was calculated using 'original life' instead of 'revised life'.
- Adjustment of revaluation of warehouse was not properly presented and/or incorrectly bifurcated into revaluation surplus and profit or loss.
- Carrying values of assets if the cost model had been used were incorrectly calculated.

(THE END)