

**INTRODUCTION TO FINANCIAL REPORTING– PAPER 12****1.0 General Performance**

- Performance generally declined; the pass rate was 20.59% compared to 48% for the December examinations diet.
- Candidates were not well prepared for the examination.

**2.0 PERFORMANCE IN INDIVIDUAL QUESTIONS****2.1 Question 1**

- Required candidates to prepare the following statements in accordance with IAS 1: Presentation of Financial Statements: comprehensive income and changes in equity for Brown Co Ltd for the year ended 31 May 2011.
- This question was poorly answered; most candidates failed to achieve at least half of the marks allocated.
- The majority failed to prepare the statement of changes in equity!

**2.2 Question 2**

- Required candidates to: (a) explain the circumstances under which subsequent expenditure on property, plant and equipment should be capitalised, (b) calculate the amount at which the equipment should be measured at recognition, and (c) briefly explain what is meant by appreciation
- This question was attempted by very few candidates and was poorly answered; the majority of candidates achieved less than half the marks allocated.
- Most candidates displayed a complete lack of knowledge in the treatment of subsequent expenditure and measurement of cost at recognition.

**2.3 Question 3**

- Required candidates to prepare the following accounts: (a) royalties payable, (b) Taka Ltd and (iii) short workings recoverable, in relation to royalty accounts of Gravel Extractors Ltd.
- This question was attempted by many candidates who achieved less than half the marks allocated.
- Candidates were not prepared for a question from this area of the syllabus.

**2.4 Question 4**

- Required candidates to write short notes on the following techniques as applied in public sector accounting: (a) budgetary accounting, (b) fund accounting, (c) cash accounting, (d) accrual accounting and (e) commitment accounting.
- This was a very popular question but poorly answered. Most candidates who attempted the question failed to give adequate answers to these areas of public sector accounting.

**2.5 Question 5**

- Required candidates to: (a) state any five procedures that the auditor performs to identify material subsequent events, (b) outline the general enquiries that the auditor may make regarding the financial statements after the date of their report.
- This was an unpopular question and the few candidates who attempted it scored less than half the marks allocated.
- Candidates had not covered this area of the subject.

**2.6 Question 6**

- Required candidates to: (a) briefly explain what auditors' working papers should consist of, and (b) outline ten contents of the current audit file.
- Very popular question but the majority of the candidates scored less than half of the marks allocated. The candidates were not prepared for a question from this subject area.

**2.7 Question 7**

- Required the candidates to outline ten financial indicators the auditor may use to question the appropriateness of the going concern assumption.
- The question was poorly answered; most candidates displayed lack of knowledge of the issues examined. This was the worst answered question in the exams.