

EXAMINER'S REPORT**MIA QE MARCH 2018****PAPER: ADVANCED FINANCIAL ACCOUNTING AND REPORTING**

| Question no. | Question's Requirement | Expected Answer | Weaknesses in the Answer Provided | How answer should be written to get more marks |
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| 1 | The question was about preparing consolidated statement of profit or loss and consolidated statement of changes in equity. Marks allocated was 25 | Consolidated statement of profit or loss and consolidated statement of changes in equity together with the calculation/workings. | Average scores were: Overall: 9.82/25 Shah Alam: 10.17/25 JB: 1/25 (one candidate) Kuching: 10.5/25 Penang: 8.6/25 Weaknesses: 1. A few candidates did not answering at all 2. Majority prepare Consolidated statement of profit or loss only 3. No supporting calculation | Candidates may score more marks by: a) Understand the format of the said consolidated financial statements b) Follow the steps required c) Do more exercises |
| 2 | | | Average scores were: Overall: 8.85/25 Shah Alam: 9.48/25 JB: 8/25 (one candidate) Kuching: 8.1/25 Penang: 6.8/25 | |
| 2(a)(i) | The question was about investment property (IP). 4 marks | The question asked whether a property leased to subsidiary company is IP: (a) In parent account | Majority of the candidates gave the correct answer | Many candidates still can improve their marks if they understand from the group point of view, the property was owner occupied. |

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| | | (b) In Group account. | | |
| 2(a)(ii) | The question was about investment property. 6 marks | Decide whether a factory is IP if 10% is owner occupied and 90% is rented. | Majority of the candidates were able to answer correctly. | Candidates should state that the plant and land cannot be sold separately. |
| 2(a)(iii) | The question was about financial instruments (FI) 3 marks. | Is loan from parent company to subsidiary company a FI? | Majority of the candidates were unable to get the marks. | The question stated that there was an agreement, it indicated probable repayment and was not a repetitive transaction between the parent and subsidiary company. |
| 2(b)(i) | The question was about 3 types of hedging. 6 marks | The question required the candidates to explain the 3 types of hedging. | Majority of the candidates cannot answer the question. | Candidates may have little exposure to hedging in their daily work and not understand the reading materials provided. |
| 2 (b) (ii) | The question was about "retrospective restatement" 4 marks | The question required the candidates to explain "retrospective restatement" | Majority focus on readjustment only. | Candidates should focus on recognition, measurement and disclosure of the amount involved. |
| 2 (b)(iii) | The question was about changes in accounting policies 2 marks | The question required the candidates to explain when changes can be done | Majority gave examples instead of the correct answer. | The correct answer was (i) if it is required by an accounting standard and (ii) if it give more reliable information to user. |

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| 3 | Candidates are required to prepare published Statement of Profit or Loss and Statement of Financial Position with necessary workings | Candidate should prepare published Statement of Financial Position and Statement of Profit or Loss by incorporating all the adjustments provided in additional information with necessary workings | Some candidates were not able to incorporate the adjustments either due to miscalculations or unable to understand the adjustments required. Some candidates were also having difficulties in providing published notes on PPE hence unable to incorporate even simple adjustment regarding PPE. | Candidates should provide the necessary workings required especially on notes to PPE as some of them did not provide the appropriate workings hence less marks were given. Candidate should also understand the adjustments as the adjustments being incorporated correctly should give them more marks. |
| 4 (a)(i) | Candidates are required to state information that must be disclosed by entity that enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts with customers in accordance with MFRS 15 | Candidates should provide information regarding nature, amount, and timing on revenue contracts that were stated in MFRS 15 | Most candidates provide the 5-steps model of revenue contract as they were unable to understand the question correctly. | Candidates should only provide answers according to the requirement of the questions. |
| 4 (a) (ii) | Candidates are required to briefly explain criteria that should be met in order for a contract with a customer to be considered within the scope of MFRS 15. | Candidates should explain the criteria that were stated in MFRS 15 | Some candidates were unable to provide the criteria correctly hence less marks were given | Candidates should provide the answer in accordance with MFRS 15, not any answer that was not relevant to the question. |

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| 4(b) (i) | Candidates are required to calculate the net profit or loss from the plantation operations for the current year. | Candidates should provide the correct calculation on the net profit on the plantation operation when there are some relevant and irrelevant cost provided in the question | Some candidates were unable to identify which cost are relevant to the calculation of net profit | Candidates should identify the relevant cost to the calculation of net profit in plantation operation in accordance with MFRS 141 |
| 4(b) (ii) | Candidates are required to explain the term 'bearer plant' in accordance with the relevant financial reporting standard. | Candidates should explain the term in accordance with amended MFRS 116 | Some candidates were unable to explain the term correctly in accordance to the standard | Candidates should read the standard in order for them to explain the term correctly. |
| 4(b) (iii) | Candidates are required to explain one (1) argument that supports the capital approach and one (1) argument that supports the income approach related to MFRS 120 | Candidates should provide 1 argument that support each of the approach on the government grant | Most candidates were not able to provide the arguments, instead they explained on the approaches which are not required by the question | The answer can either be derived from the Standard or from common accounting knowledge. Therefore the candidates should read the standard or from own readings. |
| 4 (c) (ii) | Candidates are required to state the journal entries to account for the government grant using 'deferred income method' and 'write off against asset method' | Candidates should provide journal entries on the dates of receiving the grant , the amortisation of the grant using deferred income method and the depreciation of PPE using the write off against asset method | Some candidates unable to calculate the amortisation and depreciation correctly. Some other candidates were not able to understand what is journal entry instead they provide the presentation of the grant in SOFP and SOPL which are not part of the requirement. | Candidates should at least know the basic journal entries on government grant on both method |

General Recommendation

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| To Facilitators | The facilitators may help in keep reminding the candidates to read and understand the MFRS in order to be able to answer the questions according to the Standards and also facilitates them in incorporating appropriate adjustment to the financial statements. With regards to preparation of financial statements, candidates should be reminded to show the correct format. |
| To Candidates | The candidates should practice more on preparation of financial statements since it is necessary for an accountant to be able to prepare one. Few of the candidates were not able to prepare the correct format of financial statements. This might be due to less exposure in their job regarding preparations of financial reporting or simply due to lack of time in examination. They should also need to comprehend the requirement of specific MFRS discussed in the workshops. |