

ACCOUNTING

SUBJECT 9197

PAPER 2

GENERAL COMMENTS

The assessment instruments covered the full breadth and depth of the syllabus. Candidates who had consistently applied themselves to their work were duly rewarded. Practice in working out various questions throughout the period of study cannot be over-emphasized.

Some centres' performances have improved whilst other centres or candidates have a lot to work on to salvage a pass.

COMMENTS ON INDIVIDUAL QUESTIONS

QUESTION 1

This question centres on the preparation of annual financial statements for companies.

- (a) Candidates seemed not to be conversant with the distinction amongst cumulative preference shares, the preference shares in general and the ordinary shares. Furthermore, the return to shareholders as dividends was mixed up with interest. Most candidates lost 'cheap marks' on this aspect. Most candidates showed a misconception that dividends would always be paid whether profits would have been made or not. Candidates hence reflected lack of knowledge in use of terms like earned and receivable.
- (b) Some candidates failed to adjust gross profit given for other income and expenses. Some failed to adjust the provision for bad debts, depreciation and the calculation of tax. Tax due must be based on profit after interest. Some candidates mixed up P/L account items with the P/L Appropriation account items. Some lost mark by failing to show current liabilities which arose due to the adjustments, e.g. dividends due and tax due. Some were put off by the question as they failed to start off with the given gross profit. Able and reasonably prepared candidates scored satisfactorily on this question.

QUESTION 2

This was a question on control accounts and correction of errors. Generally candidates did well on this question. Most candidates got the Sales Ledger Control account correct. The amended sales ledger control account and the reconciliation statement presented challenges to some candidates.

The process of hit or miss adopted by candidates did not help much as candidates displayed such lack of understanding.

Candidates are reminded that the T-layout for an account has to be adhered to wherever and account has to be prepared.

QUESTION 3

This question centred on asset acquisition involving a trade-in, the disposal of an asset giving rise to an adjustment of accumulated depreciation and proceeds on disposal.

Candidates lost marks due to:

- Failure to use correct narrations in the account details.
- Failure to calculate proportionate accommodated depreciation over time for the disposal of asset.
- Failure to show supporting workings for depreciation.

The comparison between the reducing balance method and the straight line methods showed gaps in candidates' knowledge. Some defined the methods yet the question required the merits of the reducing balance method over the straight line method.

Candidates displayed a hazy understanding of the concepts of consistency, matching and prudence.

Generally this question was badly done yet it is on the basic double entry principles.

QUESTION 4

This question on product costing through process costing was a challenge for a large number of candidates. Most failed to calculate equivalent production and failed to evaluate the work-in-progress.

The distinctive features between joint products and by-products were not brought up. Candidates seemed to be unaware of the waste products. The question did not call for an outright display of such knowledge but this appreciation was necessary in addressing the question.

Most candidates cited examples. These did not merit any marks as the question required distinctive features.

Candidates must learn to answer set question and not what they would have wished to put across.

The accounting treatment was generally poorly done. Candidates should have brought up both aspects of double entry instead of just one aspect.