

## Examiners Report

**Exam Name and Code: Financial Accounting and Reporting IFRS (FAR/A 2021)**

**Date of exam – 16 December 2021**

### **Paper performance overview**

**what worked well with candidates and areas that they were weak on, how they responded.**

Students performed well on the consolidated statement of comprehensive income and most candidates were able to make sensible comments at explaining the accounting treatment on a range of issues for the individual financial statements. Students had improved their performance at producing extracts for the consolidated statement of cash flow but ethics was perhaps not answered as well as in the previous sitting. Students must also manage their time, particularly in relation to question 1. Consolidated statement of equity was either missed out or poorly attempted.

### **Question 1 performance (include each syllabus area covered)**

*E.g The syllabus areas covered were: 1a, 1i, 1l, 2f, 2j*

Syllabus areas 2b and 2e were covered.

Students struggled to correctly adjust figures for PPE with a disposal. Students need to ensure they read the question carefully to identify what error the accountant has made in the first place to correctly identify the correcting treatment. Students also struggled to deal with a sale where some of the cash was deferred. Provisions and dividends were well attempted. Most students made a reasonable attempt at identifying differences between UK and IFRS for grants but few got full marks.

### **Question 2 performance (include each syllabus area covered)**

Syllabus areas 2c, 2d and 1i were covered.

Students made decent attempts at explaining and quantifying the accounting treatment for a range of issues that included intangibles, prior period errors, financial instruments and inventory although there were few completely correct calculations.

Candidates were also asked to adjust equity. This was very poorly attempted as very few candidates appeared to realise that adjustments to profits needed to be included as they affect the retained earnings figure within equity. Candidates were rewarded where they used incorrect calculations from part a correctly in their adjustments to equity.

Students made a reasonable attempt at the ethical issues but relatively few achieved full marks.

### **Question 3 performance (include each syllabus area covered)**

Syllabus areas 1b, 1c, 2c and 3e were covered.

Students made a pleasing attempt at showing extracts of figures which included consolidated cash flows and the acquisition of a new subsidiary. Very few students however were able to get close to full marks on what proved a testing question.

What was disappointing was that far too many students realised that easy marks were available for calculating goodwill on the acquisition of the subsidiary as this would be part of non-current assets.

Students were also asked to examine the purpose and benefits of cash flow statements and most candidates made a reasonable attempt at this.

### **Question 4 performance (include each syllabus area covered)**

Syllabus areas 3d and 3e were covered.

Students made a solid attempt at basic consolidation adjustments such as PURPS and FV adjustments.

Students did not perform so well at dealing with a disposal of a subsidiary and extracts from the CSOCE.

### **Summary and helpful hints**

Students must make sure they read the requirements carefully and not spend too much time on question 1 to the detriment of the rest of the exam. Some candidates still failed to identify the easier marks in the question and had a tendency to spend too much time on the more difficult areas tested but only achieved relatively few marks for their efforts. Overall though students' technique had improved from the previous sitting.