

Examiner's Report

June 2018 Session

**Paper 1
Accounting and
Computerized Accounts**

General Comments

This examination aimed at testing candidates' understanding of the basic accounting knowledge as well as the application of computerized accounting. Candidates who were well-prepared should be able to pass the examination with no difficulty. However, only few candidates possessed a good understanding of the topics covered in this session, such as bank reconciliation statement, accounting for partnership and revaluation of non-current asset, etc. The main reason for failures was inadequate preparation.

The passing rate was worse than that of the last session. Candidates should adopt better time management basing on the marks allocated to each question. Candidates should be equipped with the fundamental knowledge of this paper in order to build up the required basic knowledge for examinations of higher levels.

Section A – 15 Multiple-choice Questions

Candidates' performance in the multiple-choice questions was good. Most of the candidates got a pass. To score good marks in this part, candidates are strongly advised to study the textbook and other references to acquire a better understanding of the accounting concepts and techniques.

Section B – 3 Optional Questions

Question B1

This was the most popular question but the performance was not satisfactory. Some candidates did not know how to prepare a statement to adjust the bank balance as per book. Few candidates did not even know the format of the bank reconciliation statement. For part (c), most candidates performed quite well. However, for part (d), many of them failed to define "liability" as well as "current liability" and "non-current liability" clearly.

Question B2

This was a straightforward question on partnership accounting. It tested candidates' understanding of the realisation account, the capital accounts and bank account of a partnership. The overall result of this question was acceptable.

Common mistakes made by candidates included:

- (1) failure to prepare correctly the realisation account for partners' retirement;
- (2) failure to prepare correctly the partners' capital accounts; and
- (3) failure to calculate correctly the loss on realisation to be shared by the partners.

Question B3

This question was unsatisfactorily answered. It focused on the revaluation of non-current asset. Many candidates did not read the questions carefully and failed to provide correct journal entries on specific transaction dates. They did not know how to prepare the journal entries to record the revaluation of a piece of land. Some candidates did not know the meaning of "revenue expenditure".

Section C – 1 Compulsory Question

Question C1

This part was a hands-on test on candidates' ability to use MYOB accounting software to solve a practical accounting case. The overall performance of this question was unsatisfactory. The passing rate was lower than the last session.

This question aimed at testing candidates' ability to record transactions which were simple and commonly seen in previous sessions. Whilst many candidates did not know how to record these transactions, others did not even know what was meant by a general journal. They were not well prepared and also not familiar with the reporting functions of MYOB.

In accordance with the same marking standard of previous sessions, no mark would be given for wrong accounts even when the amount was correct. This is because the accounts that should be used or amended had been underlined in the appendix for reference already. Candidates should make sure that the correct accounts are being adopted in recording business transactions.

Candidates are strongly reminded sufficient practice is the golden rule to get satisfactory result in Question C1.

[END OF EXAMINER'S REPORT]