



L-Università
ta' Malta

MATSEC
Examinations Board



Examiners' Report
SEC Accounting

Main Session 2024

TABLE OF CONTENTS

A. STATISTICAL INFORMATION2

B. GENERAL REMARKS2

 General Remarks on the Written Examination2

C. comments on paper i and paper ii2

 PAPER I.....2

 PAPER IIA4

 PAPER IIB.....5

A. STATISTICAL INFORMATION

The total number of candidates who registered to sit for SEC Accounting was **706**, which is **55** candidates less than in 2023. Of these registrations, **482** opted for Paper IIA and **224** opted for Paper IIB.

Table 1 shows the distribution of grades of the examination for the Main 2024 session.

GRADE	1	2	3	4	5	6	7	U	ABS	TOTAL
PAPER A	47	73	111	73	53	-	-	96	29	482
PAPER B	-	-	-	19	31	23	20	73	58	224
TOTAL	47	73	111	92	84	23	20	169	87	706
% OF TOTAL	6.7	10.3	15.7	13.0	11.9	3.3	2.8	23.9	12.3	100.0

Table 1: Distribution of grades for SEC Accounting, Main Session 2024

B. GENERAL REMARKS

General Remarks on the Written Examination

The examination effectively covered all areas of the syllabus, with questions designed to assess specific learning outcomes. By incorporating various themes, the exam ensures the reliability and validity of the certification, allowing examiners to fairly evaluate the candidates' performance. It is important to consider Paper I in conjunction with Paper II, as both papers assess essential competencies in accounting. Key themes consistently examined include the preparation of financial statements, year-end adjustments and double-entry bookkeeping. The questions require the candidates to foster critical thinking skills.

Paper IIA focuses on higher-order cognitive skills, requiring candidates to demonstrate their abilities in analysis and evaluation. In contrast, Paper IIB primarily assesses knowledge, understanding, and application at a lower cognitive level. Paper I serves as a bridge between the two, testing fundamental accounting principles.

Practicing past examination papers under timed conditions is essential for developing effective time management skills and ensuring readiness for the exam. The following comments summarise general observations which will assist candidates when these areas are examined in future examinations.

C. COMMENTS ON PAPER I AND PAPER II

PAPER I

Questions 1 to 10 – Multiple choice questions

Questions 4,6,8 and 10 were the multiple-choice questions that were generally answered incorrectly.

Question 11

Candidates demonstrated satisfactory understanding of the petty cash book but many referred to cash transactions rather than small expenses. Many candidates explained correctly the petty cash imprest system, however, many replied incorrectly to the question relating to the petty cash voucher mixing it up with cash

float. The questions relating to the manufacturing account were generally answered correctly although many referred to variable and fixed costs instead of direct and indirect costs. Some candidates gave only one example of each type of cost.

A better presentation of the manufacturing account was expected. Some candidates incorrectly treated the wage for sales and delivery as an indirect factory cost and some did not treat the wage of the production assistant as a direct cost, listing it as an indirect cost. A few candidates did not apportion insurance and did not include depreciation of equipment in the manufacturing account. A good number of candidates lost marks in the valuation of closing inventory of finished goods.

Question 12

Generally, candidates displayed good knowledge on the trial balance and its purpose although some did not refer to the double entry system. The question on day books and ledgers was generally answered correctly but a few candidates could not distinguish between the two. Dishonoured cheques and unpresented cheques were explained correctly with only a few mixing up the two terms. A shortcoming in the answer requesting candidates to distinguish between the receipts and payments account and the income and expenditure account was the absence of reference to non-profit making organisations.

The subscriptions account was generally prepared correctly but some candidates treated it as an expense. The extract of statement of financial position was generally answered incorrectly, with many candidates instead preparing an extract of the income and expenditure account. Other common mistakes were the listing of accrued subscriptions as a current liability whereas prepaid subscriptions listed as a current asset.

Question 13

Most of the candidates answered correctly the question what are accounting concepts but did not explain their purpose. Many candidates correctly identified the accounting concept in part(b) of the question but did not apply it to the scenario. Many candidates correctly identified the accounting concept in part(c) but some answers referred to irrecoverable debts rather than an allowance, and only referred to the overstatement of profit/income and/or the understatement of expenses failing to refer on the effect on the asset of trade receivables. There were many candidates who did not identify the correct accounting concept for part(d) listing incorrectly the going concern concept or the materiality concept. Many candidates correctly prepared the appropriation account of the partnership. A common error was the posting of the monthly salary instead of the annual salary in the account. Part(e)(ii) was answered incorrectly with many candidates preparing the partners' current accounts instead of explaining their purpose. Many others incorrectly referred to the amount invested by the partners.

Question 14

Many candidates correctly distinguished between authorised and issued share capital. In relation to the calculation of the number of shares few candidates multiplied by €2 rather than dividing by the nominal price. Candidates had difficulty in distinguishing between ordinary shares and debentures with many referring to preference shares instead of debentures. Generally, the interest on debentures was correctly calculated. Although candidates could explain correctly retained earnings, many had an incorrect understanding of share premium and could not differentiate between these two reserves. Many candidates correctly distinguished a limited liability company from an unlimited liability business but did not give a

suitable example. A good number of candidates correctly prepared part(e). A common mistake was that many included the interest on debentures in the appropriation account, and some candidates calculated dividend on the value of share capital rather than on the number of shares.

PAPER IIA

Question 1

Overall, the candidates' performance was quite satisfactory in preparing a set of financial statements even though there were only a few totally correct answers. Marks were lost in the accounting for depreciation with some candidates not including depreciation as an expense and/or calculating depreciation incorrectly. Some candidates did not distinguish between the depreciation charge for the year and the accumulated depreciation making incorrect entries in the financial statements. Other common mistakes were confusing discounts allowed and received, incorrect treatment of accruals and prepayments and a few candidates had problems in identifying correctly returns and carriage.

Question 2

Many candidates found many difficulties in answering this question. The questions on the allowance for doubtful debts and depreciation proved to be difficult for many candidates. Deficiencies were evident in many aspects with postings in the incorrect sides, incorrect calculations and incorrect transfers to the statement of profit or loss. These topics are fundamental in accounting and are regularly examined and are to be given more attention. Similarly, the questions relating to the Trucks Disposal Account and the Statement of Financial Position extract were also answered very poorly.

Question 3

Some candidates found difficulties in answering most parts of this question. Correction of errors is an important study area and weaknesses in double entry principles are exposed in this topic leading candidates to perform poorly and score low marks. The inability to correct the errors led to marks also being lost in the statement to correct net profit. In the statement to correct net profit errors not effecting net profit were included in error and other adjustments to profit were added or subtracted incorrectly. Many answers to the suspense account were poor.

Question 4

This question was generally well answered, a remarkable improvement on previous years. The cash account, with the exception of some errors in relation to cash deposited in the bank, was correctly prepared. Control accounts were also correctly prepared. A common mistake was the accounting for the set-off. The Statement of Profit or Loss was generally correct with some candidates wrongly calculating sales.

Question 5

The accounting ratios were generally calculated correctly.

PAPER IIB

Question 1

The preparation of financial statements is the most important aspect of accounting. Most of the candidates could prepare a correct set of financial statements even though marks were lost in the accounting treatment for accruals, prepayments and depreciation. A number of candidates had no knowledge at all on how to prepare the financial statements.

Question 2

Candidates continue to find the topic of depreciation difficult and the answers provided for this question confirm the examiners' perception of past years. The basic double entry principles applied in this topic have not been mastered by the candidates sitting for this Paper as illustrated by the answers provided for this question.

Question 3

The examiners' report of previous years (when topic was examinable) highlighted the candidates' weaknesses in the topic of correction of errors. The same comments listed in previous examiners' reports apply this year. Only a few candidates scored satisfactory marks. Candidates sitting for this paper have fundamental deficiencies in the double entry.

Question 4

Generally, candidates performed quite well in this question. The entries in the control accounts were generally correct and the computation of capital was satisfactory. Some marks were lost in the Statement of Profit or Loss.

Question 5

The accounting ratios were generally calculated correctly.

Question 6

This question was answered correctly illustrating a good understanding of the cash book. Candidates with little or no knowledge of double entry did not perform well.

Question 7

Most of the candidates sitting for this paper could not draw up a journal to include Net, VAT and Gross columns. Low marks were scored in this question.