

**STRICTLY CONFIDENTIAL**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI**

**JUNE 2016 EXAMINATIONS**

**ACCOUNTING TECHNICIAN PROGRAMME**

**PAPER TC6: ACCOUNTING/2**

**EXAMINER'S REPORT**

**GENERAL COMMENTS**

The candidates' performance was poor as most candidates failed to demonstrate knowledge in most areas of the syllabus examined. It was surprising to see candidates fail even the recall questions. They showed signs of being ill-prepared for the examination, and many cases of candidates failing to comprehend what the question was asking for. Candidates also failed to follow the general instructions like, not to answer two different questions on the same page.

**COMMENTS IN INDIVIDUAL QUESTIONS**

**Question 1**

This question was poorly answered, as most candidates did well on the trading account issue, but many candidates failed to compute the expenses on depreciation, insurance and motor vehicle, and to classify them accordingly into Selling and Distribution, Administration and Finance.

Some candidates included preference shares and bank loan within the expenses. Many candidates also failed to come up with the statement of financial position in the right format for publication, especially grouping non-current assets.

The definition of accounting terms in part (d) was also incorrectly answered.

## **Question 2**

This was the least popular question among the optional questions and the candidates really struggled in their attempt. It simply showed that the candidates were not conversant with accounts for clubs and societies. Candidates failed to come up with the subscriptions to be recognized in income, assets and liabilities.

Many candidates struggled to compute accumulated fund. They completely failed to recognize depreciation as an expense.

## **Question 3**

Many candidates also struggled on this question, despite being a regular question on issue of shares, hence, appears to be a problem area for the candidates.

Many candidates failed to demonstrate knowledge of double entry bookkeeping, when preparing the ledger accounts. Candidates also failed to show the effect of receipt of funds, refunds and forfeiture.

## **Question 4**

Many candidates tried to cite the characteristics of a finance lease, but still, the responses did not demonstrate adequate knowledge in the area and ability to differentiate a finance lease from an operating lease. Many candidates mentioned items that should be included in a lease agreement, a clear sign that they did not understand the question.

In part (b), many candidates did not correctly compute interest and the balance sheet extract, hence, was poorly attempted, and also, candidates failed to recognize the effect of paying an installment at the beginning of the year.

## **Question 5**

Part (a) of the question was fairly attempted, only that, many candidates could not cite the correct accounting standard, and also to explain the way the asset should be accounted for.

Part (b) was not correctly answered as candidates lacked understanding of the whole issue of consolidation.

Many candidates failed to compute the percentage shareholding of the parent company, hence, this led to wrong computation of relevant balances. Many candidates were not aware that percentage shareholding is based on the number of **ordinary** shares acquired as a proportion of the total ordinary shares of the subsidiary in issue, and not necessarily how much has been paid.

## **CONCLUSION**

Candidates are encouraged to cover all areas of the syllabus. There were signs that candidates only covered a few areas of the syllabus, hence, lacked knowledge in the other areas, e.g. clubs and societies, issue of capital, consolidation and accounting standards.

