
Examiner's Report

**Paper 4
Information Technology
Applications in Accounting**

General Comments

It was sad to see a low passing rate again and a strange performance was observed in this session. A number of candidates did not work on Question B2, the DacEasy Software question, and it was unfortunate that some of them failed even though they got high marks in Section A or Question B1. Actually, the performance in Section A has improved a lot since December 2007. Apart from Question B2, the overall performance in Section A is satisfactory, especially in Question B1. Compared with the result of June 2008 Session, the low pass rate in this session was mainly due to the poor performance in B2 which is the worst since June 2007 Session.

Section A – 25 Multiple Choice Questions

The pass rate has increased from last session but candidates are reminded to read and study more from the essential reading list of textbooks because they need to understand the general and basic knowledge of information systems and the applications in accounting system. Though this is the last examination in IT application (Paper 4), basic knowledge is important and necessary for candidates to studying for the paper in Auditing under the new qualification framework.

Section B – 2 Hands-on Questions

Question B1 – Excel

The overall performance for this question was satisfactory but most candidates did not realise that in part (b), the values of opening and closing stock in the last column of “Quarter end” should not be the total of three months. They should be the same value of January and March respectively. Similarly for part (c), the opening balance and closing balance of cash in E49 and E50 should not be the total of the three months but the same as B49 and D50 respectively. A lot of candidates were careless in calculating the total variable cost in the part of production budget in value. The sales units in B13:E13 instead of the units of production required in B17:E17 were used for the calculation. Since part (c)(i) required names to be created and so the formula in B38:D39 and C44:D45 should have included these names. No marks are given even though the formula is correctly written with cell addresses but without using the names required to be created. The worse part of B1 was the chart diagram. Most of the candidates mixed up a column chart with a bar chart and some of them did not know how to draw a bar chart with three bars.

As mentioned repetitively in previous reports, some of the candidates did not follow the format and cell addresses given in the question. This created a lot of problems especially if the printouts did not have the column and row headings. Candidates are reminded to follow exactly the instructions and format requirement in whatever kind of questions, not only in EXCEL type. If instructions are not followed, marks are lost.

Question B2 – DacEasy

It was a very straightforward question and similar to one in the previous examination. However, the requirement of part (a) for a general ledger listing was still not understood by lots of the candidates. They either printed general ledger activity reports or all the journals. Same as in the last June session, this part only required candidates to print journal with “JL” code but some printed all of them. Candidates are advised not to waste time in doing things not required in the paper.

Though the separation of long-term and short-term portion for a loan has been repetitively tested in previous sessions, again most of the candidates failed to separate it at the end of the reported period. The question did not explicitly require candidates to classify long-term and short-term liabilities but they were expected to have acquired this knowledge. Only a few candidates were aware of how to classify the current portion of the term loan to short-term liabilities. Candidates are advised to apply their knowledge of principle of accounts to this question, apart from having knowledge of using the computer accounting software.

Part (b) and (c) required that the income statement and balance sheet should include general accounts. Most of the marks were given to the values of general accounts, especially in the balance sheet. It is not the first time to have this requirement. This has been tested since June 2006 Session, yet a lot of candidates did not include general accounts in their report, thus not getting any mark.

As it was mentioned in last June examiner's report, candidates are reminded to post all the entries because a number of accounts receivable / payable aging detail reports printed by candidates showed that the entries were not posted to the customers' / vendors' accounts. The instructions just before B1(a) specifically mentioned this requirement in this session, concessionary marks were awarded only to those reports showing no posting was done.

B2(f) required a cash disbursements report and the sequence of cheque number in this report was an important part of internal control. Therefore, the sequential order of cheque numbers without missing any one was awarded mark. The performance in this part was satisfactory.

[END OF EXAMINER'S REPORT]