

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 2022

Passing %

Question-wise										Overall
1a	1b	1c	1d	2a	2b	2c	3a	3b	3c	
57%	45%	42%	66%	51%	54%	69%	64%	24%	58%	60%

General comments

The overall passing ratio in this paper has remained consistent from previous sessions. It was observed that examinees who started the paper with Q1 spent extra time on it which affected their performance in other questions. Examinees are therefore advised to allocate reasonable amount of time to each question.

Question-wise common mistakes observed

Question 1(a)

- Examinees wrote general risks which were neither related to the situation nor justified by the given information.
- Risks related to taxation and administrative expenses were not discussed.

Question 1(b)

- For the contract with BA, examinees only discussed IAS 38 and altogether ignored the implications of IFRS 15 for cost incurred on the technology platform.
- In respect of the contract with KMM, examinees confused the underlying issue related to transfer of control with the accounting for sale with a right to return.
- Irredeemable preference shares were incorrectly classified as equity.

Question 1(c)

Examinees focused on providing computation and journal entries for the hedging, however, the explanations provided were brief and incomplete.

Question 1(d)

In respect of partner rotation, examinees out-rightly rejected the possibility to retain Alina Shah as a partner without providing sufficient explanation.

Question 2(a)

- Correcting entry for Drive Limited was erroneous mainly due to the given negative balance of investment in Drive Limited.
- In respect of Omni Limited, the impairment loss was not adjusted to 80% for making the adjusting entry.
- For Snow Limited, the translated statement of financial position was not presented which was the requirement of the question.

Question 2(b)

Many examinees presented an incomplete statement of financial position.

Question 2(c)

Threats were listed but no explanation was provided in this respect.

Question 3(a)

- The issue regarding Falak Square was correctly concluded, but the adjusting entries were not provided.
- Discussion on the issue of Jheel Park was too brief and did not cover all aspects to conclude that the contract is a lease.

Question 3(b)

Examinees directly concluded that the auditor should express a qualified audit opinion without discussing the materiality and pervasiveness of the issues.

Question 3(c)

Incomplete answers were written, however they were correct to the extent discussed in the answer scripts.

(THE END)