



Pakistan Institute of  
Public Finance Accountants

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# Examiners Comment

Winter 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.

## *Examiner's Comments*

### Business Economics Winter Exam – 2017

#### **General Comments on Examinees Performance**

The performance of examinees was not up to the mark. It seemed they did not have in depth knowledge of the subject. Majority of the students provided irrelevant material.

#### **Question Wise Comments**

<b>Q. No.</b>	<b>Comments</b>
<b>1</b>	In Part (a), a few students could explain the reason of increasing opportunity cost correctly, along with PPC, However Part (b) was well attempted.
<b>2</b>	Majority of Students mixed the concept of determinants of Ed with determinants of demand in Part (a) of the question. In Part (b) a number of students worked on incorrect formula of elasticity of demand.
<b>3</b>	Part (a) was attempted by majority of the examinees but few attempted Part (b).
<b>4</b>	Correctly attempted by most of the examinees.
<b>5</b>	Few students could make the diagram of Cost Push Inflation. Attempts for explanation of the measures to control the Cost Push Inflation was also less in number.
<b>6</b>	Part (a) was well attempted. Only a few students attempted the answer of Part (b).
<b>7</b>	It was easy numerical question on National Income measurement but few students correctly apply the relevant formulas.
<b>8</b>	Generally a well attempted question.
<b>9</b>	Mixed behavior of examinees was observed in this question. Some got full marks and a number of students got zero.

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## *Examiner's Comments*

Business Law  
Winter Exam – 2017

### **Question Wise Comments**

<b>Q. No.</b>	<b>Comments</b>
<b>1</b>	While attempting this question, most of the students referred to the Provisions of Previous law i.e. companies' ordinance 1984. However, conceptually they were right.
<b>2</b>	Most of the students gave the right answer but they faced problem in attempting the Preposition in a proper way.
<b>3</b>	Majority of the students followed the Provisions of Companies' Ordinance 1984, while they were supposed to follow the new law. However, marks were awarded.
<b>4</b>	Some of the students attempted the question in conceptual way and they gave the outcome of the situation. Some of them remained focused on the rights and liabilities of both the parties without giving any outcome of the situation.
<b>5</b>	Most of the students gave the right answer but they could not attempt the way a preposition be attempted.
<b>6</b>	Average Response was observed.
<b>7</b>	Majority of the students could not answer this question properly.
<b>8</b>	The concepts of majority of students were right; however they could not explain properly the difference between the Conditions and Warranties.
<b>9</b>	Most of the students could not explain their answer properly.
<b>10</b>	Majority of the students did not attempt the question and those who attempted could not give required answer.

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## *Examiner's Comments*

### Financial Accounting Winter Exam – 2017

#### **General Comments on Examinees Performance**

Most of the candidates failed to apply the knowledge required for this exam, although all the items tested were within the scope of the syllabus.

The students were not adequately prepared for the exams.

Candidates are reminded that it is essential to read each item very carefully before attempting an answer. This ensures that an important word, phase or figure is not overlooked.

#### **Question Wise Comments**

<b>Q. No.</b>	<b>Comments</b>
<b>1</b>	Candidates presented reasonable answers to this question.
<b>2</b>	A common error was taking the difference between balances given in the question rather than posting directly to the extract.
<b>3</b>	Did not perform well on this question. Some just passed the journal entries rather than making the current account.
<b>4</b>	Performance of candidates was not adequate. A weakness in double entry was evident.
<b>5</b>	Answers to this question varied between candidates. It was evident that some were not sure with regard to the total years for which depreciation is to be charged to calculate revenue gain.
<b>6</b>	Many candidates were unable to identify the correct figure for closing inventory.
<b>7</b>	A weak response was given to this question. Students need a thorough understanding of construction contract.
<b>8</b>	Again a weak response was given to this question. Some students did not prepare the correct I/S and appropriate account. In some cases candidates completely omitted this question.
<b>9</b>	Students were good while attempting this question.

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## *Examiner's Comments*

### Business Communication and Report Writing Winter Exam – 2017

#### **General Comments on Examinees Performance**

The overall performance of the examinees was not satisfactory. The major areas of concern may be enumerated as follows:

- Lack of syllabus preparation
- Lack of in-depth knowledge of specific topics
- Not comprehending the precise requirement of questions specially Q:4, Q:6 & Q:8
- Not attempting all the questions
- Inadequate practice of writing letters and reports

#### **Question Wise Comments**

<b>Q. No.</b>	<b>Comments</b>
1	The question demands straight forward answer and the examinees who had prepared the topic performed well.
2	It is a simple question; owing to lack of knowledge, a few tried to explain according to the literal meanings of the words.
3	Mostly students performed well; however, a few answered according to the general understanding of the topic.
4	Some students could not comprehend the question; instead of giving key points, they discussed the reasons behind negative messages.
5	Majority performed well. The question was simple. A few mixed "Consideration" with "Courtesy".
6	A very few gave correct answer. Lack of precise knowledge, is the basic reason. Discussed perception in general.
7	A precise answer was required. Many Examinees tried to write purposes of 'Communication' rather than "Interpersonal Communication."
8	The question required critical analysis along with the knowledge of the Subject matter. 2 students could do.
9	The question was easy, majority attempted; still all could not write correct answers. Some did not know the difference.
10	A straight forward question. Majority attempted it.
11	All of the students attempted.

*Examiner's Comments*

<b>12</b>	The Question on short report was attempted by almost all the students. The causes of poor performance were incorrect format and inadequate report writing techniques.
<b>13</b>	The question on a claim/complaint letter. Majority attempted it. Poor performance in some cases was due to insufficient letter writing practice.

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PIPFA - Examiners' Comments  
Winter Exam - 2017

## *Examiner's Comments*

### Financial Reporting Winter Exam – 2017

#### **General Comments on Examinees Performance**

Students' performance is not satisfactory. Students are not familiar with the accounting and are making same mistakes.

Questions/Answers numbering is not arranged in accordance with the question paper. Most of the students do not even mention the question number in their answer sheet.

Presentation skills need improvement as the students do not provide proper headings and proper template is not used.

Most of the students' performance was satisfactory in Question 1, 2 and 5 and therefore, secured good marks in these questions. Students' lack of knowledge and lack of practice was transparent in Other Questions (i.e. Question 3, 4 and 6).

Lack of technical knowledge is mainly due to selective study that students prefer and therefore, resultantly make exam passing difficult.

Some of the students start writing complete question scenario in the answer which as a result wastes time and no additional marks are provided.

#### **Question Wise Comments**

<b>Q. No.</b>	<b>Comments</b>
<b>1</b>	<p>The question was taken from Leases topic. Students were required to perform working for Lease arrangement and pass journal entries in the books of Lessee, in absence of information regarding recording in the books of Lessor.</p> <p>The question mainly required the calculation of transaction price, preparation of lease repayment schedule, calculation of present value of lease payments and at the end, passing of Journal Entries.</p> <p>Journal entries also include Depreciation and the Interest Expense entries. The mistakes observed were as follows:</p> <ul style="list-style-type: none"><li>▪ Majority of the students performed well in this question. Some students were focusing on missing information and assumptions were taken with regards to the recording of lease in the books of lessor and as a result, lost marks.</li><li>▪ Allocation of transaction price was required to identify the fair value of asset and services, the calculation was quite simple and students were aware of the working.</li><li>▪ Lease repayment schedule is required whenever the leases question is examined. Some students are not handy with this area.</li></ul>
<b>2</b>	<p>This question was related to the working for Current Taxation and Deferred Taxation. Students were required to prepare note for taxation expense to be included in financial statements, Reconciliation of tax on accounting profit and tax expense. Generally, well attempted by students but majority of students did not attempt the question completely.</p>



## *Examiner's Comments*

	<p>Current tax working was performed and then most students got stuck in the middle and ended up mixing numbers. The common mistakes were as under:</p> <ul style="list-style-type: none"><li>a) Firstly, students did not provide tax expense note to be incorporated in the financial statements,</li><li>b) Tax reconciliation statement was either not prepared or poorly prepared, this area was key to the syllabus but students lacked to focus on reconciliation.</li><li>c) Some students were unaware of the treatment of unused tax losses and therefore, presented in an inappropriate place.</li><li>d) Lack of conceptual awareness in determining the amount of tax base of asset.</li><li>e) Failure to adjust the opening deferred tax liability with the effect of change in tax rate.</li></ul>
<b>3</b>	<p>Consolidated Financial Statements is the key syllabus area and is frequently tested topic in this paper and usually carries a weight age of 25 to 30 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> <ul style="list-style-type: none"><li>a) 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.</li><li>b) 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.</li><li>c) Impairment in goodwill of subsidiary company was to be allocated between parent and non-controlling interest (NCI) as question required candidates to calculate goodwill using full goodwill method. Majority of the candidate allocated goodwill to parent only leading to incorrect balances of consolidated reserves and NCI.</li><li>d) Majority of students didn't performed adjustment of dividend income appropriately and used inappropriate percentage for eliminating the balance.</li><li>e) Unrealized profit from sales of goods balance adjustment was well performed by majority of students. However, few candidates made error and calculated this figure incorrectly.</li><li>f) Not performing the working for calculation of NCI's share was the most common mistake in students.</li></ul>
<b>4</b>	<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 recognition of revenue under Contract Arrangement. Students were required to prepare extract for financial statements, propose double entries for 2 years for this activity and therefore, repetitive entries were to be proposed with some minor changes at the end of year 2 to be incorporated. Common mistakes are as follows:</p> <ul style="list-style-type: none"><li>a) 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.</li><li>b) Candidates were unable to calculate the cost of sales and related revenue appropriately.</li></ul>

## *Examiner's Comments*

	<ul style="list-style-type: none"><li>c) Students were required to perform working for allocation of transaction price under the contract to ensure appropriate entries for revenue, cost of sales, services income, interest income to be calculated but they lacked in preparing this.</li><li>d) Contract asset amount was not calculated correctly, therefore, only limited marks were given.</li></ul>
<b>5</b>	<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"><li>a) Students were required to discuss standard requirements in relation to inventory and the relevance of prime cost and overhead cost to the inventory calculation. This point was discussed very well by students but some answers very precise which resultantly gained limited marks.</li><li>b) Students were unable to differentiate between the concept of contingent liability and provisions.</li><li>c) 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.</li><li>d) Students were required to provide figures and amounts along with their discussion relating to fraud as to where provision is required and the amount of the provision or write down of balance, this was not appropriately performed.</li><li>e) Link to standard was not made only generic answers were provided by most of the students.</li></ul>
<b>6</b>	<p>This was also a poorly attempted question. Students were required to identify the Operating segments in scenario in accordance with the provisions of IFRSs. Mistake observed were as follows:</p> <ul style="list-style-type: none"><li>a) Students were unable to identify the Operating Segments in the scenario and provided generic answers as to what operating segment is.</li><li>b) Students were unaware of criteria for identification of Operating Segments, therefore, were using inappropriate and irrelevant figures in their calculations.</li><li>c) Requirements of standards were not described by majority students.</li><li>d) Disclosure of Operating Segments was not provided by the students.</li></ul>

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## *Examiner's Comments*

### Management Accounting Winter Exam – 2017

#### **General Comments on Examinees Performance**

The Performance in the paper of Management Accounting was just satisfactory. However, some of the papers were above ordinary level. The majority of the students attempted all the questions, however, a good number of students were not able to attempt all seven questions. Most of the students did very well in the question which related to contribution margin approach. More Practice is required and if students give consideration to the concept of practice they are bound to perform better.

#### **Question Wise Comments**

<b>Q. No.</b>	<b>Comments</b>
<b>1</b>	Limitations of Management Accounting question was not very well attempted.
<b>2</b>	Cash receipts/ disbursements were required to be calculated. Errors were committed in calculating variable expenses.
<b>3</b>	This question related to Relevant Cost Concept. Mostly not well attempted by majority of students.
<b>4</b>	Contribution margin approach question was favorite of all students as this was very well attempted and mostly students obtained good marks here.
<b>5</b>	In this question companies' performance was required to be evaluated. On average performance remained good, however the problem faced was in calculation of capital employed figures.
<b>6</b>	In this question decision was required whether to shut down operations of company or to continue. Most performance were just average.
<b>7</b>	In this question on capital budgeting the performance was not good. Students even failed to calculate NPV correctly.

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## *Examiner's Comments*

### Audit, Assurance & Ethics Winter Exam – 2017

#### Question Wise Comments

Q. No.	Comments
1	<p>(a) Candidates did not identify that this was a subsequent, non-adjusting event. This led to the wrong answer, also many simply ignored that the auditor was unable to get audit evidence. Candidates need to be more vigilant when reading facts of the case.</p> <p>(b) Candidates were unfamiliar with the audit report format, specifically the new one. Many candidates did not know that two separate paragraphs should have been used hence leading to incorrect answers.</p> <p>(c) Same problems here, candidates were not only aware of the fact that sufficient appropriate audit evidence could not be gathered also the report format prescribed by the new standard.</p> <p><b>Overall</b> This question was very poorly attempted by majority showing lack of preparation in audit opinion and reporting.</p>
2	<p>This was a straightforward question that candidates were able to understand and manage well.</p>
3	<p>(a) Majority candidates understood the requirement well and managed to give the correct answer. Some candidates failed to understand the requirement and answered 'section c' of the same question here and hence lost marks.</p> <p>(b) Most candidates gave incomplete answers here and exhibited lack of depth in explanation or reading. Candidates need to understand that explanation needs to be complete in order to get maximum marks.</p> <p>(c) This was a straightforward requirement and was well attempted by candidates.</p> <p><b>Overall</b> This was generally well attempted by candidates.</p>
4	<p>(a) Candidates wrote general duties and responsibilities of auditors rather than paying attention to the specifics of the requirement showing lack of focus during exam.</p> <p>(b) Again, candidates failed to understand the specifics of the requirement and wrote general procedure for appointing a new auditor disregarding the requirement completely.</p> <p>(c) This was a straightforward requirement and was well attempted by candidates.</p>

## *Examiner's Comments*

	<p><b>Overall</b></p> <p>This was poorly attempted simply because of candidates not paying close attention to the requirement.</p>
<b>5</b>	<p>(a) Candidates failed to give examples with definition hence losing marks.</p> <p>(b) This was well attempted with most candidates giving well rounded answers</p> <p>(c) This was well attempted with most candidates giving well rounded answers</p> <p><b>Overall</b></p> <p>One of the best answered questions.</p>
<b>6</b>	<p>(a) Definitions were attempted well showing basic knowledge of candidates.</p> <p>(b) This was poorly attempted with candidates knowing that negative confirmation is less persuasive than positive but did not know the reasons behind it hence could not get marks.</p> <p>(c) Candidates exhibited lack of depth, for instance, most of the candidates were aware that additional procedures should be applied but had no idea which ones since they did not know which assertions are covered by confirmations. They also failed to mention the impact on the audit report.</p> <p><b>Overall</b></p> <p>This was a scoring requirement for students who managed to attempt the question in adequate detail.</p>
<b>7</b>	<p><b>Overall</b></p> <p>Candidates did not know what an audit program is and especially what it includes. Most of the candidates failed to mention the assertion and those that did could not mention the assertions specifically applicable on receivables. Candidates also showed lack of technique in writing substantive procedures and could not get marks. This was very poorly attempted by majority of the candidates.</p>
<b>8</b>	<p>(a) Candidates knew which threat this was to auditor's objectivity but simply could not mention adequate safeguards. The safeguards that were mentioned were general and had not been applied to the scenario.</p> <p>(b) Candidates knew that this was a self-interest threat however, did not know about normal commercial terms and safeguards that are applicable with them and vice versa.</p> <p><b>Overall</b></p> <p>Candidate answers showed a lack of understanding of the topic and that they had memorized text rather than grasping the concept leading to lack of application.</p>
<b>9</b>	<p>Candidates showed lack of technique when attempting a risk question. Not only was the language not appropriate for a risk question, candidates seemed to ignore that audit risk</p>

*Examiner's Comments*

	needs to be associated with Financial Statements.
<b>10</b>	This requirement was misunderstood by a vast majority of candidates as many failed to understand what requirement suggested and simply wrote the process to attempt a risk question.
<b>11</b>	(a) Candidates attempted this question pretty well and managed to put in the appropriate level of details as well.  (b) Candidates attempted this question pretty well and managed to put in the appropriate level of details as well.

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PIPFA - Examiners' Comments  
Winter Exam - 2017