

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**

**EXAMINERS' COMMENTS**

<b>SUBJECT</b>	<b>SESSION</b>
Financial Reporting and Assurance Professional Competence	Multi-Subject Assessment - 1 Examination (MSA-1) - Winter 2022

**Passing %**

<b>Question-wise</b>											<b>Overall</b>
1a	1b	1c	1d	2a	2b	2c	2d	3a	3b	3c	
60%	60%	53%	60%	66%	51%	75%	48%	49%	54%	51%	71%

**General comments**

The overall passing ratio in this paper has increased as compared to previous sessions' results. The overall performance can further be improved if the parts of the questions, in particular those attempted at the beginning of the exams, were answered at length and the remaining parts were answered in haste in almost illegible handwriting to make up the time. It is advisable to plan the answers according to the requirements and weightage, given to each part of the question.

**Question-wise common mistakes observed**

**Question 1(a)**

- Risks related to opening balances, property revaluation and share options were not identified.
- Examinees just calculated ratios but did not relate them to the risks.

**Question 1(b)**

- For property revaluation, examinees omitted discussion on IFRS 13 regarding the use of correct fair value.
- In respect of deferred tax, examinees mainly focused on the calculation part and the related explanations were either brief or incomplete. Examinees gave the item-wise entries for deferred tax and altogether ignored the given taxable temporary difference of Rs. 6,700 million in calculating the total deferred tax liability.

**Question 1(c)**

Examinees out-rightly concluded that SAI has control over MIC without providing any sufficient explanation.

**Question 1(d)**

Examinees did not elaborate why self-interest, familiarity or intimidation threats would arise in respect of trips to the luxury resort.

**Question 2(a)**

- While calculating the fair value of the net asset at acquisition, total comprehensive income was not adjusted for 9 months.
- Related explanations were either omitted or incomplete.

**Question 2(b)**

- Examinees did not provide an allocation of profit and total comprehensive income to parent and NCI. Those who calculated did not adjust the profits for consolidation adjustments.
- Gain of deemed disposal of IBC was not computed.
- Reclassification adjustment of Rs. 5.4 million was not presented.

**Question 2(c)**

Examinees correctly concluded that KTC has joint control over LUTC but did not conclude that LUTC would be accounted for as a 'Joint operation' or 'Joint venture'.

**Question 2(d)**

Performance in this question was categorized as either very good or very poor. Examinees who had no idea of the area examined did not attempt the question or wrote some general points.

**Question 3(a)**

In respect of sale and leaseback, examinees wrongly concluded that control of the mall has transferred and therefore gave altogether incorrect entries.

**Question 3(b)**

Examinees did not support the impact on the audit report with the materiality and pervasiveness of the issues.

**Question 3(c)**

Part (i) of the question was generally dealt with well as compared to part (ii). The answer to this question was correct to the extent discussed but lacked completeness and comprehensiveness.

***(THE END)***