

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**  
**CERTIFIED FINANCE AND ACCOUNTING PROFESSIONAL (CFAP) EXAMINATION**  
**EXAMINERS' COMMENTS**

<b>SUBJECT</b>	<b>SESSION</b>
Advanced Accounting and Financial Reporting	Winter 2019

**Passing %**

Question-wise					Overall
1	2	3	4	5	
17%	22%	28%	84%	28%	31%

**General comments**

Overall passing ratio in this paper declined as compared to the last two results of 45% and 41% respectively. Examinees appeared to have focused on selective study and displayed inadequate knowledge of IAS 36 and IFRSs for SMEs which was evident from the fact that 48% of the examinees scored less than 15% marks in Q1a(ii) (impairment) and Q3 (IFRSs for SMEs). Further, it has been observed that examinees often spend extra time on completing the question on consolidation which affects 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. Many examinees secured good marks in two questions but failed to obtain reasonable marks in the remaining questions.

The highest score in the paper was 82 marks.

**Question-wise common mistakes observed**

**Question 1**

- In a(i), carrying amount of product development center was allocated to all 3 CGUs. Further, useful life was ignored while allocating carrying amount of corporate assets to CGUs.
- In a(ii), examinees had no idea of the correct approach to solve the question. Examinees often just calculated an overall impairment loss and did not perform impairment testing into 3 steps.
- 1b was either not attempted or contained irrelevant points which resulted in zero marks.

## **Question 2**

- Vesting period of share options was taken as 3 years instead of 4 years. Further, effect of share options was not shown as correction of prior period error.
- Transaction cost of Rs. 1.5 million was added to cost of debenture while calculating gain on initial recognition.
- Adjustments in respect of pension scheme were shown in total assets instead of total liabilities.
- Unwinding of interest in case of provision for decommissioning cost was calculated on existing provision of Rs. 40 million instead of revised provision of Rs. 67.40 million.
- Statement of changes in equity was started from December 2015 instead of December 2016. Some even presented statement of changes in equity only for the year 2018.
- Separate columns for fair value reserve and share options were not presented in the statement of changes in equity.
- The term 'restated' was not mentioned with opening balances, closing balances and profit for 2017.

## **Question 3**

- Some examinees compared applicability and purpose of IFRS for SMEs and Full IFRS instead of discussing the differences in their requirements.
- For IFRS for SMEs, it was wrongly identified that only cost model is allowed for subsequent measurement of property, plant and equipment.

## **Question 4**

- The investment made in YL was treated as 'Joint operations' instead of 'Joint venture'. Further, the deferred tax liability was created on share of profit from YL.
- Deferred tax adjustments related to TL's consolidation were not presented.

## **Question 5**

- In part (a), answers were often correct but lacked completeness. Examinees directly jumped to conclusion without giving any reasons. Further, methods to measure progress for recognizing partial revenue were not given.
- In part (b), examinees had no idea of the issue examined and did irrelevant discussion. While some examinees did not discuss indicators of transfer of control to support their conclusion.

***(THE END)***