

<b>INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN</b>	
<b>EXAMINERS' COMMENTS</b>	
<b>SUBJECT</b> Financial Accounting & Reporting-I	<b>SESSION</b> Certificate in Accounting and Finance (CAF) Examination - Spring 2024

**Passing %**

Question-wise									Overall
1	2	3	4	5	6	7	8	9	
49%	27%	34%	16%	31%	53%	18%	25%	38%	28%

**General**

The current result of 28% aligns closely with the previous result of 27% and the average of the last five sessions, which was 26%. It is important to highlight that 23% of the examinees obtained less than 20 marks, indicating that they appeared in the examination without even studying the basics of the subject.

Roughly, one-third of the examinees taking this examination have been granted exemptions from the Introduction to Accounting as a result of the transition to the new scheme. Notably, the pass rate for these exempted examinees is considerably lower than that of the other examinees.

The performance of the examinees displayed notable disparities among the answer scripts. Among all papers, the highest number of examinees achieved more than 80 marks in this paper, with some even scoring as high as 97. However, it is noteworthy that 26%, 34%, 25%, and 29% of examinees did not secure any marks in Questions 2, 3, 4, and 5 respectively.

**Question-wise common mistakes observed**

**Question 1**

- While calculating the amount of members' subscription income, at least one amount was incorrectly added instead of subtracted, and vice versa.
- The accrual for annual sports event was not included in calculating the deficit on annual sports event.
- Depreciation was taken as Rs. 92,000 (amount paid for fixed assets) instead of calculating depreciation as a balancing amount in fixed assets account.

### **Question 2**

- Although many examinees performed excellently in this question, overall, they lacked the concept of adjusting profit for errors, as many could not assess the correct impacts even after providing accurate correcting entries. Examinees also lacked the basic concept that items affecting gross profit would also affect net profit.
- In (v), examinees could not identify that the impairment needed to be reversed. Those who did identify, could not calculate the correct amount of reversal, which was Rs, 200,000.

### **Question 3**

- Examinees did not know that the given turnover in times could be converted to days by dividing 365 by the given turnover in times. They often used the given usual credit period in their calculations instead.
- In part (b), examinees often gave measures to improve debtors' days only instead of giving one action for each component.

### **Question 4**

Most examinees concluded that the CEO's point of view in (i) and (iii) was correct. However, in (ii), while they correctly identified that the adoption of revaluation is a change in accounting policy, they incorrectly concluded that it should be applied retrospectively.

### **Question 5**

- Examinees considered the two loans as general borrowing and applied capitalization rate, which was entirely incorrect.
- The capitalization period was considered as 11 months instead of 10 months.

### **Question 6**

MCQs at serial (ii) and (vii) presented particular challenges on this exam, as they were the least well-answered questions.

### **Question 7**

- The word "restated" was ignored in the restated balances and profit for 2022.
- No adjustments were made to the given profit for the year 2023.
- The correction of the error related to the government grant was only taken to the 2022 profit with Rs. 75 million.
- The transfer of the revaluation surplus on disposal was not presented.

### **Question 8**

- In respect of property A, the opening balance was taken at cost, i.e., Rs. 750 million, instead of the fair value of Rs. 720 million.
- In respect of property B, depreciation on land was also calculated.

- In respect of property C, abnormal wastage was included in the cost.
- Descriptive notes were not prepared.

**Question 9**

- Overall, examinees frequently attempted this question at the end, often with a half-hearted effort, resulting in incomplete answers.
- In computing diluted EPS for 2022, the effects of convertible bonds were taken for a full year instead of 9 months.
- EPS for 2022 was not restated for the effect of right and/or bonus shares.
- Right shares were included from 1 May 2023 instead of 1 June 2023.

***(THE END)***