

Examiners Report

Exam Name and Code: Financial Accounting and Reporting (FAR B/2025)

Date of exam: 19th August 2025

Paper Performance Overview

A high level overview of areas in which candidates performed well and areas in which their performance was weaker.

Students did well at accounting for convertible bonds and revenue recognition well. Students had clearly spent some time learning key aspects of sustainability. Ethics, as ever, was answered well with many candidates getting full marks on this question.

Analysis was very poorly answered with many students missing this requirement out altogether. Fortunately it was for relatively few marks. Students also had difficulty at working out how to adjust a consolidated cashflow statement that was given to them in the question containing a number of errors.

Question 1 Performance

The syllabus areas covered in this question were: 2 b, 2 e

Very strong answers to this question with many achieving high marks.

Almost all candidates correctly dealt with the initial treatment of the convertible bond and then subsequent treatment at amortised cost, which was pleasing to see.

The majority of candidates dealt with revenue recognition and a provision extremely well, again, with most achieving all the available marks for this.

The performance when dealing with PPE and the held for sale asset was mixed. Most made a fair attempt, however often incorrectly calculated the CV of the HFS asset by not time-apportioning.

Additionally, a majority discussed it in the context of it having been disposed of, as opposed to the specific IFRS treatment of classifying it as HFS and accounting for any impairment,

showing a lack of understanding with this topic.

PPE workings were generally easy to follow, but there were numerous common errors in not excluding Land when calculating the in-year depreciation.

Additionally, these working often omitted to correctly show - or () of accumulated depn and the depreciation charge. It is key that candidates correctly show the 'sign' to demonstrate their understanding.

Presentation on the whole was good, however a number of candidates left unnecessary headings in their proformas, did not subtotal balances, and/or incorrectly excluded - or () from SPL expense items.

Other workings were generally clear and easy to follow, enabling marks to be awarded accordingly, along with any 'own figure rule' marks.

1.2

Very pleasing responses to the differences here, with many obtaining 3 or even the full 4 marks.

Some candidates extensively listed all the different terminology, as opposed to summarising that the terminology is different and giving some examples. Others included non-relevant differences for this question. I.e. goodwill presentation

Question 2 Performance

The syllabus areas covered in this question were: 1f, 1j, 2b, 2c, 2d, 3e.

2.1

This question covered an explanation of foreign currency, groups and intangibles.

Overall, most candidates made a reasonable attempt at explaining the accounting treatment although performance was perhaps weaker than in some of the past sittings. Many included lots of narrative, but this was often rote learned from the textbook/IFRS and didn't necessarily add value. Candidates should be reminded to apply their knowledge to the scenario.

FX - The majority of candidates explained this well and correctly calculated the balances at the initial transaction date and restated the payable at the y/e, taking the loss to P&L.

Students struggled with the group aspects of this question with the exception of deferred

consideration which was generally done well although narrative was very brief.

The intangible was reasonably attempted although most candidates ignored whether an 'indefinite' life was appropriate.

2.2

Good adjustments to profit statements were presented, clearly showing movements/adjustments.

2.3

Many omitted to answer this part of the question. Of those that did, there were a few good responses, realising that the impact of the adjustments all reduced profit, so there would be a reduction in ROCE. A number confused ROCE with SOCE and made comments about the Statement of Changes in Equity.

2.4

Overall, this was done fairly well, with many being able to identify the deficiencies in the scenario relating to ESG issues. There were some excellent answers to this part, demonstrating a key understanding of the current issue.

2.5

Ethics answers were well answered, with a majority considering the self-interest threat, intimidation threat and issues regarding competence. Full marks were awarded often in this part. Weaker candidates, whilst identifying the ethical issue, didn't develop their points, losing valuable marks. Actions were well considered, although a fair few candidates mentioned 'discuss with ethics partner' and 'ask the [audit] senior for assistance', clearly not having applied to the scenario and offering rote learned answers, which did not score marks.

Question 3 Performance

The syllabus areas covered in this question were: 2b, 3c

The consolidated cash flow was not particularly well answered, with a minority not providing any response, although there were a few stronger candidates who did achieve full (or close to) full marks.

Presentation of the statement and workings here were particularly poor, making it hard to follow, and often there were workings/numbers just haphazardly placed in answers, with no reference as to what they were. Cash inflows/outflows were also commonly incorrectly presented, as a result marks were limited.

Purchase of PPE was the best answered area, however omission of either the ROU asset and/or the PPE acquired on acquisition of the Sub were common errors. Students struggled to know how leases would impact upon the cashflow statement.

The bonus issue was often calculated correctly, however, the resulting Share issue calculations and dividends paid caused problems.

Question 4 Performance

The syllabus areas covered in this question were: 3d

4.1

Many candidates did well on this part, showing good practice of CSPL.

The consolidation schedule working was clearly presented by most, however other workings were varied, again with some very hard to follow and with little explanation as to what it was for.

It is imperative that workings are made clear so that marks can be awarded and own-figure rule be applied.

Weaker candidates fully consolidated the disposed of subsidiary, showing no awareness of the IFRS 5 presentation, and as such, marks were limited on these scripts.

Disposal calculations were performed well, with many obtaining all the marks available for that part. Also the Associate profit for the period and PURP were often calculated correctly, although a number did omit to time-apportion the profit.

4.2

Students struggled to make adjustments to SFP figures, with a number of candidates choosing to not answer this requirement.

Summary and Helpful Hints

Make sure you read dates carefully in a question and the requirement carefully.

In written questions ensure your answer relates to the scenario given in the question, don't just copy large amounts from the accounting standards book with no application.

Present workings to your consolidation question clearly.

Attempt all parts of all questions. Even in a difficult question there will be some easy marks.

Be careful with presenting cashflows as to whether they would be a positive cashflow or negative cashflow.