

Examiner's Report

December 2017 Session

**Paper 1
Accounting and
Computerized Accounts**

General Comments

The topics tested in this session focused on the preparation of financial statements and journal entries for postings in the suspense account, ratio analysis and disposal of non-current assets. Although the examination was not considered as difficult, the overall performance was not as good as the last session. The worst performance was found in Question B1. In general, candidates performed quite well in the computational questions but some of them seemed reluctant to answer the essay-type questions and could not provide relevant answers to these questions. Some candidates did not show their workings and reasoning clearly to support their answers. Candidates should note that clear presentation and workings may help them to gain partial marks. In addition, candidates are strongly advised to be well prepared for all aspects of the examinable topics.

Section A – 15 Multiple-choice Questions

The overall performance in the multiple-choice questions was worse than that of the last session. As mentioned in previous examiner's reports, the multiple-choice questions cover a wide range of topics in the syllabus. They include both conceptual and computational issues. Thus, candidates are advised to study the textbook and other relevant reference materials in order to acquire a better understanding of the fundamental accounting concepts, basic accounting methods and treatments.

Section B – 3 Optional Questions

Question B1

This was the least popular among the optional questions. It was a straightforward question on the presentation and preparation of financial statements for a limited company. The overall result of this question was the worst.

Common mistakes made by candidates included:

- (1) failure to understand the treatment for transfers to general reserve;
- (2) failure to understand the treatment for dividends proposed on different types of shares;
- (3) failure to calculate correctly the amounts for machinery and property;
- (4) failure to present properly the financial statements; etc.

Parts (c) and (d) examined candidates' basic understanding of some common financial ratios. The question was rather simple but some candidates performed badly. Few candidates calculated all the ratios correctly; many of them were careless in reading the question and did not follow the instruction about the handling of the decimal place in their answers.

Question B2

Candidates also performed badly in Question B2 and the mean mark was the lowest among the optional questions. In fact, the preparation of journal entries on non-current asset transactions is common in many fundamental accounting examinations.

In part (a), many candidates did not know how to record the adjusting entries at the end of the reporting period. In part (b), most candidates were unable to prepare an extract of the Statement of Profit or Loss. In part (c), some candidates could not explain the term "depreciation".

Question B3

This question focused on the correction of errors and suspense account and was the most popular among the candidates. The question was not satisfactorily answered and some candidates scored low marks. Though both the mean mark and the passing rate are the highest in Section B, some candidates did not read the question carefully and they included narratives or inappropriate

narratives in the journal entries. Some candidates did not know how to write up the suspense account and the revised statement for net profit.

Section C – 1 Compulsory Question

Question C1

The overall performance was quite good. The passing rate was higher than that of the last session.

This question aimed at testing candidates' ability to record accounting transactions using MYOB software which was considered as straightforward and simple. However, many candidates did not know how to print the general journal report as well as the bank register for the month of March 2017. This shows that they were not only not well-prepared, but were also not familiar with the reporting function of MYOB.

Some candidates used incorrect accounts to record transactions but no mark would be given even if the amounts were correct. This is because the accounts that should be used or amended had already been underlined in the appendix for reference by candidates. Candidates should make sure that they use the correct accounts to record business transactions. They should practise more in order to achieve better time management in examinations.

[END OF EXAMINER'S REPORT]