

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

EXAMINERS' COMMENTS

SUBJECT	SESSION
Financial Reporting and Assurance Professional Competence	Multi Subject Assessment - 1 Examination (MSA-1) - Summer 2021

Passing %

Question-wise									Overall
1a	1b	1c	2a	2b	2c	2d	3a	3b	
62%	20%	31%	29%	72%	27%	38%	62%	43%	58%

General comments

The overall passing ratio of 58% was consistent with 65% of the last attempt. It has been observed in this paper that examinees often spend extra time on completing Q1 which affects their performance in the other questions. Examinees are therefore advised to allocate reasonable time to each question.

The highest score in the paper was 75 marks.

Question-wise common mistakes observed

Question 1(a)

- In respect of sales and leaseback, reasons were not given to justify the transfer of control of the building to the bank.
- Regarding co-working space and serviced apartments, examinees could not identify the issue that the classification of the property needs to be reviewed.
- Review and analyze the financial statements was the worst performed area of the question. Financial ratios were not computed to support the analysis which were necessary for any meaningful analysis. Examinees only focused on increase or decrease in line item. Further, audit risks from the analysis were not identified.
- Most of the mistakes made regarding audit risks were mainly due to the fact that correct financial reporting issues were not identified.

Question 1(b)

- In (i), the examinees could not identify underlying concept that Lahore Builders is acquiring a business or not and consequently most of the discussions were totally irrelevant.
- In (ii), examinees identified the threats only and did not provide appropriate safeguards and/or conclusion.

Question 1(c)

The question was attempted half-heartedly by the examinees and generalized points were written without linking to the information given in the question.

Question 2(a)

- The requirement to include the related tax effects badly affected the performance of the examinees in this question. Most examinees skipped the related tax effects.
- In respect of modification of share based payment scheme, examinees only provided computation and journal entries while the related explanations were often brief and incomplete.

Question 2(c)

In this part, examinees computed basic EPS and stated that options are dilutive but did not provide any reasons in support of their statement.

Question 2(d)

Examinees restricted their answers to the doubts over management integrity.

Question 3(a)

Examinees were not aware of the practical expedient for the rent concession and their discussion related to lease was totally irrelevant to the situation given in the question.

Question 3(b)

Answers to this part were often correct but incomplete. Examinees directly jumped to the conclusion without providing sufficient explanation. Further, they ignored the restatement of prior year amounts due to incorrect revenue recognition.

(THE END)