

ACCOUNTING
SUBJECT 9197

PAPER 03

GENERAL COMMENTS

The paper as a whole was a fair assessment instrument at this level of study. All the questions set on topics in the syllabus and, therefore, examinable. The performance by the generally of the candidates was fair. All usual, there were some answers which were below the expected level of performance. In general, the main reason for this was inadequate preparation for the examination.

COMMENTS ON INDIVIDUAL QUESTIONS

Question 1

The question was on the financial statements of partnerships. Part (a) required the candidates to prefer a trading and profit and loss and appropriation amount with some adjustments. Many candidates failed to properly account for air freight changes and railage inwards which should have been changed in the trading amount. This concept is included in the amounting syllabus as early as ZJC and it was rather surprising that candidates at this level did not know accounting treatment of such items. Although the question required candidates to depreciate freehold premises on cost quite a number of candidates used the revalued amount.

A common weakness in the profit and loss appropriation account was to fail to account for interest on current amount balances as was required by the question. Many candidates also calculated interest on capital amounts before crediting the capital amount with their shares of the revaluation surplus. Very few candidates performed well in this aspect.

Part (b) of the question required the candidates to prepare the balance sheet of the partnership. This was generally well done. However, some candidates prepared the equity side of the balance sheet as if it was for a sole trader that is they added net profit to capital and deducted drawings.

To conclude this part, candidates should not get data from scenario 2 to answer the requirement of scenario 1.

Question 2 was on the suspense accounts and errors

Part (a)(ii) required the candidates to write up the suspense accounts from the entries in the general journal. Although the majority of the candidates posted from

the journal to the opposite side of the suspense account. Part (b) of the question required the candidates to prepare a corrected trial balance. Many candidates failed to realise that the original trial balance given in the question ...errors which they had to correct in order for them to determine the balance on the suspense account. Consequently, they just took the suspense account balance in the question, which was incorrect. It was also disconcerting to find candidates who do not know normal debit and credit balances at this level.

Question 3

This question was on stock valuation, an informal aspect of the advanced level syllabus. Some candidates failed to apply the basic rule of stock valuation; that stock is valued at the lower cost and net realisable value. Many candidates failed to realise that the figure of stock given was often the balance sheet date. Appropriate adjustments had to be made to find the value of stock at the balance date.

A common error was failure to adjust sales..... for profit. In adjusting the sales figure many candidates got \$5 460 000, which was wrong. The question gave a mark up of 30% and this had to be adjusted to the margin in order to remove the project element. A good number of candidates failed to calculate the NBV of the stock in item (d). Part (b) of the question required the candidates to explain three advantages and three disadvantages of using a computerised system of stock control. This was really a general knowledge question. Candidates who had done any reading on computers did very well. A few candidates left the question unattended. Teachers and students should take note that the topic is in the syllabus. Each of confidence made some candidates state more than the required number of advantages and disadvantages.

Question 4

This was on cost-volume –profit break-even analyses. Many candidates did well in this question although there was also evidence that some of the candidates had not yet covered the topic at their schools. Item (b)(i) on the margin of safety gave a lot of candidates problems. A common error was to use the new selling price as the denominator on calculating the answer to item (b)(iv). To calculate the percentage change the candidates should have used the old price as the denominator. Part (c) required the candidates to simply state any five assumptions of cost-volume-profit analyses. There are many of these. However, many candidates misconstrued the question. They gave a criticism of the assumptions to cost-volume-profit analysis. Candidates must ensure that they understand a question before they respond to it.

Many people have failed in examinations they could have passed because they did not read and adequately understand the question.