

UNIVERSITY OF MALTA

**SECONDARY EDUCATION CERTIFICATE
SEC**

**ACCOUNTING
MAY 2014**

EXAMINERS' REPORT

**MATRICULATION AND SECONDARY EDUCATION
CERTIFICATE EXAMINATIONS BOARD**

**SEC Accounting
May 2014 Session
Examiners' Report**

Part 1: STATISTICAL INFORMATION

Table 1 shows the distribution of grades for the May 2014 session of the examination.

| GRADE | 1 | 2 | 3 | 4 | 5 | 6 | 7 | U | ABS | TOTAL |
|------------|-----|------|------|------|------|-----|-----|------|------|-------|
| PAPER A | 48 | 108 | 130 | 81 | 66 | - | - | 134 | 55 | 622 |
| PAPER B | - | - | - | 44 | 45 | 15 | 14 | 39 | 54 | 211 |
| TOTAL | 48 | 108 | 130 | 125 | 111 | 15 | 14 | 173 | 109 | 833 |
| % OF TOTAL | 5.8 | 13.0 | 15.6 | 15.0 | 13.3 | 1.8 | 1.7 | 20.8 | 13.1 | 100 |

Part 2: Comments regarding candidate's performance

2.1 GENERAL COMMENTS

The examiners seek to examine and assess candidates on all the areas identified in the syllabus. The following comments summarise overall performance, identifying strengths and weaknesses:

2.2 PAPER I

All questions in Paper 1 are compulsory and had to be attempted by candidates. The overall average mark obtained was 62%.

QUESTIONS 1 to 10 - Multiple choice

Questions 4, 5, 7, 9 and 10 were generally not answered correctly. Overall average mark obtained 60%.

QUESTION 11

The question assessed the process of carrying out a bank reconciliation. The overall average mark of 65% indicates that the students had a good grasp of the topic. The most common mistakes were that of updating the wrong cash book balance and misinterpreting the positive and negative signs. In part (e), quite a number of students confused the bank statement with the bank reconciliation statement.

QUESTION 12

This question, concerning the manufacturing account, was also well-answered with an overall average mark of 70%. A common mistake was to deduct expenses in the manufacturing account, instead of adding them. In part (e), quite a number of answers did not relate to output/production.

QUESTION 13

An overall average mark of 50% indicates that accounting for not-for profit entities was the weakest area. Not many students managed to prepare a correct Subscriptions account. Wrong treatment of opening and closing balances and bad debts were the most common mistakes.

QUESTION 14

This question assessed knowledge on discounts, books of original entry, suspense and journal. It was answered relatively well with an overall average mark of 60%. Common mistakes were referring to purchase/sales ledgers as books of original entry and wrong journal entries for (iv) and (v) of part (e).

2.3 PAPER IIA

Questions 1 and 2 were compulsory (total 60 marks). Two other questions were to be chosen from Questions 3, 4 and 5 (total 40 marks). The overall average mark obtained was 51%.

QUESTION 1

This question assessed knowledge and skills required in the preparation of financial statements of a company. An overall average mark of 50% was achieved. The answers showed a good understanding of the presentation of the financial statements, but common mistakes were observed when dealing with appropriations, accruals/prepayments and disposal of assets.

QUESTION 2

This question assessed knowledge and skills required for the preparation of financial statements of a sole trader from incomplete records. Overall average mark 53%. There were no problems with the preparation of the control accounts, but marks were lost in the preparation of the financial statements.

QUESTION 3

This straight forward textbook question, requiring the preparation of nominal ledger accounts and the application of the accrual concept, proved to be the least popular and was attempted by 60% of the students. The question was well-answered, however, and an overall average mark of 60% was achieved.

QUESTION 4

The performance of the students who attempted this depreciation question (64%) was rather poor, with an overall average mark of 45%. The calculation of the depreciation charge using both methods was often incorrect, and even accounting for the disposal of a non-current asset.

QUESTION 5

Ratio analysis was the most popular question (69%) and was relatively well-answered. The overall average mark achieved was 60%. Marks were lost in part (b) of the question because some students were not able to comment on and draw conclusions from the calculations of part (a).

2.4 PAPER IIB

Questions 1 and 2 were compulsory (total 40 marks). Four other questions were to be chosen from Questions 3 to 7 (total 60 marks). Overall average mark 48%.

QUESTION 1

This question assessed knowledge and skills required in the preparation of financial statements of a company. Overall average mark 55%. The candidates sitting for this paper failed in the preparation of company financial statements. The following have been noted:

- Most of the candidates did not know the difference between accounting for a sole proprietor and a company.
- Candidates failed in the preparation for the distribution of profit.
- Candidates did not present equity correctly in the statement of financial position.
- Other major shortcomings remained as in previous years in the end of year adjustments to the final accounts - accruals and prepayments and allowances for depreciation.

QUESTION 2

The very low performance of the students on this question, requiring the preparation of a cash book and nominal ledger accounts, is rather worrying. An overall average mark of 30% was achieved. Common mistakes were the treatment of cash discounts and cash deposits.

QUESTION 3

Control Accounts proved to be the most popular question as it was attempted by 97% of the students. However, performance was rather poor with an overall average mark of 47%. The main shortcomings were the inclusion of cash sales and cash purchases in the control accounts.

QUESTION 4

Although attempted by 74% of the students, performance was very poor with an overall average mark of only 33%. This question assessed knowledge and skills on the preparation of the trading account and the use of a simple profit and loss ratio. Most of the candidates failed to calculate correct sales, expenses and net profit.

QUESTION 5

This question required the preparation of nominal ledger accounts. Very poor performance with an overall average mark of 33%. This question was attempted by 64% of the students. Very few correct answers were given to this question. Candidates sitting for this paper are inadequately prepared in these areas of the syllabus. The Board is disappointed to note that the failings of previous years are still present.

QUESTION 6

The students appeared well-prepared for the Petty Cash book. This question was attempted by 87% of the students and an overall average mark of 67% was achieved. Generally this question was well answered except for the accounting for the restoration of the petty cash float.

QUESTION 7

The students were also well-prepared for the Departmental Income Statement. This question was attempted by 78% of the students and an overall average mark of 73% was achieved. The quality of layout for this answer varied considerably. Typically, those candidates with poor layouts made many elementary errors.

**Chairperson,
Examiners' Panel 2014**