

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

DECEMBER 2014 EXAMINATIONS

CERTIFICATE IN FINANCIAL ACCOUNTING

PAPER FA 4: BUSINESS ACCOUNTING

EXAMINER'S REPORT

GENERAL COMMENTS

The December 2014 examination introduced a new format through which candidates were asked to answer 4 questions from the given five. The paper was divided into two sections A and B. Section A had one compulsory question worth 40 marks. Section B had four questions each worth 20 marks and candidates were asked to answer any three. Overall the performance of candidates was good.

Most candidates did very well in the preparation of financial statements and cash book and to some extent bank reconciliation. Many candidates did not do well in topics to do with production of noncurrent assets register and process costing.

The performance of candidates at this session was quite encouraging in that most of those who attempted the paper were able to make credible attempts at most of the questions. However, candidates need to still realize that the paper requires one to have fundamental knowledge of many concepts and theoretical understanding of all the topics in the syllabus.

COMMENTS ON INDIVIDUAL QUESTION

Question 1

This was a compulsory question. The question tested candidates' ability to produce a corrected trial balance, prepare a statement of Profit & Loss from the trial Balance and prepare a statement of financial position. The candidates were also examined on calculation of depreciation using the reducing balance method and straight line method and treatment of prepayments and accruals. Most candidates scored high marks. Though there were others who were unable to prepare the financial statements in question.

Candidates were able to mention the five errors that do not affect the trial balance. However, most of them failed to provide examples as required by the question. In part D most candidates failed to mention four items which are presented as period end adjustments to the financial statements.

Question 2

This was a popular question. Candidates were given a Cash Book Transactions for a company and its Bank Statement for the month. Candidates were required in the question to, update the cash book using the Bank Statement and prepare a Bank Reconciliation thereafter. Most candidates performed above average. Even though there were others who struggled to answer the question others just copied the Cash Book while others copied the Bank statement. Indicating lack of preparation on the part of the candidates.

Question 3

This was the most unpopular question of the paper. Candidates were required to reproduce a non current asset register from the one that was given. There were a number of movements of the noncurrent assets in the period under consideration. Some assets were disposed and others were acquired. Candidates were also required to calculate depreciation on the assets during the period. Some candidates were unable to copy the figures from the question paper to the answer sheet therefore lost marks. From the register that candidates were making, it would appear that accounting for Fixed Assets was not ably taught or covered by the candidates.

Question 4

This was one of the popular questions. It required candidates to offer explanations on how each of the given ten accounting terms is treated in the Statements of Comprehensive Income and Statement of Financial Position. Most candidates lost marks because instead of answering the question they spent time defining the terms.

Question 5

The question on process costing was the most unpopular of them all. Those who attempted it scored low marks. From the answers given one could denote that most students shun away from the topic as such, they did not have the requisite knowledge of it. Candidates need to be reminded that this is part of Business Accounting.

CONCLUSION

In general the performance of candidates in the paper is encouraging. However, candidates must read carefully and understand the questions before attempting them.

RECOMMENDATIONS

- Tutors and candidates are being encouraged to cover the syllabus and read widely.
- Candidates need to be coached on how to approach examinations
- Candidates should be encouraged to prepare properly for the exams and manage their time well.