

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN	
EXAMINERS' COMMENTS	
SUBJECT Advanced Accounting and Financial Reporting	SESSION Certified Finance and Accounting Professional (CFAP) Examination - Summer 2021

Passing %

Question-wise					
1	2	3	4	5	Overall
39%	40%	35%	19%	47%	32%

General comments

The overall passing ratio in this paper was consistent with last result of 32%. A significant number of examinees (16%) were just short of 9 or fewer marks. They could have easily obtained the short marks, if they had covered all areas of the syllabus. Second, many examinees secured good marks in two to three questions but failed to obtain reasonable marks in the remaining questions.

There were many impressive individual performances as well. The highest score in the paper was 91 marks.

Question-wise common mistakes observed

Question 1

- In (i), second installment was deducted in determining amount of bank loan although it was mentioned that PL has defaulted in making payment.
- In (ii), investment in debenture was derecognized instead of recognizing liability.
- In (iv), receivable was derecognized instead of treating the amount received as a liability.
- In (v), the concept of 'continuing involvement in transferred amount' was not applied.

Question 2

- DL was not presented as discontinued operation.
- Examinees were clueless about reclassification of foreign currency translation differences upon disposal of DL.
- Adjustment for increase in fair value of 1st investment in CL was ignored.
- Several type of mistakes were made in respect of fair value adjustment of loan and the corresponding adjustment to finance cost.
- Net assets of DL at acquisition was taken at F\$ 120 million instead of F\$ 150 million.

Question 3

- In option 2, the amount of instalment was computed using the rate of 12% instead of 5% while the amount of revenue was computed using the rate of 5% instead of 12%.
- In option 3, stand-alone price of the discount voucher was not computed and therefore allocation of total transaction price was not performed.
- In option 4, the issue of revenue recognition over time was not identified and the discussions were often totally irrelevant.

Question 4

- In issue (ii), expense for 2020 in respect of share appreciation rights was not accounted for. Further, no impact was taken to profit or loss upon modification.
- In issue (iii), examinees could not identify the deemed disposal of TL and did not present any effect.
- Column for non-controlling interest was not presented in the statement of changes in equity.

Question 5

- Examinees prepared statement in general format instead of the prescribed format for life insurance companies.
- Description for sub-totals were not mentioned.

(THE END)