

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 2023

Passing %

Question-wise												Overall
1a	1b	1c	1d	1e	2a	2b	2c	3a	3b	3c	3d	
59%	25%	8%	67%	91%	30%	49%	63%	39%	40%	52%	60%	56%

General comments

The current passing rate of 56% is lower than the last result of 71%, which marked the highest passing rate ever achieved. Nevertheless, it remains fairly consistent with the average of previous results. Notably, this examination was fully conducted in a computer-based environment (CBE) for the first time, and despite this new challenge, the examinees performed above expectations. However, a noteworthy observation was that the passing rate in this CBE for examinees attempting the exam for the first time was significantly higher compared to those attempting it for the second or subsequent times. The passing rate for the latter group was nearly half that of the first-attempt examinees. It appears that the latter group did not take the CBE seriously and consequently performed below the standard.

It is also noted, especially in Q.2(b), that examinees did not provide the workings for the amounts presented in the answer. Consequently, if they did not arrive at the correct figure, they could not be given even partial marks. Examinees need to realize that answers copied from spreadsheets contain only "text" and formulas used (if any) in the spreadsheets did not appear in the answer area.

Question-wise common mistakes observed

Question 1(a)

- The primary concern with this question was the completeness of the answers provided by examinees. While most of them correctly identified 8 to 10 risks, they failed to identify the remaining risks mentioned in the question. By reviewing the marking plan from previous sessions, examinees could have realized that each risk is usually awarded 1 mark. This understanding would have helped them allocate sufficient time and attention to identifying all the risks mentioned in the question, thereby maximizing their potential for scoring marks.

- Examinees listed risks as single-line statements without providing any discussion or elaboration. To enhance the quality of their responses, examinees should support their risk assessments with appropriate financial ratios or materiality calculations that demonstrate the significance and potential impact of the identified risks on the financial statements.

Question 1(b)

- Regarding the change in accounting policy, many examinees mentioned the reason for making the change to be more comparable with competitors. However, it is crucial to note that this reason alone is not an appropriate justification for changing an accounting policy. Changes in accounting policies should be driven by the need to provide more relevant and reliable financial information or to comply with changes in accounting standards.
- In respect of the new lease arrangement, examinees did not allocate consideration to the lease and non-lease components and consequently did not discuss this aspect.
- Regarding debt investments, examinees primarily focused on calculations and journal entries, providing only brief explanations.

Question 1(c)

Examinees displayed a lack of understanding in the area examined, as evidenced by their inability to attempt the question or their provision of answers that were just wild guesses.

Question 1(d)

Examinees mentioned audit procedures that should be conducted instead of focusing on obtaining an understanding of how PPC utilizes the services of DPSL.

Question 2(a)

- Examinees failed to adjust the retained earnings for the 3 months' profit to arrive at the balance on the disposal date. Additionally, they did not calculate the remaining fair value adjustment on the disposal date.
- Reconciliation between gains was not provided.

Question 2(b)

Examinees did not present their workings for amounts reported in the statement of financial position, resulting in a lack of partial marks for partially correct answers.

Question 2(c)

The answers to this question were partially correct in terms of identifying threats, but they lacked completeness and comprehensiveness. While examinees listed threats, they did not provide any explanations or discussions about these threats.

Question 3(a)

- Interest was calculated at 4.5% instead of 4%.
- Effect of curtailment was ignored in calculating the re-measurement gain.
- Related journal entries were not presented.

Question 3(b)

Examinees just provided calculations while the discussions were often skipped or very brief.

Question 3(c)

Examinees addressed the issue of asking the management to correct the mistake; however, they did not discuss the scenario where the management refuses to make the correction.

Question 3(d)

The answers were polarized, with some being entirely correct while others were entirely incorrect.

(THE END)