

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
EXAMINERS' COMMENTS

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| SUBJECT Audit, Assurance and Related Services | SESSION Certified Finance and Accounting Professional (CFAP) Examination Winter 2021 |
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Passing %

| Question-wise | | | | | | Overall |
|---------------|-----|-----|-----|-----|-----|---------|
| 1 | 2 | 3 | 4 | 5 | 6 | |
| 19% | 32% | 28% | 16% | 48% | 76% | 26% |

General comments

The result in this session was slightly better than previous session. Similar to previous attempts, it was again observed that in questions requiring reporting implications, examinees try to cover all possible answers and leave the decision of material or pervasiveness on the examiner. Examinees are advised that they should clearly mention the relevant modification which may be made under the given scenario. Second, it was also commonly noted that examinees reproduced the entire code of ethics and auditing standards in their answers without giving due consideration to the given case scenario and requirement of the question. Examinees are therefore, once again advised that they should amend their answers as per the requirement of the question.

Question-wise common mistakes observed

Question 1

- Examinees did not read the question correctly and answered it in the context of uncertainty related to going concern. Consequently, they lost marks for the course of action related to impairment of assets and its reporting implications.
- Examinees failed to realize that indicator of impairment occurred in prior year and therefore, they did not mention the related course of action and the related reporting implications.

Question 2

Examinees failed to identify the following audit risks and their related key audit procedures:

- Determination that whether the preferential shares should be accounted for as liability or equity and its proper presentation in the financial statements.
- Offsetting of financial assets and liabilities.
- Risk of litigation against the audit client.
- Disclosure and accounting of third party inventory.

Question 3

Examinees failed to identify the following matters and the related additional information:

- STE, being a partnership business, is not subject to regulation and oversight of corporate regulatory authorities and the auditor would need to inquire about the financial reporting framework used.
- Software's capability to protect the student's data from any type of breaches.
- Determining scalability and the reliability of the software.

Question 4

- It seems that examinees did not read the question carefully and answered the question in the context that the issue came to the knowledge of the auditor after the issuance of audit report and financial statements. In fact, it was clearly mentioned in the question that only the draft audit report was given to the client.
- Examinees did not realize that it was a possible breach of laws and regulations by the audit client. Consequently, they did not mention any related course of action and reporting implications.

Question 5

- Examinees did not discuss that why the threat arose in the given scenario.
- Examinees mentioned that there was no threat as the firm had resigned from the bookkeeping service. In fact, the period for which those services were provided, fell in the period being audited.
- Examinees did not discuss that which of the bookkeeping services were of routine and mechanical in nature and which ones were of judgmental in nature causing the staff to assume management responsibility.

Question 6

Examinees performed well in this question.

(THE END)