

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

EXAMINERS' COMMENTS

SUBJECT	SESSION
Advanced Accounting and Financial Reporting	Certified Finance and Accounting Professional (CFAP) Examination - Summer 2022

Passing %

Question-wise					Overall
1	2	3	4	5	
66%	24%	11%	14%	36%	20%

General comments

The overall passing ratio in this paper has declined significantly. A high proportion of examinees secured good marks in one or two questions but left the remaining questions. It seems that they half-heartedly attempted the paper without proper preparation just to fulfill the requirement to appear in minimum of two papers.

Poor time management was evident in many answer scripts. Examinees who started the paper with Q3, seemed to have spent too much time on this question. Therefore, they struggled in attempting the remaining questions. Examinees are advised to move to the next question once they have spent a reasonable time on one question. Many examinees did not provide workings of the final figures due to which partial marks could not be given for partially correct figures.

Despite the general decline in performance, there were many impressive individual performances. The highest score was 87 marks.

Question-wise common mistakes observed

Question 1

- In part (a), total impairment loss was computed correctly but the loss chargeable to profit or loss was not presented.
- In part (b), the calculation part was generally well performed, however, the explanations were either missing or incomplete resulting in a loss of marks. Further, SL was not treated as a foreign operation and investment in SL was not retranslated at the closing rate.
- In part (c), diagrams were correct to the extent presented in the answer script but lacked completeness.

Question 2

- Examinees presented workings/journal entries but did not fulfill the requirement of the question by adjusting the amount in the statement of financial position. Further, basic mistakes were made in showing the dual effects of correcting entries.
- While dealing with the matter related to the lease, examinees did not account for adjustments related to depreciation. Further, examinees were unable to determine that the disposal resulted in loss and made adjustments for gain on disposal.
- Examinees calculated the liability portion of the convertible bond but did not incorporate adjustments related to transaction cost and interest in the statement of financial position.
- In part (b), examinees wrote the principles but did not relate them to the situation given in the question.

Question 3

- While consolidating balances of EL, examinees needed to consolidate full year balances. However, they incorrectly applied 90% for the first 3 months and 75% for the next 9 months.
- Similarly, while consolidating balances of RL, examinees needed to consolidate 6 months' balances. However, they either consolidated full year balances of RL or incorrectly applied different percentages to the 6 months' balances. Further, the share of profit from RL as an associate for the first 6 months was not presented.
- In computing goodwill on the acquisition of RL, indirect holding adjustment was not made.
- Profit attributable to NCI was altogether incorrect.
- In part (b), examinees did not compute the opening balances for the statement of changes in equity. Consequently, they did not prepare the statement at all which resulted in loss of easy marks allocated for other line items of the statement.

Question 4

- Examinees presented workings/journal entries but did not fulfill the requirement of the question by reporting the figures in the relevant statements.
- In respect of the shares-based scheme, vesting period of 3 years was incorrectly used for shares to be issued each year.
- While working for pension plan for 2020, examinees tried to compute movement in the present value of the defined benefit obligation and fair value of plan assets separately, whereas information was only available for computing movement in net pension liability. Further, adjustments related to the asset ceiling were ignored.
- The impact of change in rate was not considered in accounting for lease modification.
- In respect of debentures, the effect of impairment was not taken to OCI. Further, the fair value reserve was not presented in the statement of financial position.

Question 5

- A significant number of examinees did not attempt this question.
- Examinees who did attempt this question, made errors / omissions mentioned in suggested solution at serial (iv), (vi), (vii) and (ix).

(THE END)