

# Examiners Report

Exam Name and Code:	<b>Financial Accounting &amp; Reporting (FAR-A/2023) June 2023</b>
Paper performance overview, what worked well with candidates and areas that they were weak on, how they responded.	
Students managed their time well with most students attempting most of the requirements. Workings were a bit mixed with some clear and easy to follow and others difficult to understand with a lack of X referencing.	
Exam technique on the whole was improved from previous sittings. There were however some technical gaps to their knowledge, particularly on syllabus areas that are not tested every sitting.	
Question 1 performance (include each syllabus area covered)	
<p><i>E.g The syllabus areas covered were: 1a, 1i, 1l, 2f, 2j</i></p> <p>Q1 performance was reasonable with less evidence that students had spent too long on this question to the detriment of other questions. Workings for depreciation and intangibles were generally performed well. Fringe areas like Treasury shares were not calculated correctly in the majority of the cases.</p> <p>Students still struggle to adjust an incorrect treatment that has been recorded within the trial balance in the first place. Instead too many students essentially just calculate what should have been recorded in the first place. There was also some evidence of single entry corrections which means the FS's cannot balance. Syllabus areas covered were 2b and 2 c.</p>	
Question 2 performance (include each syllabus area covered)	
<p>Q2 performance remains reasonably strong. Students were able to score well on identifying the situations that group FS's were required, although few were able to refer to IFRS 10 and what details meant by control.</p> <p>Students were able to apply their knowledge to an usual group situation and describe the</p>	

accounting treatment even though few numbers were given in the question. Students did very well with describing and calculating lease liabilities.

Students were less familiar with the requirements of IFRS 5 with disappointingly few able to identify the correct date that an asset should be classified as held for sale and to then perform correct calculations.

Ethics continues to be performed reasonably well and a pleasing number identified that there are no assets held for sale in UK GAAP.

Knowledge of measurement bases was a little disappointing with few able to apply their knowledge adequately to the scenario or several missing out the requirement. Those that used the open book scored well.

Syllabus areas 1g, 1h 1i, 2d, 2 e, 3 a, 3b, 3f and 3g were all tested in this question with multiple requirements.

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

Q3 was on the whole better than past sittings with students able to make a decent attempt at providing extracts from the individual statement of cash flow. Students should be reminded that they are trying to achieve the cash paid to acquire PPE rather than just additions within the investing activities section.

It was disappointing to see students get muddled with the accounting treatment and depreciation calculations regarding revaluations as this is a core topic. Distributable profits was a mixed bag. Students were very confused as to whether transfers of excess depreciation are distributable or not with many contradicting themselves or maybe trying to hedge their bets! Those that attempted it generally scored well though

Syllabus areas 2 a, 2b and 2 f were examined.

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

Q4 was on the whole well performed, with most candidates adopting the standard working format and following a methodical approach.

The majority of candidates made their workings clear, as well as showing consolidation adjustments on the face of the CSFP.

A large proportion were able to correctly deal with common issues such as the FV adjustment, PURP and goodwill impairment.

The contingent liability presented a few problems for a large number, but it did not impact too much, given the application of the 'own figure' rule.

The investment in the JV was dealt with extremely well, with a lot of candidates obtaining full marks on this area. Common issues were not time apportioning the profits and/or multiplying the PURP by the parent's % shareholding.

Syllabus areas 3d and 3 e were tested.

### Summary and helpful hints

Overall student performance was fairly encouraging with exam technique better than in past exams.

Some workings, particularly in trial balance questions, can be difficult to follow. Students also did not get too distracted by spending too long on the difficult areas within the exam questions.

Technical knowledge was however a little weak in less commonly tested areas. It is also worth reminding that the exam is open book.

Many students would have benefitted from using the framework to help identify and apply the concept of measurement bases.

Groups and explanation questions remain, on the whole, the best answered questions in the exam but there was a more even spread of marks across the exam than in past sittings.