

## **CAP2 Financial Reporting Interim Assessment 2021**

### **Examiner's Report**

#### **Overview**

This was the first time that the CAP2 Financial Reporting interim assessment was completed by E-Assessment. The vast majority of the 1,372 candidates who sat this assessment were well prepared and performed well. Workings were generally well presented. The average mark of 10.7 out of 15, or 71%, is lower than that attained in 2020 (Average: 77%), but ahead of the 2019 result (Average: 67%). The examiner commends candidates on an excellent result and reiterates that if students prepare well under exam conditions, this paper allows them to score well.

#### **Commentary**

##### **Part 1**

Candidates were required to prepare a company statement of profit or loss and other comprehensive income and a statement of financial position. Candidates performed very well here and the majority produced well-labelled workings. Typical errors in this part included:

- Incorrectly dealing with closing inventory in cost of sales;
- Incorrectly accounting for a prior year mis-statement of sales;
- Not excluding the suspense amount from the set of financial statements;
- Incorrectly including a dividend payment in profit or loss instead of deducting dividends from retained earnings.

##### **Part 2**

Candidates were required to prepare a company statement of cash flows. The statement of cash flows was extremely well attempted by candidates. Typical errors included:

- Incorrectly labelling the change in working capital items as a cash inflow / outflow;
- Incorrectly calculating the tax paid;
- Incorrectly calculating the proceeds from the issue of shares.

In addition, candidates were required to account for a leased asset. Calculations regarding the right-of-use asset and lease liability were less well attempted by candidates.

##### **Part 3**

In this part of the assessment candidates were required to calculate the capitalised amount of a new item of property. Candidate performance for this part was mixed. Some candidates were unable to identify expenditures which were eligible for capitalisation.