

UNIVERSITY OF MALTA

THE MATRICULATION EXAMINATION

SEC LEVEL

ACCOUNTING

MAY 2013

EXAMINERS' REPORT

MATRICULATION AND SECONDARY EDUCATION

CERTIFICATE EXAMINATIONS BOARD

SEC ACCOUNTING
MAY 2013 SESSION
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General comments

The examiners seek to examine and assess candidates on all the areas listed in the syllabus. Topics that examine the core competences are always fundamental in the examination. The preparation of a set of financial statements, accounting for accruals and prepayments, depreciation, allowances for trade receivables and correction of errors are topics that are examined regularly.

GRADE	1	2	3	4	5	6	7	U	ABS	TOTAL
PAPER A	48	108	132	132	82			104	19	625
PAPER B				41	50	28	19	44	27	209
TOTAL	48	108	132	173	132	28	19	148	46	834
% OF TOTAL	5.8	12.9	15.8	20.7	15.8	3.4	2.3	17.7	5.5	100.0

Presentation of financial statements

The statement of financial position (balance sheet) must be presented as outlined by IAS 1. It is important that candidates are instructed in this form of presentation. Uniformity in presentation is recommended and the examining board is of the opinion that at this stage the recommended format is to be presented by candidates.

The following comments summarize general weaknesses that have been noted, the rectification of which will assist candidates when these areas are examined in future examinations.

PAPER I

QUESTIONS 1 to 10 – Multiple choice questions

Questions 5, 7, 9 and 10 were the multiple choice questions that were generally answered incorrectly.

QUESTION 11

This question was well answered by most candidates. Candidates demonstrated sound theoretical knowledge in respect of journals, ledgers and financial statements.

Departmental Accounts is clearly a topic that is understood by many of the candidates and very few had difficulties in the preparation of the income statement.

QUESTION 12

Candidates find difficulty in explaining the difference between the allocation and apportionment of costs. It was noted that some are aware of the distinction but they find it difficult to express themselves. Those candidates that failed to express themselves well also had difficulties in distinguishing the receipts and payments account from the income and expenditure account.

The purpose of the bank reconciliation statement is understood by many candidates.

The manufacturing account questions were generally well answered.

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QUESTION 13

Candidates generally answered correctly Parts (a), (b) and (d), however marks were lost in Part (c) of the question. Candidates demonstrated weaknesses in the application of the accruals concepts and many failed to relate its relevance to the income statement.

Questions on depreciation and asset disposal (Part e) still create problems to a number of candidates even though these areas are examined regularly.

QUESTION 14

Partnership accounting is generally well understood by the candidates and questions on this topic were answered correctly.

However, candidates find many difficulties in company accounts. The board of examiners suggests that more time is dedicated to this area of the syllabus to improve the performance in questions on this topic.

PAPER IIA

QUESTION 1

This question assesses the core competences of the candidates.

Part (a) Very few listed all the items that had been listed incorrectly in the trial balance. A common mistake was the omission of carriage outwards from the list. A few candidates included in the list the expenses requiring an adjustment for prepayments or accruals.

Parts (b) and (c) Very few candidates calculated correctly the depreciation charge for the year and generally the disposal account contained errors in particular in the calculation of the release of depreciation.

Parts (d) and (e) The trading account section of the income statement was generally correct although many candidates failed to adjust the cost of sales with the goods withdrawn by the proprietor. Some candidates deducted incorrectly the value of the closing inventory. A material number of candidates committed errors in items that had to be adjusted for accruals and prepayments and many failed to add €1,500 irrecoverable debts. Prepaid rent receivable was incorrectly listed as an asset. Most of the candidates took incorrectly the €2,000 as an increase in the allowance for trade receivables and failed to deduct the allowance from trade receivables. Of course, the many incorrect workings for vehicles depreciation and disposal were reflected here.

QUESTION 2

The examiners noticed that Accounting for Not-for-Profit Organisations (clubs) still creates problems for candidates even though there has been an overall improvement in the solutions provided for this type of question. The following errors have been committed:

- Candidates omitted the allowance for equipment depreciation, and treated incorrectly prepaid and accrued subscriptions in the calculation of the accumulated fund at the beginning of the year.
- Many candidates left out subscriptions written off from the subscriptions account and listed the accrued and prepaid balances on the wrong sides.

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- Many are unfamiliar with the use of control accounts to calculate bar purchases as generally candidates took payments for bar purchases as the value of purchases for the year
- Inappropriate understanding of accruals and prepayments and allowances for depreciation.

QUESTION 3

Candidates generally failed in the correction of errors (c), (e), (f) and (g). Subsequently there were very few correct suspense account answers.

QUESTION 4

This question was very well answered. A very good number of candidates obtained full marks for the cash book update. Although the bank reconciliation statement was not answered as well as the updated cash book there were a good number of correct answers.

QUESTION 5

Generally this question was well answered except for the calculation of gross profit. There were, however, some common mistakes such as the treatment of the set-off and the cash refund. Nearly all candidates failed to calculate the gross profit correctly. The main problem was in the computation of sales and others confused mark-up with margin.

PAPER II B

QUESTION 1

Many candidates committed errors in the treatment of accruals and prepayments, depreciation and allowances for trade receivables. Some candidates did not know how to present the income statement and the statement of financial position.

QUESTION 2

Candidates sitting for this paper have fundamental deficiencies in double entry. Very few correct answers were provided for control accounts.

QUESTION 3

The preparation of the petty cash book involves very simple book-keeping entries and many candidates obtained high marks in this question.

QUESTION 4

A good number of the candidates answered correctly Parts (i) to (iv) but exposed weaknesses in the calculation of the current ratio and the return on capital employed. Candidates were not expected to calculate the average capital employed.

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QUESTION 5

Although correction of errors is regularly tested the candidates failed miserably. There were very few correct answers. All errors created difficulties to the candidates.

QUESTION 6

This question was answered quite well with some of the candidates obtaining high marks. The main shortcoming was in the accounting for the partner's salary. Many candidates failed to realise that the salary of €1,200 was a monthly salary.

QUESTION 7

Candidates failed poorly in this question. Candidates sitting for this paper demonstrated gross weaknesses in the preparation of the bank reconciliation statement.

**Chairperson
Examiners' Panel 2013**