



Pakistan Institute of
Public Finance Accountants

Examiners Comment

Summer Exam – 2017

General Instructions while solving the Question Paper

- 1- Students must start each question from new page of the answer scripts.
- 2- Before starting a question, Students must write the correct Question Number with its part(s) (if any), clearly in the Script.
- 3- Do not write your Name/Reg. No/Roll No. or any type of your identification in the Script.
- 4- Do read the question thoroughly before starting to solve it.
- 5- Understand the requirement of the Question, before trying to solve the question.
- 6- In theoretical papers Students may write their answers in point form rather writing the answers in long paras.
- 7- Avoid Selective question solving.

Examiners' Comments

Business Law Summer Exam – 2017

General Comments on Examinees Performance

Overall, Candidates performed well on this examination paper. The vast majority of candidates answered all the 9 questions.

Question Wise Comments

| Q. No. | Comments |
|----------|---|
| 1 | A very good attempted question. |
| 2 | Many students fail to answer exactly, the question asked. |
| 3 | Most of the candidates did not attempt this question. |
| 4 | Most of the Students attempted to give conceptual definition instead of statutory definition. |
| 5 | On the whole, this question was not answered very well. |
| 6 | Many candidates answered this question very well. |
| 7 | This question was not answered reasonably well. |
| 8 | The majority of candidates performed extremely well, many achieving full or almost full marks. |
| 9 | The candidates have made a good attempt, however there are some problems with the expression and appropriate choice of words. |

Examiners' Comments

Cost Accounting Summer Exam – 2017

General Comments on Examinees Performance

- It has been observed students feel difficulty whenever question is tricky.
- Students are required to strengthen their concepts.

Question Wise Comments

| Q. No. | Comments |
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| 1 | Simple EOQ question. All the examinees attempted it correctly. |
| 2 | Most of the examinees failed to understand part II (b) & (c) of the question. |
| 3 | Little bit tricky but simple algebraic question. |
| 4 | Almost all students failed to answer. |
| 5 | Simple Variance analysis question. Student attempted it correctly. |

PIPFA - Examiners' Comments
Summer - 2017

Examiners' Comments

Business Economics Summer Exam – 2017

General Comments on Examinees Performance

The overall Performance of the candidates seems below expectation. Some of the reasons are :

- Lack of seriousness in attempting the Paper.
- Selective Studies.
- Lacking knowledge of the subject.

It is imperative that Candidates must read the questions carefully before they attempt the paper.

Question Wise Comments

| Q. No. | Comments |
|---------------|---|
| 1 | Most of the students could not understand the sense of question and they have discussed the issues in underdeveloped countries. |
| 2 | Part (a) of the question is generally well attempted but in part (b) a few students have correctly calculated the income elasticity of demand. Some students have mixed up the numerator and denominator in the formula. |
| 3 | The performance in part (a) is satisfactory but in Part (b) hardly three or four students have given correct answer. Most of the students have mixed the limitations of law of equi marginal utility with its assumptions and with limitations of law of diminishing marginal utility. |
| 4 | In part (a) majority of the students have shown good performance but in part (b) only a few could illustrate the conditions of PD. |
| 5 | A very few have explained the value added method of measuring NI required in part (a). However the performance in part (b) is satisfactory in which the concept of double counting has been asked. |
| 6 | Part (a) of this question has been well attempted by the candidates. A mixed response is witnessed in part (b). |
| 7 | A good performance was observed in this question. Majority of the students have scored good marks. |

Examiners' Comments

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| 8 | A few students could define expansionary and contractionary monetary policy and illustrate its objectives. |
| 9 | Majority of the students could not explain the functions of money and the effect of inflation on functions of money. |
| 10 | It was an easy question whereby some basic concepts were asked. A mixed response has been observed in attempting this question. Some students have scored good marks. |

*PIPFA - Examiners' Comments
Summer - 2017*

Examiners' Comments

Financial Accounting Summer Exam – 2017

General Comments on Examinees Performance

Many students did not understand the different treatments required by the accounting standards. Most students did not attempt all questions. Minimal effort was shown in Exams.

Question Wise Comments

| Q. No. | Comments |
|----------|---|
| 1 | Candidates failed to follow IAS-I format. Mostly did workings on the force of Profit & Loss & SOFP. Few candidates even failed to read the requirement of question i.e. they made Statement of Comprehensive Income rather than SOPL. Almost all the students failed to identify prepayment of advertisement few assumed their own depreciation rates. They posted their own year-end adjustments. |
| 2 | Candidates failed to apply separate valuation rule of inventory for Q2 (b), although it is inherent that journal entries should be passed. |
| 3 | Students prepared Stock Account instead of P/L Account. (Again not following instructions mentioned in the question). |
| 4 | The proper format of IAS-7 was not followed. |
| 5 | Not a single student did this question right. Performance in Partner's Capital Account was at the lowest level. |
| 6 | Mostly students just calculated Interest on capital of Rehman & ignored the other three. They failed to pick the P/L Sharing ratio correctly. Many prepared Capital Account for Q 6(a). Q 6(b) & (c) were also not well attempted. Students failed to calculate the right revised life of the fixed asset. NRV concept not learnt properly resulting in wrong formula's with wrong calculations. |
| 7 | Ledgers not made by most of the students. Most students did (a) & (b) part together and failed to understand the requirement of the question. Some did correct calculations but posted wrong ledger. |
| 8 | Students failed to apply revaluation concept with wrong entries. |
| 9 | Attempted by few students but the performance was not good. |

Examiners' Comments

Bus. Communication & Beh. Studies Summer Exam – 2017

General Comments on Examinees Performance

Majority of the students who could not score good marks, had not attempted all questions. Students must know that there is a rare chance to pass the Exam by attempting half of the question paper.

Question Wise Comments

| Q. No. | Comments |
|--------|---|
| 1 | Students generally scored average marks in this question. However, majority of students were not aware of using an axiom in the sentence. |
| 2 | Students scored good marks. And most the students gave appropriate answer to the questions. It is one of the two most corrected answer of the paper. |
| 3 | The second question of the paper answered appropriately and correctly by most of the students. |
| 4 | Students seems to lack in converting sentences to the asked form. Many students just change the sequence of the sentence while removing insensitivity. Lacking in converting to Positive & Pleasant was also seen. Most of the students were not able to convert the form of the statement to its CLEAR form making the statement more complicated. |
| 5 | Most of the students mixed the Empathic listening with Sympathetic Listening, resulting in marks deduction. |
| 6 | Students have right knowledge of the format of the letter but most Sales letter were seems as an application or request letter. |
| 7 | Students seems a lot familiar with verbal communication which was answered correctly by most of the students. |
| 8 | Students must learn how to write effectively, Almost all students attempted this question but only half of them answer correctly and there were few who wrote covering letter with its essence. |
| 9 | In an era of internet, the question was answered correctly by most of the students. |
| 10 | The lowest achieved answer of the paper. Students lack in understanding of Executive Summary and many tried to write whole business plan but failed. |
| 11 | A good attempted question and students seems concerned and aware on how to improve the town. |

Examiners' Comments

Financial Reporting

Summer Exam – 2017

General Comments on Examinees Performance

Performance of students in this attempt was quite poor. Some students were well familiarized with the standards whereas the rest of the students were answering generally.

The presentation skills are poor, i.e. students lack presenting currency sign and proper headings. The students did not cross refer the working to the main answer requirements.

Additionally, some of the students have written the complete question scenario in the answer and have not answered the requirement resulting in no marking given to them.

As a general, students have basic understanding of the syllabus and have no technical knowledge in areas where the paper was set. It seems that students go for selective study and do not prepare the whole syllabus. Rewriting the complete question resulted in poor performance of students, specifically in areas where marks could be availed very easily.

Question Wise Comments

| Q. No. | Comments |
|--------|---|
| 1 | <p>This question was primarily related to the topic Leasehold Improvement and performance was satisfactory. Some generic mistakes were identified as to the requirements understanding and approach to the solution. Students were required to prepare extracts to the Financial Statement in which the basic items to be included were Leasehold Improvement Asset, Depreciation, Provision for Dismantling and the Interest Cost. The errors observed were as follows:</p> <ul style="list-style-type: none">• Leasehold improvements were reflected in the Statement of Profit or Loss as an expense, whereas, it was specifically stated that the benefit will flow to the entity for more than one year.• Second part was merely linked to discounting of Restoration Cost to its present value for inclusion as Provision and same to be presented as part of Asset. This part was identified appropriately by most of the students.• Students made Leasehold improvement as expense and therefore, lacked in presenting Depreciation in the Financial Statements. Very few of the students properly performed this working.• Interest calculation for the year was the main area where most of the students didn't performed well.• Minority of students did not provide extracts to Financial Statements. |

Examiners' Comments

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| 2 | <p>This question required students to propose double entry for the scenario provided. This question was well attempted but few common mistakes were identified and are described as under:</p> <ul style="list-style-type: none">• To justify the answer carrying more marks, reasoning is mandatory as to why the entry was proposed. Students only proposed double entry without taking into account the marks allocated to the question.• Some students proposed double entry in a way that revenue should be recognized for markup to be charged to the client and while proposing entry for bad debts have not taken this revenue into account. |
| 3 | <p>This question required students to determine whether management's intention to recognize the asset is appropriate or not. This question was well performed and proper reference to the standard was made by majority of the students. Some common mistakes observed were as follows:</p> <ul style="list-style-type: none">• Intangible assets could be recognized by applying retrospective effect was the poorest option as applied by the students.• Some students suggested the cost incurred in previous year can now be capitalized as it was under development phase. As the development was not meeting the criteria during prior years, it cannot be capitalized. Only the cost that meets the recognition criteria can be capitalized.• Some candidates had not read the requirement carefully and instead of 5 million, the amount to be expensed out was considered 3 million. |
| 4 | <p>This question required students to prepare note of tax expense to be included in financial statements and the reconciliation of tax on accounting profit and tax expense. It was generally well attempted but majority of students did not attempt the question completely. They got stuck in the middle and ended up mixing numbers. The common mistakes were as under:</p> <ul style="list-style-type: none">• Generally, students did not provide tax expense note to be incorporated in the Financial Statements.• Tax reconciliation statement was either not prepared or poorly prepared, this area was key to the syllabus but students lacked to focus on reconciliation.• Some students were unaware of the treatment of unused tax losses and therefore, presented in an inappropriate place.• Lack of conceptual awareness in determining the amount of tax base of asset.• Failure to adjust the opening deferred tax liability with the effect of change in tax rate. |
| 5 | <p>Consolidation is the most commonly tested topic in this paper and usually carries a weightage of 20 to 25 marks. Usually, students having good command on this topic are mostly able to pass the paper quite easily. However, in practically every attempt, most of the students make similar mistakes and this attempt was no different. Common mistakes are enumerated below:</p> |

Examiners' Comments

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| | <ul style="list-style-type: none">• Students were unaware of the basic elements of Consolidated Statement of Comprehensive Income and therefore, unable to gain marks in areas where only presentation would have provided them with bunch of marks.• Students having knowledge of inter-company transactions performed well but majority was unaware of the effect of this and as a result proposed wrong adjustment.• Majority of students didn't performed adjustment of dividend income appropriately and used inappropriate percentage for eliminating the balance.• Unrealized profit from sales of goods balance adjustment was well performed by majority of students. |
| 6 | <p>This question was relatively simple but due to lack of knowledge and poor practice most of the students were unable to obtain marks in this question. The question was related to lease. Students were required to propose double entries for 3 years for this leasing activity therefore; repetitive entries were to be proposed with some minor changes at the end of year 2 to be incorporated in the lease. Common mistakes are as follows:</p> <ul style="list-style-type: none">• Majority of the students haven't performed this question. Whereas, those who performed, found to be providing irrelevant entries or providing entry for every month which utilized time of the students and were not required.• Candidates were unable to calculate the cost of Right to use the asset and related liability appropriately.• Entries were required in accordance with the Lessee's books only. Students also provided the entries to be passed in Lessor's books as well which was not required and therefore, no marks were provided.• Students were required to perform Lease working to ensure appropriate finance cost to be calculated but they lacked in preparing this.• Depreciation expense was calculated appropriately and entries were not provided by most of the students in respect of depreciation expense.• Most of the students had not incorporated the changes in lease term in their answers therefore, only limited marks were given. |
| 7 | <p>This was poorly attempted question. Students were required to discuss the accounting treatment in accordance with IAS 37 and possible effect of the scenario in the financial statements. Mistake observed were as follows:</p> <ul style="list-style-type: none">• Students were unable to differentiate between the concept of contingent liability and provisions.• Some students were unable to explain as to why they are suggesting the accounting treatment, merely writing "it is an adjusting event" does not provide appropriate marks.• Students were required to provide figures and amounts along with their discussion where provision is required, this was not appropriately performed.• Link to standard was not made only generic answers were provided by most of the students. |

Examiners' Comments

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This was also a poorly attempted question. Students were required to discuss the accounting treatment for scenario related requirements in accordance with the provisions of IFRSs. Mistake observed were as follows:

- Students were unable to identify the issues in the scenario and provided generic answers.
- Appropriate treatments were not supported by the IFRSs requirements. No discussion was provided as to why the accounting treatment should be adopted?
- Rewriting the complete case in the answer contributed in losing time instead of gaining marks. Most of the students were only rewriting the complete scenario as written in question paper and had not suggested any accounting treatment therefore, no marks were entitled.
- Requirements of standards were not described by majority students.

PIPFA - Examiners' Comments
Summer - 2017

Examiners' Comments

Management Accounting

Summer Exam – 2017

General Comments on Examinees Performance

The performance in the paper of Management Accounting was satisfactory. Some of the Students performed really well, while less than 50% were not able to cross the threshold of 50% marks.

The majority of the Students attempted all the questions, however exceptions were there in which students were not able to attempt all seven questions.

Question Wise Comments

| Q. No. | Comments |
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| 1 | Role of Management Accounting & notes on terms were well attempted by almost all students. |
| 2 | The question on Breakeven was also an easy one to attempt by majority of students. |
| 3 | This Question on FOQ got very good response & almost 90% students got full marks in this. |
| 4 | Variable/Absorption Costing was an easy question to attempt & good marks were secured in it. |
| 5 | This question on cash Budget was also well attempted. |
| 6 | This Question on pay back / NPV/ IRR seemed to be favorite one as everybody did well in it. |
| 7 | Comparison of in house production & outsourced was also very well attempted. |

Examiners' Comments

Audit, Assurance & Ethics Summer Exam – 2017

General Comments on Examinees Performance

- Students failed to apply knowledge to scenarios.
- Students lack understanding of audit procedures.

Question Wise Comments

| Q. No. | Comments |
|----------|---|
| 1 | Format of differentiation was missing in majority of answer scripts. |
| 2 | Students lack knowledge why certain situation constitutes ethical threat. Very poorly attempted. |
| 3 | A good attempted question. |
| 4 | A very good attempted question. |
| 5 | Performance was at lowest in this question. |
| 6 | Students lack alternative procedures and impact of issues on report. |
| 7 | Attempted well by examinees. |
| 8 | Students lacked basic knowledge of IAS-10. They do not even know the difference between adjusting and non-adjusting events. |
| 9 | Attempted well by examinees. |
