

Evaluating the Validity of Current Summative Assessment in SEC Accounting

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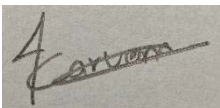
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Abstract

The focus of this dissertation is on the evaluation of SEC (Secondary Education Certificate)

Accounting exams using the Taxonomy of Cognitive Objectives by Bloom 1956. This research looked at the extent of the consistency within which SEC accounting currently assesses different cognitive skills and conduct interviews with professionals involved in the reform of assessment with a specific focus on accounting assessment to analyse whether or not the objective of the reform is to assess more levels of particular cognitive skills over other levels of cognitive skills.

The main findings of this dissertation are that the more higher-order cognitive skills assessed, the higher the number of students that will fail the exam. This research also provides a detailed table that allocates different cognitive behaviours in accounting according to the Taxonomy of Cognitive Objectives which will help the teachers to understand which are those behaviours that require higher-order cognitive thinking in accounting. The research method used was an evaluative study on the composition of three SEC accounting exams and through interviews.

Key Words

1. Evaluation
2. SEC Accounting Papers
3. Summative Assessment
4. Cognitive Skills
5. Taxonomy of Cognitive Objectives
6. Validity

Dedication

To my mother Maria, my father Joseph, and my girlfriend Rachel for all the thankys

I forgot to give you.

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1.0 Introduction

1.1 Introduction: Purpose and Focus of the Research

Being part of the Maltese educational system as a student, I always felt that summative assessment was a major part of the whole schooling experience. Summative assessment is assessment that provides certification of student learning and has a pivotal importance on the future of those who leave secondary schooling as it determines the quality of work that each individual will undertake (Chetcuti and Grima, 2001). Given how I am studying to become a secondary accounting teacher, I decided to perform a study on Secondary Education Certificate (SEC) accounting. SEC accounting provides certification of accounting that is done at secondary school guided by the SEC Accounting Syllabus issued by the Matriculation and Secondary Education Certification Examinations Board (MATSEC).

As part of the Masters in Teaching and Learning in Business Education course, I was introduced to the Taxonomy of Cognitive Objectives that was structured by Bloom in 1956 and immediately recognised its importance. This theory identifies a hierarchical structure of lower-order cognitive skills and higher-order cognitive skills that demonstrate a student's mastery of a particular concept. Given how the nature of the subject of accounting requires frequent use of higher-order cognitive skills in order to be able to understand and interpret accounts and financial statements (Setiawan, 2016), I decided to look at how much SEC accounting stimulates candidates to apply higher-order thinking skills in its assessment. As part of this research, I will also be providing a comprehensive list of cognitive behaviours that are frequently encountered in accounting classified according to the taxonomy of objectives to identify those processes that stimulate lower-order or higher-order thinking

skills so as to assist accounting teachers and examiners to have a clear list of where different cognitive behaviours stand.

The aim of this research is to get a realist view of the extent of the consistency within which SEC accounting currently assesses different cognitive skills and conduct interviews with professionals involved in the reform of assessment with a specific focus on accounting assessment to analyse whether or not the objective of the reform is to assess more levels of particular cognitive skills over other levels of cognitive skills.

1.2 Research questions

I divided my research into a primary research question that is supported by three operational research questions. The primary research question is:

What are the current methods and patterns of summative accounting assessment in Malta?

The primary research question is guided by three operational research questions:

1. To what extent is SEC accounting assessing lower-order cognitive skills?
2. To what extent is SEC accounting assessing higher-order cognitive skills?
3. How will the assessment of different cognitive skills change upon the introduction of the SEC accounting learning-outcomes based syllabus and certification?

These research questions could be answered through a mixed-methodology. The aim of this research is to look at how much SEC accounting stimulates candidates to use higher-order cognitive skills whilst identifying the relationship between an increase in the number of higher-order cognitive skills and students' pass rates and also to look at how different levels

of cognitive skills will feature in the future of SEC accounting due to the upcoming learning outcome reform in summative assessment.

Data relating to the current assessment system was collected through working out of three SEC accounting papers and classifying every mark associated to different cognitive behaviours and classified according to the Taxonomy of Cognitive Objectives. This process was used to answer the first two operational research questions. The third operational research question was answered through data collection done by interviews done with key persons involved in the reform of changes in SEC Accounting.

1.3 Structure of the dissertation

This chapter introduced the purpose and focus of this research. Chapter 2 provides a thorough review of the literature related to assessment and a summary of the Taxonomy of Cognitive Objectives (Bloom, 1956). Chapter 3 discusses the methodology of the study and the reasons why the research methods used were chosen. The results from the data collection as outlined by chapter 3 are presented in chapter 4. Chapter 5 will discuss the data presented in chapter 4 and compare it to the literature. The final chapter will present the overall conclusions of this study and recommendations.

1.4 Conclusion

In this chapter I discussed the purpose and focus of my research, outlined the research questions and discussed the structure of the dissertation.

2.0 Review of the Literature

2.1 Introduction

This chapter discusses the relevant literature on assessment, accounting assessment, and assessment in Malta. It gives an overview of reliability and validity, and discusses validity in accounting assessment using the Taxonomy of Cognitive Objectives by Bloom (1956) and discusses how different methods of assessment assess different levels of cognitive skills.

2.2 Assessment in Education

Cohen et al. (2006) define assessment as “the process of gathering, interpreting, recording and using information about pupils’ responses to educational tasks” (Cohen et al.,2006, p. 387). Chetcuti and Grima (2001) describe assessment as an indicative tool used by an educator to provide information on the extent of which a student is progressing and achieving. Assessment can also be a tool to an educator in order to be able to evaluate the effectiveness of the teaching and learning that is taking place (Chetcuti and Grima).

Jephcote and Abbot (2013) argue that assessment is considered to be an important part in the role of any teacher as it provides constructive feedback to not just the teacher, but also to: the student, the parents of the student, and the school administration. It should be seen as an integral part to the teaching and learning process and should not be seen as something that is external (Jephcote and Abbott, 2013). Assessment done with consistency, reliability, validity and accuracy can have a positive effect on learning and improve student understanding to be able to learn more effectively (Woolfolk, 2010). Assessment can inspire, motivate and challenge students to work harder whilst encouraging teachers to focus on improving the learning of their students (Cohen et al., 2006). Marshall et al. (2006)

suggest that it is important for assessment to enrich the lives of the students where the highest priority of assessment should be to keep them interested in learning.

Gipps and Stobart (1993) discuss the importance of assessment by identifying a number of factors: screening, diagnosis, record keeping, feedback, certification, and selection. Salvia (2012) describes screening as the processes of testing a group of students to identify those that are in need of special help due to a number of undetected problems. Screening is important as it allows for early detection of a problem and interventions can be done to alleviate or eliminate difficulties (Salvia, 2012). Diagnosis is the process of using tests to identify a child's strengths and weaknesses which can serve as the starting point to set strategies for schools, teachers and parents to work together to improve upon those strengths and to diminish weaknesses (Salvia, 2012). Record keeping is important so that key personnel who would require information would have access to it (Gipps and Stobart, 1993). Brooks (2004) describes feedback as constructive criticism given on the performance of the child and that of the teacher. Brooks emphasises on the importance of feedback given by a teacher being constructive as opposed to being counterproductive, that is, constructive feedback is feedback that is: immediate, relevant, straight-forward, balanced and positive. Feedback has to be immediate so as to give opportunity to students to implement corrections into the learning and given to the student in written form to aid in implementation (Brooks, 2004). Feedback has to be relevant to the task given with an explicit criterion given during the explanation of the task (Brooks, 2004). Feedback needs to be straight-forward and balanced in a way that clearly shows strengths, weaknesses and areas that need to be improved but presented in a positive format with the aim of providing encouragement (Brooks, 2004). Certification is the process of providing a student with a

qualification to signify attainment of a particular level of knowledge. Finally, selection refers to the process of allocating students based on grades to schools and post-tertiary education (Brooks, 2004). Cohen et al. (2006) identify a number of secondary functions that assessment seeks to accomplish. Firstly, assessment can be seen as a way of keeping teachers accountable. Secondly, it can serve as a reflective tool to assess and evaluate the effectiveness of teaching strategies, schools, and the curriculum. Finally, it can motivate students and teachers to strive harder (Cohen et al., 2006).

There are two main forms of assessment: formative assessment and summative assessment which are distinguished from each other through the purpose and effect of each (Woolfolk, 2010). Formative assessment is seen as more key in the teaching and learning process than summative assessment as it provides information to teachers and students about the teaching and learning that is taking place which can lead a path to action that can take place in order to improve the teaching and learning process (Woolfolk, 2010). Coucom (2005) identifies four key principles that need to be present within an accounting classroom so that effective formative assessment can take place: eliciting, observation, evaluation, and reflection. Summative assessment reports the overall achievement of students at the end of their course of studies and how well that course of studies has worked; therefore, the grade achieved in summative assessment will sum up the attainment of a student (Gipps, 1994). Savage et al. (2013) describe summative assessment as high-stake assessment because the grade obtained is important and will determine a student's path in life. The aim of summative assessment is to evaluate student learning and provide information to third parties about the achievement of the students whereby judgement can be made; so, the construction of summative assessment tests requires methods that are reliable and done

within quality assurance procedures (Savage et al., 2013). Coucom (2005) identifies a number of principles that need to be adhered to in order to have valid and reliable assessment in accounting. The assessment must cover a major part of the syllabus whilst ensuring that a range of different skills have been included, but keeping in mind an adequate degree of difficulty (Coucom, 2005).

2.3 Educational Measurement and Testing

Measurement in education is done quantitatively and allows teachers to make comparisons of marks with pre-determined and set standard score or with the performance of other peers to be able to make decisions within a classroom (Woolfolk, 2010). It is important that assessment is expressed quantitatively as it cannot stand on its own and comparisons have to be made for the results to be interpreted in order to have a clear picture of where a particular student stands (Boyle et al., 2008). Upon a review of the literature, Woolfolk identifies two types of comparisons that can be made in the interpretation of results: norm-referenced assessment and criterion-referenced assessment. Norm-referenced testing measures student achievement compared to other students within the same group, known as norms, who have taken the same test (Woolfolk, 2010). There are three types of norm groups that allow a student to be compared within: the class or the school itself, a group of colleges, and at a national level (Woolfolk, 2010). This enables a teacher to check whether a student is average, below or above average, and then be able to rank students in order of achievement (Woolfolk, 2010). Norm-referenced testing will attach ceilings to the number of students that will attain a particular grade, so each test will guarantee a proportion of high grades and an equivalent proportion of low-grades and failures, irrespective of the actual performance and effort put in by students (Cohen, 2006). This can be seen as a

double-sided knife as comparisons can lead to labelling and eventually a self-fulfilling prophecy (Cohen, 2006). As a result, Cohen argues that norm-referenced testing should only be used to: measure ability in terms of strengths and weaknesses in certain subjects, and to assess the range of abilities of students within a large group. Woolfolk argues that such comparisons are not appropriate as it does not conform to the true purpose of assessment which is to provide feedback and ways upon improving the learning. Criterion-referenced testing refers to the assessment of students where there is a comparison to a specific criteria prepared well in advance where teachers can see the extent of work done by a student in order to achieve them thereby eliminating the need of comparing with the achievement of others (Woolfolk, 2010). As a contrast to norm-referenced testing where a relatively small number of students will be able to achieve the top grade due to the imposed ceiling, criterion-referenced testing enables all students eligible to achieve the top grade as long as they perform in accordance to the set criteria (Cohen, 2006). Boyle et al. (2008) argue that such tests are more appropriate to address assessment needs relating to pedagogy as they assess the mastery of basic skills and provide the evidence that a particular student has achieved this mastery. Cunningham (1998) describes criterion-referenced tests as tests that require students to fulfil a predefined and absolute standard criteria, and gives the example of a car driving test where a candidate whose driving performance is within the top ten percent, will still fail a car licensing test if the candidate runs a red light.

Salvia et al. (2012) describes testing as a sub-set of assessment. Testing is assessment which involves a predetermined set of questions with predetermined answers (Salvia et al., 2012). Standardised testing is uniform testing carried out on a nationwide basis which is then

completed under uniform conditions, scored using uniform procedures and interpreted in a standard manner (Popham, 2010). Boyle et al. (2008) argue that such tests are important in the provision of information related to certification, but fail to address issues regarding pedagogy or the details of when and how to intervene in order to safeguard student learning. A uniform procedure during testing refers to the minimisation of sources of bias and distractions from the testing environment such as heat, poor lighting, noise, and overcrowding (Boyle et al., 2008). The examiner should ensure that all candidates perform the exam in adequately ventilated, quiet and well-lit rooms with an appropriate seating plan (Popham, 2010).

Interpretation of the scores of standardised test can be done either through the use of statistic methods or graphical methods (Boyle et al., 2008). Statistical interpretation methods include: the measures of central tendency and the normal distribution curve (Boyle et al., 2008). A measure of central tendency is a number used to denote the middle of a set of data values and there are three ways to determine the measure of central tendency: mean, median, and mode (Schacht, 2018). The mean can be found by adding up all the scores and then divide that total by the number of scores (Schacht, 2018). The median is the number that is exactly in the middle of the scores when arranged into a numerical order (Schacht, 2018). To find the median of an even data range, that is, a scenario where two numbers are found to be in the exact middle, the two middle numbers have to be added together and divided by two (Schacht, 2018). Boyle et al. suggest that the median should be used when there would be a small number of very high or low scores that may distort the mean. The mode is the data score that appears the most frequently, but this not generally used as a measure of interpretation in test scores as the intention of the mode is for

countable things (Schacht, 2018). The normal distribution curve allows the interpreter of raw data scores to have a picture of the raw scores ranked in order from lowest to highest, therefore making it a graphical representation of frequency of the scores in the vertical axis and the score plotted in the horizontal axis (Schacht, 2018). Ideally, the scores should take the form of a bell-shaped curve with the most amount of scores being around the area of the mean and having an equal amount of scores at the two ends showing the lowest scores and the highest scores (Woolfolk, 2010). So, in standardised testing not many people score very low or very high scores as the majority are grouped around the mean (Ary et al., 2018). Boyle et al. (2008) argue that we may never get a perfect distribution because it is generally impossible to get all the raw scores of the whole population so a sample of raw scores should be taken that should try to mirror the larger population as much as possible. The data collector should ensure that there is no bias particularly in the collection of low scores and high scores as it will skew the normal distribution to either left or right, depending on which type of score is more frequently included in the sample of raw test scores (Boyle et al., 2008). A normal distribution that is skewed rightwards indicates that the majority of the students have scored high scores in the test which implies that the test was easy and did not take into consideration the full potential of certain students who would have still obtained higher marks should the test have been more difficult; whereas, a normal distribution that is skewed leftwards implies that the majority of students obtained low scores and so the test may have been too difficult (Boyle et al., 2008). Doane et al. (2011) argue that the use of the normal distribution can be used as a tool to evaluate whether the test to be taken by a particular group was constructed correctly or not. Graphical interpretation refers to the use of frequency distributions as an alternative method of interpreting raw test scores (Woolfolk, 2010). Woolfolk describes the purpose of a frequency distribution as that of

showing how many scores fall into set groups and is generally presented in the form of a histogram. There are two ways to construct a frequency distribution of scores: the ungrouped frequency polygon and the grouped frequency polygon where the difference between the two is that in the latter, each score attained has a frequency number whereas in the other, scores are grouped into classes and have a frequency for each class (Boyle et al., 2008).

In a similar study to this one but done with reference to assessment in Biology, Francalanza (2012) mentioned the importance of looking at the standard deviation and the standard error of the mean (Francalanza). The standard deviation shows the representation of the spread or dispersion of the range of scores and is important when interpreting scores as it shows how extreme an individual person's score is compared to others who have completed the test (Francalanza, 2012). The larger the standard deviation the more scattered the scores are along the distribution; conversely, the smaller the standard deviation the more closer the scores are to the mean (Francalanza, 2012). The standard error of the mean is a statistic that is used to determine the closeness of the mean of the sample of scores taken to the mean of the scores of the population and will indicate the amount of error in the measurement which is to be deducted from the mean (Francalanza, 2012). The higher the amount, the more likely that there is an error in the sample mean when mirroring the population mean (Schacht, 2018).

2.4 Reliability and Validity in Educational Assessment

Two qualities are required for a test score to be deemed useful: reliability and validity (Boyle et al., 2008). Reliability in assessment refers to the extent of which test questions are measuring the same thing and the consistency of the questions over time and is concerned

with the accuracy of the value behind a particular test score (Boyle et al., 2008). Each score that is obtained by a student is accompanied by an error variable that may cause differences in reliability from one test to another where such error variable should be controlled as much as possible (Woolfolk, 2010). The Inter-rater Reliability Measure measures answers of the same quality, and the error variable in this scenario is when two different examiners may disagree on the answer provided, whilst the Internal Consistency Reliability Measure measures whether each question in a test is measuring the same thing so as to avoid duplication of questions (Boyle et al., 2008).

Validity in assessment refers to how well a particular test measures what the objective of the test is truly constructed for (Woolfolk, 2010). Boyle et al. remarked how an end of year assessment test should not focus on one topic, but should allocate questions accordingly.

There are four measures of validity in assessment: face validity, content validity, construct validity, and criterion-related validity (Woolfolk, 2010). Face validity is that overall assessment done by the examiner of the validity of the test at face value where the examiner would look at whether the test measures what it is aimed for (Woolfolk, 2010).

Content validity is a measure to look at the degree of the questions within a test that measure what content the test is specified for (Woolfolk, 2010). Construct validity measures the degree of which the test measures out what it is intended to measure (Boyle et al., 2008). Boyle et al. gives the example of an invalid mathematics test that is constructed to assess the understanding of division in mathematics where the majority of the questions assess multiplication skills in order to understand what construct validity is not. Criterion-related validity measures the degree of the relationship between the criterion that is set out and the test that is constructed and is generally used to predict something for the future as

it is impossible to measure validity using this measure prior to the test being carried out (Boyle et al., 2008).

2.5 Assessment in Malta

The Matriculation and Secondary Education Certificate Board (MATSEC) was set up in 1991 and is responsible for assessment of two levels: Secondary Education Certificate (SEC) exam and the Matriculation Certificate exam (MATSEC, 2019). The aim of the SEC exam is to provide an opportunity for students that finish secondary school education in Malta to obtain certification for subjects covered at school (MATSEC, 2019). For all subjects, the SEC exam is split up into two main examination papers: paper 1 and paper 2 (MATSEC, 2019). Paper 1 is common to all students and falls within the ability range of all students; whereas, paper 2 entails a choice of two different sets of papers: paper 2A and paper 2B (SEC Accounting Syllabus, 2018). Paper 2A has more challenging questions than Paper 1 as it is designed for the more academically able students who want to achieve a high grade and who may want to proceed to further study in the subject, whereas Paper 2B has less challenging questions (SEC Accounting Syllabus, 2018). MATSEC examination papers for all subjects are set by Paper Setter's Panels which consists of a chairperson, a reviewer, and paper setters and the questions that are set by the examiners should be guided using the Taxonomy of Cognitive Objectives so as the questions set can reach out to the different abilities of different students (MATSEC Support Unit, 2018).

Grima (2002) describes the overall Maltese context in terms of assessment as one that is dominated by examinations aided by selection and certification. Currently, students are assessed at the end of state primary schooling through examinations and are allocated to different tracks in the first year of secondary schooling (Grima, 2002). At the end of

secondary schooling, students from all schools in Malta sit for Secondary Education Certificate examinations as set by the MATSEC Examinations Board (MATSEC, 2019). This also presents another process of selection as entry into post-secondary education requires passes from six subjects, namely: Maltese, English, Mathematics, a science subject, and any other two subjects (Grima, 2009). Chetcuti and Grima (2001) thoroughly researched the literature and identified a number of reasons why the use of an examination system like the one in Malta can have negative effects on not just students but also on teachers and on the curriculum. The first factor is that students will be labelled by their peers, teachers and society (Chetcuti & Grima, 2001). The use of examinations incorporated with the selection process will likely have life-long implications for the candidates depending on whether they perform well or not well (Grima, 2002). Boaler et al. (2000) describe the composition of set classes using the tracking system as having students that are labelled to have similar abilities, pace and learning style where everyone is given identical low-level work. The implication for this is that in low-track classes everyone works at the same pace and will most likely remain in the same track throughout all of secondary schooling as there is a tendency for the teachers that teach low-tracks to ignore the plea for harder work and thus the students become unmotivated to work harder (Boaler et al., 2000). Black (1999) argues that the use of marks and grades will lead to higher competition rather than on personal improvement where students with low-attainment become seen as individuals that lack ability. The second factor is teaching to test where students are taught knowledge where the primary intention seems to just for the exam and not taught in a context that will seem to be relevant for their future (Chetcuti & Grima, 2001). Cunningham et al. (1998) argue that more teachers are spending a lot of time practicing tests with their students and focusing more on items that will most likely be examined in tests rather than applying the pedagogy

of varied classroom activities. Finally, the use of examinations will not give a true picture of what students have been able to learn (Chetcuti & Grima, 2001). Black (1999) argues that the use of examinations encouraged rote and superficial learning along with the tendency of focus on quality rather than quantity. Savage et al. (2013) argue that assessment is exerting more pressures on teachers where it is the grade that is achieved that will matter in society instead of the learning that has happened and as a result the performance of teachers is judged by the grade that is attained by their students.

The ideal educational assessment should be one that not only focuses on the outcome, but also on the process of learning (Woolfolk, 2010). Assessment should be: able to capture a detailed overview of what students know and can do supported by means that demonstrate the process, be realistic in a way that gives the right message to students on what is important, and most importantly to provide continuous information on the development of a student acquainted with effective feedback (Chetcuti & Grima, 2001). Chetcuti & Griffiths (2002) identify the principles that should form part of the pedagogy required for the implementation of this ideal educational assessment. The principles are: teaching, learning and assessment are to be related to a variety of real life situations familiar with the students so as to be as relevant to the life of the students as possible; development of regular dialogue between teachers and students where feedback about learning is continuous giving enough time for the students to apply improvement strategies; the use of different forms of assessment, resources and pedagogies to enable students with different learning styles and preferences to truly show what they know; the involvement of parents within the school culture will allow parents, students and teachers to work together to enhance the school environment thus making the school a better place for the student to develop; the

toleration of students to make decisions within the classroom gives students a greater sense of ownership in their own learning where a value is placed on the differences amongst individuals ; and finally, the active involvement of teachers in policy-formulation that involved both pedagogy and assessment where a sense of policy introduced would feel as if it is their own and would be motivated to implement it within their pedagogy (Chetcuti & Griffiths, 2002). For Bertram et al. (2002) assessment should include dispositions, social competence and self-concept, and emotional wellbeing. Disposition refers to principles of: independence, creativity, self-motivation and resilience (Bertram et al., 2002). Social competence and self-concept refers to principles of: empathy, taking responsibility, decisiveness, and self-awareness (Bertram et al., 2002). Emotional wellbeing refers to principles of empowerment with a positive self-esteem, and connectedness (Bertram et al., 2002). The application of these principles in assessment will enable students to: explore the world, sustain a curiosity, and enjoy learning for its own sake (Bertram et al., 2002).

2.6 The Future of Assessment in Malta

The Learning Outcomes Framework (LOF), once implemented will serve as the tool upon which teachers will base their pedagogy to cater for the changes in the National Curriculum Framework (NCF) of 2012 (Ministry of Education and Employment, 2012), which will result in a change in assessment (Directorate for Quality and Standards in Education, 2018). The aim of the Learning Outcomes Framework is to give educators freedom to develop a pedagogy that best fits the needs of the learners at the time in order to obtain the knowledge, attitudes and skill-based outcomes established by the NCF with the aim of educating all of the learners (Directorate for Quality and Standards in Education, 2018). In terms of assessment, certification of students will not be done purely in the form of

summative assessment, but also through partly summative and partly formative assessment through the use of coursework (Directorate for Quality and Standards in Education, 2018). Grima (2002) argues that currently, coursework done as part of school assessment was seen as a part of teacher assessment and only formed a small component of the formal end-of-year exams. The aim of the reform of accounting assessment is to strike a balance between formative and summative assessment where through the use of coursework during the scholastic year, the student will be able to demonstrate a body of learning built up over time and enable the student to apply this knowledge in different contexts that may not have been encountered before, thereby paving the way to become a life-long learner (Directorate for Quality and Standards in Education, 2018).

The LOF for Accounting describes how accounting will move from being assessed from a pure summative perspective to an assessment that will include both formative and summative assessment (Directorate for Quality and Standards in Education, 2018).

Throughout the time studying accounting in school, each student will have to construct a portfolio under the guidance of their teachers that will serve to assess five accounting areas of study: recording financial transactions and preparing basic financial statements, maintaining an accounting system, two-column cash book and bank reconciliation statement, cost classification & break-even and manufacturing accounts, and accounting ratios and departmental accounts, using alternative methods of assessment (Directorate for Quality and Standards in Education, 2018). The alternative methods of assessment listed by the Accounting LOF that need to feature within the portfolio are: charts, models, videos of learner presentations, short projects, teacher's feedback on learners' ability to communicate and explain accounting information effectively through the preparation of a

report or a presentation, evaluative exercises and case studies, and Information and Communications Technology (ICT) related work (Directorate for Quality and Standards in Education, 2018). The coursework assessment will be based on a combination of assignments consisting of oral and written presentations, site visit reports, case study reports, accounting project, and digital accounting spreadsheets. The purpose of the coursework assessment is to evaluate skills that cannot be assessed by a traditional controlled examination. It is planned that a good part of the assessment is done in class under teacher supervision, and the assignments will be marked by the teacher. The philosophy is to integrate teaching, learning and assessment where assessment becomes a pillar in the learning process. Assessment, like teaching and learning, becomes a journey undertaken together by all players in the learning process rather than a hurdle to arrive at the next stage.

2.7 Accounting Assessment

Setiawan (2016) argues that the main skill that an accountant should possess is that of properly interpreting and communicating the interpretations about financial and non-financial information. These capabilities can be attained through the active participation by students during the teaching and learning process in accounting within schooling (Setiawan, 2016).

Marcouse (2013) argues that the way accounting summative assessment is structured depends on the subject content it looks to test and the assessment objectives it must meet. Given the nature of the subject where later concepts build upon the mastery of previous concepts, there are certain topics that when assessed are more likely to be assessed using methods of assessment that require lower-order cognitive reasoning (Marcouse, 2013).

Conversely, those topics that require mastery of certain topics are more likely to be assessed using methods of assessment that require higher-order cognitive reasoning (Marcouse, 2013). Marcouse argues that such variations lead to different approaches to assessment; as a result, the different styles of exams make it possible for students to show different levels of cognitive skills. Coucom (2005) emphasises that the job of an examiner during the construction of an accounting exam paper should be to set questions that provide students the opportunity to reflect and use their skills and abilities. As a result, teaching of accounting should empower students to be confident when undertaking exams which require a pedagogy in the classroom where students need to be given opportunities to take decisions using contextual but relevant evidence (Coucom, 2005).

The SEC syllabus (2018) sets out three aims that the pedagogy within an accounting classroom should attain. The first aim is to master the double-entry system of business and not-for-profit organisations that is widely used by many businesses to record day-to-day business transactions (SEC, 2018). The second aim is to master the interpretation of financial statements of a business and be able to make financial decisions using the financial statements as justification for those decisions (SEC, 2018). The third aim is to provide a solid base for progression of further study of the subject (SEC, 2018). Given how assessment should be a pedagogy and assessment should go hand-in-hand, the objective of SEC accounting should be to assess students' abilities in recording the information generated within a business or not-for-profit organisation in a methodical manner and summarise the information recorded into a set of financial statements, to evaluate the performance and position of the entity therefrom and apply the financial information into making of simple financial decisions (SEC, 2018).

2.8 The Taxonomy of Educational Objectives

The intention of the formation of the Taxonomy of Educational Objectives was to provide a theoretical framework for the classification of educational objective and to facilitate communication with regards to the use of educational testing amongst educational professionals that deal with the curriculum and its evaluation (Bloom, 1956). As a result, teachers could: compare, exchange, and evaluate tests, in order to determine the effectiveness of a number of tests in terms of the behavioural changes that take place in their students (Bloom, 1956).

One of the main components of the taxonomy is the cognitive domain which is concerned with those educational objectives that deal with the “recall of recognition of knowledge and the development of intellectual abilities and skills” (Bloom, 1956, p. 7). Educational objectives within the cognitive domain refer to the ways in which students are expected to change in the behaviours of thinking, feeling and acting by the education process (Bloom, 1956). Knowledge refers to evidence of remembering and recall of phenomena acquired during the education process (Bloom, 1956). Bloom argued that the most common educational objective is that of the acquisition of knowledge; as a result of the acquisition of knowledge within a particular area, the student would have better insights into the specifics of a subject and “further develop one’s acquaintance with reality” (Bloom, 1956, p.32). Consequently, higher emphasis is placed on assessment testing on the recall of knowledge than on other educational objectives (Bloom, 1956). The acquisition of knowledge cannot stand on its own as an educational objective, but the student must also be able to select and apply the appropriate facts and principles that have been acquired so as to be able to deal with problems and situations (Bloom, 1956).

The taxonomy takes the form of a single set of six classifications that will classify the behaviour of students that is intended to be the outcome of that particular test (Bloom, 1956). Adams (2015) argues that these six classifications are divided into two main categories: lower-order thinking skills, and higher-order thinking skills. The difference between the two is that higher-order thinking skills require more cognitive processing and more depth in the extent of understanding than lower-order thinking skills (Adams, 2015). The cognitive domain is organised into a hierarchy where each classification within it demands the skills and abilities which are lower in the classification order (Bloom, 1956). The taxonomy is in the form of a hierarchy because for a learner to move from the foundation level onto the next level, the learner would need to master the understanding in the foundation level (Adams, 2015). This concept of the hierarchy applies throughout where the learner needs to master the level of understanding to be able to move onto the next level until the pinnacle of the hierarchy is attained (Adams, 2015). The more a student moves up the hierarchy in terms of level of understanding, the more the level of complexity (Adams, 2015).

This classification can be applied to different subjects at different levels of the education process (Bloom, 1956). The six major classes of the taxonomy are: knowledge, comprehension, application, analysis, synthesis, and evaluation (Bloom, 1956). Adams (2015) points out that the classifications of: knowledge, comprehension, and application, are considered to be the lower-order thinking skills, whereas analysis, synthesis and evaluation are the higher-order thinking skills (Adams, 2015). Figure 2.3.1 provides a graphical representation of the six classes along with the process of increasing complexity

when moving from one class to the other, and also the re-classification by Adams of the six classes into higher-order thinking skills and lower-order thinking skills.

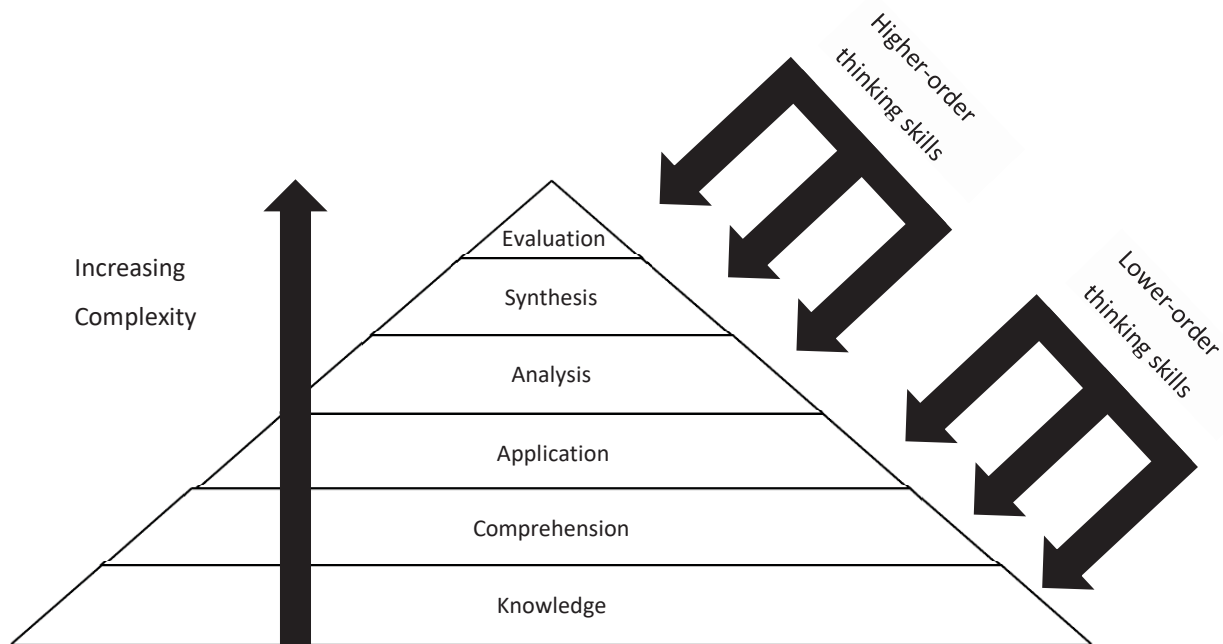


Figure 1: Representation of the Taxonomy of Cognitive Objectives

2.8.1 Knowledge

For the purpose of the classification, Bloom (1956) defines knowledge as “those behaviours and situations that emphasise the remembering, either through recognition or recall, of ideas, material and phenomena” (Bloom, 1956, p.62). When testing the behaviour of knowledge, the examiner looks at whether a student can remember or recognise the accurate bits of information when replying to a particular question (Bloom, 1956). Bloom classifies the knowledge classification into three similar and sequential, but distinct groups according to the complexity of each cognitive behaviour with the first being the least complex progressing onwards with more complex behaviours (Bloom, 1956). The three categories are: knowledge of specifics, knowledge of ways and means of dealing with specifics, and knowledge of the universals and abstractions in a field (Bloom, 1956).

Knowledge of specifics refers to specific bits of information of a particular subject which are essential in understanding and communicating particular phenomena such as knowledge of terminology and knowledge of specific facts (Bloom, 1956). Bloom classifies the “knowledge of important accounting terms” (Bloom, 1956 , p.65) such as knowing the meaning of the terms ‘debit’ and ‘credit’, and “knowledge of reliable sources of information for wise information” (Bloom, 1956, p.67) under the knowledge category. Knowledge of ways and means of dealing with specifics refers to knowing about the methods and techniques to organise and deal with the specific bits of information of a particular and be able to create links with other specific bits of information of the same subject and not the application of such methods (Bloom, 1956). In other words, this refers to knowledge of: conventions, trends and sequences, knowledge of classification and categories, and knowledge of criteria (Bloom, 1956). Knowledge of the universals and abstractions in a field refers to theories and generalisations that feature predominantly in a particular subject and are crucial in problem-solving (Bloom, 1956). This refers to having knowledge of principles and generalisations, and theories and structures (Bloom, 1956). Brazelton (2000) identifies a number of examples in accounting that fall in this category: a student knowing that a manufacturing account has to be used to calculate the cost of production for a manufacturing business, list four assets of a business, define the prudence concept.

2.8.2 Comprehension

Bloom (1956) describes the behaviour of comprehension as a situation that is faced by students where they have to be able to understand the literal message that is being communicated to them, whether in oral or in written form, and be able to make some use of the material within such communication. By doing so, the student would then be able

change the communication in his mind and change it in a way that makes it more meaningful for him (Bloom, 1956). There are three main types of comprehension behaviour that build sequentially on the each other: translation; interpretation; and extrapolation (Bloom, 1956).

Translation behaviour is the ability of an individual to change a communication “into another language, into other terms, or into another form of communication” (Bloom, 1956, p.89). When undertaking translation behaviour, an individual would have what was communicated to him/her in terms that he/she would understand in his/her mind (Bloom, 1956). Furthermore, an idea may need to be translated into everyday terms so as it to make it more useful in further thinking; however, prior to being able to translate, the individual must have the relevant knowledge to do so (Bloom, 1956). This shows that the taxonomy is a hierarchical one where the current classification of comprehension depends on the mastery of previous classification that is knowledge. In addition, the next classifications will depend on the mastery of the current classification. Testing for interpretation behaviour can be done by means of recall or recognition types of exercises which may require a student to translate either from one level of abstraction to another, or from symbolic form to another form, or from one verbal form into another form (Bloom, 1956).

Interpretation behaviour is the next process after the completion of translation and is the ability of an individual to: reorder the ideas in terms of form, organisation, and logic of a communication into a new arrangement that makes sense in that mind of the individual in order to be related to the fund of experiences and ideas in the mind of the individual (Bloom, 1956). The individual would then be able to identify the essential parts in that communication by creating a distinction between the essential and the less essential by

recognising the limits of the extent of depth of the interpretation (Bloom, 1956). An example of this would be the ability to make the proper qualifications when interpreting a piece of data. Testing of interpretation behaviour is done by asking a student to recognise conclusions or generalisations from a communication (Bloom, 1956). This can be achieved through essay type exercises or objective exercises that are aimed at evaluating the ability of a student to interpret (Bloom, 1956). The essay questions would be accompanied by an image, by a quotation or by a numerical data, and would be asked to compare and contrast or prepare a summary (Bloom, 1956). Objective exercises are those exercises that ask questions following provided quotations, images or numerical data (Bloom, 1956).

Extrapolation behaviour is the ability of an individual, following translation and interpretation, to “make estimates or predictions based on understanding of trends, tendencies, or conditions described in a communication” (Bloom, 1956, p. 90). The individual would be able to extend beyond the limits set by the communication and apply ideas within that communication to other situations to make more sense and come up with estimations and conclusions (Bloom, 1956). An example of this would be the prediction of a continuation of trends. Testing for extrapolation is usually done in line with testing for interpretation using essay or objective exercises with varied differences in questions relating to time, topic or sample differences where these questions try to extend beyond that particular time/subject/sample stated in the original communication (Bloom, 1956).

Brazelton (2000) identifies a number of examples in accounting that fall in this category: whether an increase in an asset is a debit or a credit, giving an example of an asset.

2.8.3 Application

The class of application follows the comprehension class so it is only when a student is able to comprehend something then that student can apply it (Bloom, 1956). The ability to apply something means that the student will use something that was learned in an appropriate situation without it being specified to him (Bloom, 1956). Thus when faced with a problem, the student would remember and bring the right material made up of generalisations and principles (Bloom, 1956).

When testing for application behaviour, we must seek to use problems that will test the extent that an individual has learned to apply the abstract thought in a practical way (Bloom, 1956). Testing for application requires the following factors in order to ensure validity and reliability: inclusion of new but realistic situations that a student would understand its practicality and deem it useful for current and future times, use of material that the student would not have already had contact with, avoidance of the use of clues on the method required to solve a particular problem in a way that a person without knowledge on the subject would still be able to solve the problem if given the mentioned clues, and finally, to use an adequate sample of different examples aimed at testing application behaviour because the use of a single problem to assess the level of understanding creates a situation of placing all eggs in one basket where a student is assessed on just one situation which he may not have comprehended fully (Bloom, 1956). Brazelton (2000) identifies a number of examples of application behaviour in accounting, such as: the ability to apply accounting principles to new situations, placing different accounts into their appropriate place in the Financial Statements.

2.8.4 Analysis

Analysis behaviour is seen as an aid to fuller comprehension where the communication is broken down into the essential parts to enable the student to detect the relationships and the way that such relationships are organised (Bloom, 1956). This behaviour is crucial as students would not only be able to distinguish facts from statements in communication and identify how one idea would relate to other ideas, but also be able to identify the material that is relevant from that material that is considered extraneous (Bloom, 1956). Although comprehension and analysis may look similar, the distinction between comprehension and analysis is that comprehension is focused on content and form, whilst analysis goes beyond this to a more complex level of understanding where the student may be able to express an opinion on that communication (Bloom, 1956). When testing for analysis behaviour, the student needs to be given either: a text, a case study, a picture, or a set of data, equipped with a number of questions where the student is asked to identify and relate a variety of factors. There are three successive levels of analysis that a students must master in order to achieve the objective of the understanding of analysis behaviour: analysis of elements, analysis of organisation, and analysis of organisational principles (Bloom, 1956).

Analysis of elements refers to the ability of the student to recognise the key elements and conclusions that are relevant to the question whether they are clearly stated or not clearly stated within a communication (Bloom, 1956). An example of mastery of analysis of elements behaviour is the ability to recognise unstated assumptions. Analysis of relationships refers to the ability of the student to identify relationships amongst the elements, within themselves or with the conclusions, which have been found in the communication (Bloom, 1956). An example of mastery of analysis of relationships behaviour

is the ability to recognise the important and unimportant details within a report. Analysis of organisational principles refers to the ability of the student to identify the structure and organisation of a communication (Bloom, 1956). An example would be to identify the point of view of the writer through the use of different linguistic expressions or to identify the hidden persuasion techniques in a marketing campaign (Bloom, 1956). Brazelton (2000) gives an example in accounting where at this stage students would be able to distinguish between expenses and liabilities, accrued expenses and liabilities, and cash payments to expenses.

2.8.5 Synthesis

Bloom (1956) defines synthesis behaviour as a process of working with elements within a communication and with previous experiences encountered in the past by the student, which are then combined together to form something new. This behaviour encourages a student to use creativity through the creation of new structures, by using materials that were not previously demonstrated in the problem but within a set limit as prescribed in the problem (Bloom, 1956). Synthesis behaviour as an objective is seen as important as it promotes active participation and citizenship within a society because it promotes personal expression (Bloom, 1956). Bloom uses arguments from numerous philosophical works and states that creative expression from all members of society is required in order to solve numerous members of society. Bloom distinguishes between three different classifications of synthesis behaviour based on the different processes required for the creation of particular products, namely: the production of a unique communication, the production of a plan or a set of operations, and the derivation of a set of abstract relations.

The production of a unique communication refers to a unique medium of expression bound by forms and conventions that is used by the student in order to inform or to describe something. It is considered to be unique because of the fact that the communication within itself does not represent a set of operations to be carried out, and also because it would include external parts that were otherwise not mentioned in the original communication, such as feelings, own ideas and experiences (Bloom, 1956). The production of a plan or a set of operations refers to an incomplete set of instructions - in terms of the product being just on paper at the moment, created by a student that would outline the steps and processes to be used in order to arrive to the final product (Bloom, 1956). The plan of the product must include: requirements, specifications, and limitations (Bloom, 1956). The derivation of a set of abstract relations refers to the attempt of an individual to extract theoretical relationships that are yet to be discovered from a detailed analysis of observed phenomena (Bloom, 1956). Testing for synthesis should be done in a way that provides favourable conditions that allow for creative work and freedom of expression without pressures for a student to take a particular point of view; as a result, constructing a test that assesses synthesis behaviour is a challenging task as the use of instructions and limitation of time serve as barriers (Bloom, 1956). Brazelton (2000) identifies a number of examples in accounting that fall in this category: prepare the financial statements with a number of different revenues, expenses, assets and liabilities, decision-making arguments.

2.8.6 Evaluation

Evaluation behaviour is the last stage in the taxonomy and involves some combination of all the other previous five behaviours (Adams, 2015). Evaluation behaviour is the making of judgements about the value of works, methods, and ideas using criteria and standards to

look at the extent of how accurate and effective that piece of work or method, method or idea is (Bloom, 1956). So, the addition of criteria and values is added from the previous behaviours in the hierarchical taxonomy (Bloom, 1956). Within this behaviour, there may be the issue of subjectivity where for a particular person, a particular idea may be seen more useful to him, so this idea would be evaluated highly, whilst for others the same idea may be evaluated less highly (Bloom, 1956). Bloom distinguishes between opinions and judgements, and emphasises on the fact that the classification only considers as those behaviours where evaluation that is made with a clear criteria in mind that are considered. The assumption behind this is that an individual who arrives at this stage of thinking is able to make judgements based on educational arguments and evaluate such arguments with multiple facets (Bloom, 1956). Bloom distinguishes between two types of judgements found in evaluation behaviour; judgements in terms of internal evidence, and judgements in terms of external evidence.

Judgements in terms of internal evidence refers to evaluation done based on logical accuracy and consistency criteria (Bloom, 1956). It is used to evaluate arguments using standards where the final result will likely lead to conclusions with high probability of being accurate (Bloom, 1956). Testing for this type of behaviour will be done in a way where a student would be asked to locate errors in a document in order to keep it accurate and consistent with what was learned in the past (Bloom, 1956). Judgements in terms of external evidence refer to evaluation of a communication based on selected or resembled criteria (Bloom, 1956). Testing for this type of will require the student to have an idea of the communication that is being presented to him and also an idea of the criteria to be used to

judge it with and will look at ways of applying the external criteria into the one being communicated (Bloom, 1956).

2.8.7 Changes in the Taxonomy of Cognitive Objectives

Anderson & Krathwohl (2001) revised the original theory of the taxonomy of educational objectives where they applied three major changes. The first change is a change in the name of all six cognitive behaviours (Anderson & Krathwohl, 2001). The second change is a change in the order of the classification where the classes of synthesis and evaluation have swapped places, thus synthesis is at pinnacle of the hierarchy in the revised version (Anderson & Krathwohl, 2001). Finally, the third change is that of providing definitions of four different types of knowledge that may be addressed within a classroom: factual, conceptual, procedural, and metacognitive (Anderson & Krathwohl, 2001).

2.9 Traditional Methods of Assessment and Educational Skills

Woolfolk (2010) describes traditional methods of assessment as testing done through objective testing or essay testing. Brown et al. (1998) defines traditional assessment as any assessment other than alternative assessment methods. The characteristics of alternative methods of assessment are those assessments that require students to perform, create or do something (Brown et al., 1998). Such an assessment would use real-world context that would require students to tap into problem solving skills to solve tasks that using meaningful instructional activities with the focus being on both the process and on the final product (Brown et al., 1998).

2.9.1 Objective testing

Objective testing refers to the use of methods of assessment that do not require the candidate to use subjective interpretation and where the answer provided and correction of assessment will be straight-forward, such as: multiple-choice questions, matching exercises, binary-choice items, short-answer questions, and fill-in the blank questions. Bloom (1956) argues that these methods of assessment are ideal for the testing of the lower-order cognitive skills but can also be used to partly assess analysis behaviour as answering of these questions will not require students to make use of creativity or provision of judgements.

McMillan (2007) describes the primary purpose of multiple-choice questions as the assessment of knowledge and comprehension rather than application and analysis even though such skills can still be assessed using multiple-choice questions. Woolfolk (2010) describes a good multiple-choice question as one that provides a real challenge and avoids the guessing of answers by the students. They have the following characteristics: a simple but clear stem, the question is styled in positive terms so as to avoid confusion, the answer and distractors fit in with the grammatical structure of the stem, avoid the use of categorical words and of obvious patterns, and extreme or similar distractors (Woolfolk, 2010).

Downing (2006) describes matching exercises as those exercises that require students to match a stem with a set of homogeneous options. Downing argues that such an exercise is most useful when used in areas that deal with facts. Consequently, such an exercise tests lower-order cognitive skills but can test higher-order skills if students are provided with the opportunity to provide justification for their answers (Downing, 2006). A good matching exercise should include the following characteristics: items and options should focus on

specific units rather than a blend of questions from different topics, have more options than items so as to avoid unintended clues, and keep the amount of questions asked low.

Haladyna (1992) describes binary choice items as statements that can be described using two choices, for example true or false. Downing (1992) argues that binary-choice test items are not as reliable as multiple choice test items and as a result, can only assess lower-order thinking skills. A good binary choice item exercise should be one where: only one concept is mentioned so as to avoid confusion from the end of the student, the sentences are written in a positive manner, and where the length of each item is similar. Upon a review of the literature, Haladyna found that paper setters tend to do better at producing effective multiple choice test items as opposed to effective binary choice test items because of biases that the examiner has in the construction of the paper through the use of language that may provide unintended cues. From a student point of view, Downing argues that it is much more easier to guess an answer in a binary choice items test rather than a multiple choice items test due to the fact that in multiple choice test items there are a number of distractors whereas in binary choice items the student only has one of two choices which is common for all other questions (Downing, 1992).

Brown et al. (1998) describe a fill-in-the-blanks exercise as one where a part of a context is removed and replaced with a blank and students are required to fill-in that blank and is easy to construct whilst providing flexibility in the content that can be assessed. Generally, such an exercise would require students to replace the blank with one word and as a result it would require students to only use lower-order cognitive skills given how such an exercise is a recall exercise (Brown et al., 1998). Brown et al. describes short answer exercise as an exercise that requires students to respond or scrutinize to a question with a sentence. Such

questions may have more than one correct answer but the focus of the answer falls within a specific range of answers and as a result, short answer questions assess lower-order cognitive skills (Brown et al., 1998).

2.9.2 Essay Testing

Essay questions require students to create answers on their own (Woolfolk, 2010).

Answering of essays takes time and as a result may assess less content than objective tests do; consequently, the title of the essay should be clear and concise (Woolfolk, 2010). Bloom (1956) argues that essays that require students to focus on a particular objective do not assess the highest level of cognitive skill, that is, synthesis and evaluation. It is those essays that require students to be creative, analytical and allow students to provide an element of judgement based on facts that truly assess the higher-order cognitive skills (Woolfolk, 2010). Francis et al. (1995) argue that very few accounting teachers include writing and extensive discussion in their classes willingly as they feel that this is the role of English Language teachers, even though accounting students need to write about and discuss topics to understand accounting fully, that is, synthesis and evaluation.

2.10 Conclusion

This chapter has discussed the literature relevant to my research study. It includes a thorough review of the literature in respect to educational testing and assessment, the differences between formative and summative assessment, the current assessment systems in Malta, the future of accounting assessment in Malta, and a discussion on the Taxonomy of Cognitive Objectives and its importance during the construction of educational assessment. The next chapter discusses the methodology that I am going to use in this study and the study design of this research.

3.0 Methodology

3.1 Introduction

This chapter gives a synopsis of the study design. It will discuss the criteria used for deciding the use of mixed-methodology, which quantitative methodology to employ, which qualitative methodology to employ, the criteria for the selection of the participants in the research study, the position of the researcher, the tools for data collection, the procedures for the analysis of the data, and a discussion of reliability and validity issues.

3.2 Study Design

The aim of this study is to identify current methods and patterns in the construction of SEC Accounting in Malta with a particular focus on: reliability, validity, and the extent of which different levels of educational objectives are assessed using the original Taxonomy of Educational Objectives. In this research I also enquired about the changes that are expected to occur in the accounting summative assessment in terms of the different levels of cognitive thinking skills. At a point in my life, when I was considering accountancy as my main profession, I always felt that an accountant should have a mastery of the skills that are required to look beyond the numbers; however, I felt that there were very few instances in the ways in which I was assessed that made use of higher cognitive thinking skills.

The primary research question is:

What are the current methods and patterns of summative accounting assessment in Malta?

The primary research question is guided by three operational research questions:

1. To what extent is SEC accounting assessing lower-order cognitive skills?
2. To what extent is SEC accounting assessing higher-order cognitive skills?

3. How will the assessment of different cognitive skills change upon the introduction of the SEC accounting learning-outcomes based syllabus and certification?

This study employed quantitative dominant mixed-methodology. Johnson et al. (2007) define mixed methods research as a research in which there is a combination of different components from both qualitative research methods and quantitative research methods for the purpose of corroboration and deeper understanding. Johnson et al. argue that a researcher should make use of more than one research method when it is rational to do so and if it is possible to do so. Quantitative dominant mixed methods is a form of mixed research where there is reliance on a quantitative view of the research process, with the addition of qualitative data that will provide a deeper insight into the understanding of the phenomena (Johnson et al., 2007). In this research, quantitative research methods were used to answer the first two operational questions and qualitative research methods were used to answer the third operational question. Babbie (2010) defines quantitative methods of research as the objective measurement and the numerical examination of data collected through surveys or through the manipulation of pre-existing numerical data using computational techniques. This numerical data can then be used to make generalisations across groups of people or to explain a particular phenomenon (Babbie, 2010). Mack et al. (2005) define qualitative research as research that looks at different perspectives from different people and is a good method to obtain information that is cultural specific and information on perspectives and experiences of different individuals related to the research question. Patton et al. (2002) argue that the objective of qualitative

research is to produce data in forms of words as opposed to the objective of quantitative research where the objective is to produce data in numerical form.

Carr (1995) states that every research always involves an element of commitment to philosophical beliefs; as a result, every researcher has to critically examine and justify these philosophical beliefs as opposed to being unacknowledged. The underpinning theoretical framework of this study is critical realism. The main pillar of critical realism is that ontology must not be reduced to epistemology, that is, the reality of the world cannot be diminished by different interpretations and different experiences of different individuals (Fletcher, 2017). The aim of this research is to get a realist view of the extent of the consistency within which SEC accounting currently assesses different cognitive skills and conduct interviews with professionals involved in the reform of assessment with a specific focus on accounting assessment to analyse whether or not the objective of the reform is to assess more levels of particular cognitive skills over other levels of cognitive skills.

3.3 Instruments Chosen

The quantitative aspect of my research was split into two sections concerned with content validity of the three SEC accounting exams. The rationale behind the selection of the three exams can be found in section 3.4. The first step was to work out the questions and provide a marking scheme (see Appendix G). The first section analysed the composition of the SEC accounting exam papers in terms of the method of assessment that used. This was done by classifying all of the questions that have been asked under three headings: multiple-choice questions, theoretical questions, and preparation of ledger accounts, financial statements, and interpretation of figures. Moreover, the percentage of marks that have been assessed

using each method of assessment for all three SEC accounting exams was calculated. This was done on a paper-by-paper basis so that comparisons can be made amongst papers across the three exams and will be structured as shown in table 1.

| | Marks (2014) | Marks (2016) | Marks (2018) |
|--|---------------------|---------------------|---------------------|
| Multiple-choice questions | | | |
| Theoretical questions | | | |
| Preparation of ledger accounts, financial statements, and interpretation of figures. | | | |

Table 1: A table depicting the methodology of the composition of the paper

A detailed breakdown of marks split up into the topics as identified by the SEC accounting syllabus (SEC, 2018) for all three years has been provided to leave room for comparisons. This classification was also shown for the choice students decided to sit-for when deciding between paper 2A and paper 2B. So, this section presented the results of four sub-sections: paper 1, paper 2A, paper 2B, and choice of paper. The classification of marks per topic was presented in a table for each sub-section as shown in table 2.

| | 2014 | 2016 | 2018 |
|---|--------------|--------------|--------------|
| Topics covered in SEC Accounting | Marks | Marks | Marks |
| The Nature and Purpose of Accounting. | | | |
| The Principles of Double Entry, the Ledger, Balancing Off, and the Trial Balance. | | | |
| Accounting Concepts | | | |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | | | |
| Capital and Revenue Expenditure. | | | |
| The Statement of Profit or Loss and the Statement of Financial Position. | | | |

| | | | |
|--|--|--|--|
| Accounting for Accruals and Prepayments. | | | |
| Accounting for Depreciation. | | | |
| Irrecoverable Debts and Allowances for Trade Receivables. | | | |
| Bank Reconciliation Statement. | | | |
| Control Accounts for Trade Receivables and Trade Payables. | | | |
| Single Entry and Incomplete Records. | | | |
| Partnerships. | | | |
| Correction of Errors. | | | |
| Departmental Accounts. | | | |
| Manufacturing Account. | | | |
| Not-for-Profit Making Organisations. | | | |
| Limited liability Companies. | | | |
| Accounting Ratios | | | |
| Total Marks | | | |

Table 2: A table depicting the methodology used to classify marks per topic

The second section assessed the content validity of the three exams by comparing the abilities that the questions in the exams tested with the six classifications of behaviour of Taxonomy of Cognitive Objectives: knowledge, comprehension, application, analysis, synthesis, and evaluation. In this section there was a subjective categorisation of the items according to the ability which each cognitive behaviour assessed and the marks allotted to it. Even though there are six classifications, the subjective classification will be done using the four grouped headings as follows: Knowledge and Comprehension, Application, Analysis, Synthesis and Evaluation. This was done for the purpose of easing the extent of subjectivity in the categorisation process where a question could be assessing two different levels of cognitive skills as criticised by Furst (1994). Application was not included under the same heading of the other two cognitive skills that are considered to be lower-order thinking skills, that is, knowledge and comprehension. This is because it assesses a more advanced

level of cognitive skills than the other previous lower cognitive skills, which in their definitions are closely related. Analysis was not included under the same heading of the other two cognitive skills that are considered higher-order cognitive skills, that is, synthesis and evaluation. This is because it does not assess the same amount of higher-order cognitive skills that the other two cognitive skills assess which in their definitions are closely related. The subjective categorisation of the test items will be carried out according to the criteria listed in table 3 based on the cognitive processing required for different behaviours in accounting as established by the Taxonomy of Cognitive Objectives.

| Cognitive Skills | Criteria |
|-----------------------------|---|
| Knowledge and Comprehension | Knowledge of specifics (knowledge of terminology and specific facts), knowledge of ways and means of dealing with specific facts (knowledge of conventions, trends and sequences, classifications and categories, criteria, methodology) , knowledge of the universals and abstractions in a field (knowledge of principles and generalisations, knowledge of theories and structures), translation behaviour, interpretation behaviour, and extrapolation behaviour. |
| Application | The application of abstractions (technical principles, ideas, and theories) in particular situations. |

| | |
|--------------------------|---|
| Analysis | Analysis of elements, analysis of relationships, and analysis of organisational principles. |
| Synthesis and Evaluation | Production of a unique communication, production of a plan or a proposed set of operations, derivations of a set of abstract relations, judgement in terms of internal evidence, and judgement in terms of external criteria. |

Table 3: The criteria used in the classification of cognitive behaviours according to the Taxonomy of Cognitive Objectives

For the qualitative part of my research, the research instrument chosen was semi-structured interviews. The people interviewed fit in the category of powerful people. As a researcher, I followed Cohen et al.'s (2011) advice to ensure that the researcher is knowledgeable of the participants' profession and what it entails, be aware of the details of the upcoming reform in accounting assessment, and be proficient with accounting terminology, assessment terminology, curricular terminology, and terminology used in the Taxonomy of Cognitive Objectives. Having said so, the researcher was also aware of how specialised the area of research is, so the questions that were presented to participants were kept simple so as to make it easy for the participant to understand what is being said. Merriam (2015) describes semi-structured interviews as interviews that are made up questions that provide flexibility in the way they are worded; as a result, it makes it easier for the researcher to get a response for the question at hand and also provides the opportunity for the participant to explore and contribute new ideas and perspectives that the researcher may not have provided questions for, but were relevant to the exploration of the research question. An

interview schedule (see Appendix C) was designed with various questions that reflect upon the suggestions Merriam gives with regards to the structuring of semi-structured questions for an interview, that is, the interview contains a mix of structured and unstructured questions, all questions must include an element of flexibility even though the questions may require specific data from the participants, and finally, the structure of the interview is not made rigid by the order of the questions but the role of the questions is seen as a guide for the issues to be explored in the order that makes sense during the interview process.

The interview schedule was structured into three main sections. The aim of the first section was to get an understanding of what the participants understand by assessment and to explore their view of current assessment practice. Although these set of questions may provide data that may be relevant to this research, the main idea behind them was to serve as an ice-breaker to set the flow for the next sets of questions. The aim of the second section was to get an understanding of what the participants understand by lower-order and higher-order cognitive skills and to analyse what there is perspective on the extent of which of the two is assessed more frequently in assessment general and specifically in SEC accounting. This section provided data that was used to enhance the findings of the quantitative analysis that relate to the exploration of the first two operational research questions. The third section looked at exploring the philosophy behind the upcoming reform with respect to assessment in general and with a specific focus on accounting. The participants reflected on the prominence of inclusion of higher-order thinking skills in the upcoming reform of partly summative and partly formative assessment in general, and accounting assessment. This section provided data that was used to explore the third operational research question.

3.4 Sampling and Participants

Blalock (1979) argues that in quantitative research, the sample number can be calculated according to the level of accuracy and the level of probability that researchers feel is adequate in for the research. Cohen et al. (2011) argue that for a sample to be valid, it has to represent the whole population. In this research, a purposive sample was taken for the amount of SEC accounting examination papers that had to be analysed according to Taxonomy of Cognitive Objectives, and another purposive sample had to be taken for the interviews that were conducted with the people involved in the reform of upcoming SEC accounting. Upon the recommendations of Cohen et al., the four key factors required for a suitable sampling strategy that is based on judgements are: sample size, the representatives and parameters, the access, and the sampling strategy, have been identified for each purposive sample.

There were seven SEC accounting papers that were freely accessible to the public at the time of the research, however due to time constraints, a sample of papers to be examined had to be taken. The syllabus states that aspects from all units have to be covered by the three papers in a SEC accounting exam (SEC, 2018). A careful analysis of the units covered in the accounting syllabi shows that there was a change in the accounting curriculum in 2017 where certain units had certain content removed whilst other units had content that was added. The table in Appendix E shows a comparison of the units to be covered according to the accounting syllabi over the span of the last seven years and remarks any changes in content that have occurred within specific topics. Given how SEC accounting assesses the content stipulated in the syllabi, the table also shows changes in the assessment of specific topics. The base year for comparison was 2018 as it reflects the most recent syllabus to be

assessed. The content assessed in 2018 is marked with the number 1 in the table for each specific topic. Any changes along the years in content covered by each topic were marked with other numbers. Given how each topic experienced a change in content once over the seven years analysed, any changes were marked by the number 2 (if there would have been any further changes, they would have been marked with 3,4,... and so on). For this research, a purposive sample of three SEC accounting papers of the years: 2014, 2016, and 2018 was taken based on changes in the syllabus shown by the table in Appendix E.

A purposive sample is a sample handpicked by the researcher for a specific purpose using criteria that is satisfactory to the specific needs of the research (Cohen et al., 2011). This research study has adopted purposive sampling to identify a sample consisting of seven SEC Accounting examinations from 2012 to 2018 based on the following criteria:

- Which of the SEC accounting papers is the most recent?
- By keeping an interval of one year so as to better analyse validity, which SEC accounting examination papers resemble the most recent SEC accounting examination paper of 2018 by taking into consideration the one-year interval?
- Does one of the three papers selected at least reflect the changes that have been made in the accounting syllabus over the last seven years?

The 2018 paper was chosen because it is the most recent SEC accounting assessment. The years 2016 and 2014 were chosen as both papers represent changes in the syllabus with an interval of one year between each year so as to be able to assess consistency and reliability for all three years with a one-year interval. So, SEC accounting examination papers of the years 2018, 2016, and 2014 have been selected for an evaluation of the level of cognitive skills that are assessed and have been attached to Appendix F. The worked out examples

with the marking scheme and classification of marks according to the Taxonomy of Cognitive Objectives can be found in Appendix G.

For the recruitment of interviews as part of the qualitative research, a purposive sample was adopted to identify two people that have been involved in the reform of accounting summative assessment. The participants have been identified using the researcher's criteria, as follows:

- Is the participant currently involved in the teaching or assessment of accounting?
- Is the participant involved in reform that relates to upcoming changes in accounting assessment?
- Is the participant aware of the different levels of cognitive skills?

The two people that have been identified for the interviews are: the Director of the MATSEC Support Unit, and the Head of Department for Accounting at the Secretariat for Catholic Education. The Director of the MATSEC Support Unit was chosen because of the key role that this individual had in overseeing the reform on not just accounting assessment, but also on the reform of changes in all subjects offered at SEC level. The Head of Department for Accounting at the Secretariat for Catholic Education was not only chosen because this person was involved in the reform of accounting assessment by serving on LOF board for accounting, but is also currently an active accounting teacher within a local church school and may offer perspectives that come directly from the classroom. Another factor that contributed to this choice is the fact that accounting was introduced in state schools five years ago whereas the teaching of accounting in church schools has been much longer than that thus the insights that are provided can be more fruitful.

The third factor of the suitability of the sampling strategy, that is, access, is further discussed in section 3.5.

3.5 Access and Ethical Consideration

This research had to be approved by Faculty of Education Research Ethics Committee (FREC) as it involved the analysis of secondary data that is published and interviews with persons. This was required so as to protect both the participants and the researcher and avoid any undesired consequences. The participants were accessed first after a brief discussion with my dissertation tutor who served as a gatekeeper because of the working relationship that there is established between them and because of the additional insight and experiences that the participants can bring to this dissertation. Following approval from FREC, the selected participants were contacted through their professional emails. Upon approval, each participant received an information letter (see Appendix A) and a consent form (Appendix B) at their professional address. The information letter (see Appendix A) included the following information:

1. The main purpose of the research;
2. An invitation to participate in the research;
3. An explanation of the interview procedure;
4. An explanation of the right to withdraw from the research at any point in time without giving reasons or suffering any negative consequences;
5. Clarify the right to decline the interview at any point in time;
6. Clarify the right to not answer a question/s during the interview at any point in time;
7. Clarify the fact that the participants may be identifiable as the interview is attributable to their position;

8. Explanation of the interview being audio-recorded and an explanation of how the audio recording will be destroyed once the research is over.

The consent form (see Appendix B) was given to the participants to authorise their agreement to participate in the research and that they understood the interview procedure and related confidentiality issues. For the interview schedule, see Appendix C.

3.6 Data collection

For the quantitative part of my research, the three examination papers selected have been answered and a model answer has been provided in the same manner that is expected by students who undertake SEC accounting. A marking scheme has been developed for each and every question that demonstrates the allocation of marks for the different parts of each and every question which is shown by the marks column (see Appendix G). The marks column was added to each question that shows the marks that have been allocated to the cognitive behaviour that is required in answering that part of the question. Each marks column is accompanied by a cognitive skill column where each mark that has been given was categorised according to the level of cognitive skill and ability that is required by the candidates to apply in order to be able answer the question correctly as established by the Taxonomy of Cognitive Objectives.

For multiple choice questions, a four column table was created with the following headings which are number, answer, marks, and cognitive skill, as shown by table 4.

| Number | Answer | Marks | Cognitive Skill |
|--------|--------|-------|-----------------|
|--------|--------|-------|-----------------|

Table 4: A table depicting the method used to demonstrate the allocation and classification of marks according to the Taxonomy of Cognitive Objectives of multiple-choice questions.

For theoretical questions and accounting ratios questions, a four column table was created with the following headings which are letter, question, marks, and cognitive skill, as shown by the table 5.

| Letter | Question | Marks | Cognitive Skill |
|--------|----------|-------|-----------------|
|--------|----------|-------|-----------------|

Table 5: A table depicting the method used to demonstrate the allocation and classification of marks according to the Taxonomy of Cognitive Objectives of theoretical questions.

For questions that required students to open up ledger accounts, cashbook, and petty cashbook, the marks column and the cognitive skill column were added to the debit side of the account and another marks column and cognitive skill column were added to the credit side of the account. For questions that required students to create financial statements and a bank reconciliation statement, the marks column and the cognitive skill column were added on the right hand side of the statement. The classification of marks into different cognitive skills will be discussed in section 3.7

The marks and cognitive skill columns will be presented in tables in chapter 4 in order to look at the marks allocated to different topics in the syllabus and to look at the variations in the assessment of different levels of cognitive skills between different SEC accounting exams along the three years and also variations among paper 1, paper 2A, and paper 2B.

The tables that will be presented are as follows:

- The summation and percentage of marks categorised into lower-order or higher-order cognitive skills for the three SEC accounting exams.
- The summation and percentage of marks categorised into lower-order or higher-order cognitive skills for each paper in the three SEC accounting exams.

- The summation and percentage of marks categorised into the four headings that depict the six levels of the Taxonomy of Cognitive Objectives, that is, knowledge and comprehension, application, analysis, or synthesis and evaluation for the three SEC accounting exams.
- The summation and percentage of marks categorised into the four headings that depict the six levels of the Taxonomy of Cognitive Objectives, that is, knowledge and comprehension, application, analysis, or synthesis and evaluation for each paper in the three SEC accounting exams.
- The summation and percentage of marks categorised into lower-order or higher-order cognitive skills according to the choice of papers between paper 2A and 2B for each SEC accounting exam. There will be six tables in this section where each one represents a different choice.
- The summation and percentage of marks categorised into the four headings that depict the six levels of the Taxonomy of Cognitive Objectives, that is, knowledge and comprehension, application, analysis, or synthesis and evaluation according to the choice of papers between paper 2A and 2B for each SEC accounting exam. There will be six tables in this section where each one represents a different choice.
- The classification and summation of marks into the four headings that depict the six levels of the Taxonomy of Cognitive Objectives, that is, knowledge and comprehension, application, analysis, or synthesis and evaluation for each topic area as established by the syllabus in order to look at the extent of marks that have been assessed in SEC accounting for a particular topic. There will be nine tables in this section where each one represents a paper in the three SEC accounting exams.

- The classification and summation of marks into the four headings that depict the six levels of the Taxonomy of Cognitive Objectives, that is, knowledge and comprehension, application, analysis, or synthesis and evaluation for each topic area as established by the syllabus on a question by question basis in papers 2A and 2B for each SEC accounting exam. This will be used to analyse the element of choice and levels of cognitive skills in SEC accounting where in both papers students are required to make a choice and leave one of the questions unanswered. Students who choose paper 2A are required to answer two compulsory questions in section A and are then given the option to choose two out of three questions in section B; whereas, students who choose paper 2B are required to answer two compulsory questions in section A and are then given the option to choose four out of five in section B. This has not been done for paper 1 because all questions in paper 1 are compulsory for all students. There will be 24 tables in this section where each one represents a different combination of choice in the three SEC accounting exams.

The semi-structured interviews were recorded electronically and then were transcribed as seen in Appendix D. Given how the participants are specific participants, there is a possibility that the participants may be identified since the interview can be attributable. The anonymity of the participants was still respected through the assignment of codes A and B for both participants.

3.7 Subjective Categorisation of Marks

Bloom (1956) provides a list of verbs that can be used in writing effective learning outcomes. These verbs can also be applied in the construction of assessment where the verbs used may indicate the level of cognitive skill that is required when answering a particular question. Four tables were created to categorise the cognitive processes involved

in accounting according to the Taxonomy of Cognitive Objectives with a rationale provided for each classification of cognitive behaviour. Each table lists down the cognitive behaviours in accounting that have been assessed and will be categorised under a specific category in the taxonomy of cognitive objective. A rationale for the allocation of the cognitive behaviour will be provided. The four tables represent the four categories of the six levels of cognitive skills based on the Taxonomy of Cognitive Objectives and grouped into four levels as refereed to in section 3.3

3.7 Data Analysis

In chapter 5 of this research, a detailed analysis of the results that are in Chapter 4 were analysed by identifying trends in the level of cognitive skills in the Taxonomy of Cognitive Objectives with the actual grades obtained by the students what has been found in the literature.

The analysis of cognitive skills was done by comparing the level of cognitive skills that have been assessed for each paper across the three years and identified any changes along the years studied and any correlations observed. A diagram was created to depict the information relating to the cognitive skills according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives. This diagram was used to discuss trends and patterns in the composition of the paper in terms of different levels of cognitive skills and then compared with the actual results obtained by students to identify any correlations which are presented in section 4.5. Once the three papers have been analysed, the same analysis was conducted for the paper students decided to sit-for, that is, paper 1 in conjunction with paper 2A or with paper 2B.

The data collected during the interviews has been analysed using a thematic analysis where a number of themes have been identified during the transcription process, such as coursework in accounting. Braun and Clarke (2006) describe thematic analysis as the process of identifying patterns from the interviews and provide an interpretation and analysis of that data. Merriam (2015) argues that in order to make the best sense of data and identify such pattern, the researcher must keep a lucid vision of the research question in mind at all times and try to gather answers and construct themes to answer the research question. During the interview process, I posed open-ended questions related to the research area in order to enable participants to describe, to generate themes, and to understand individualistic perspective of the participants. This was done by not interfering while the participants were speaking and amended the questions during the interviews as necessary in order to get the required information.

3.8 Reliability and Validity

Cohen et al. (2011) argue that no research can be one hundred percent accurate. Given how the researcher has played a key role in the classification of marks and an element of judgement had to be made in order to categorise marks into different levels of cognitive skills as established by the Taxonomy of Cognitive Objectives, a rationale had to be provided in order to maintain a sufficient level of reliability and validity. At all points during this research, I attempted to be as truthful as possible to the data and the linking of the data to the original theory of the Taxonomy of Cognitive Objectives as established through the literature review. To ensure that my own personal view did not interfere with the appropriate classification of the marks, I referred thoroughly to literature relating to the Taxonomy of Cognitive Objectives and literature that link accounting to the theory in order

to be able to provide a rationale for every judgement I made in this research. During the classification process, I enquired certain aspects of the classification with my dissertation tutor who reinforced the importance of looking at the assessment from a bird eyes view in terms of looking at it from a student perspective who has just started to learn accounting as opposed to looking at it from the perspective of an accounting teacher where certain cognitive behaviour in accounting is done automatically.

For the interview process, I ensured that the participants were given the necessary time to read the questions prior to the commencement of the interview in order to familiarise themselves with what will be asked in the interview. By doing so, Creswell (2009) argues that the participants would be given the opportunity to develop on the answer that first comes to mind when thinking and eventually sharing with their perspectives with the researcher. Having a clear research question enabled me to make interventions when the participants finished talking without interrupting them to be able to elaborate on certain points that would further enhance the validity of this research.

3.9 Conclusion

An overview of the way the research was conducted has been presented in this chapter. It looked at how the classification of marks was done according to Taxonomy of Cognitive Objectives and how data collection was done from the interview process, the sample of the SEC accounting exams chosen and the participants, the way how data was analysed, and ethical considerations.

The next chapter presents the results from the classification of marks into different levels of cognitive skills according to the Taxonomy of Cognitive Objectives and the themes emerging from the interviews carried during this research.

4.0 Results

4.1 Introduction

This chapter presents the findings from this research and is split up into four sections. The first section presents information about the composition of the three SEC accounting papers. The second section presents different cognitive behaviours in accounting that were identified during the process of working out the three SEC accounting exams listed in alphabetical order according to the Taxonomy of Cognitive Objectives. The third section presents the data tables that demonstrate the different levels of cognitive skills that have been assessed for each paper in the three SEC accounting exams. The fourth section presents the themes that have emerged from the interviews.

4.2 Composition of the SEC Accounting Examination Papers

In this section, I will be discussing the composition of the SEC accounting examination. Each SEC accounting exam consists of three papers: paper 1, paper 2A, and paper 2B (SEC, 2018). Paper 1 is compulsory for all students but students choose whether to sit-for paper 2A or paper 2B when applying for the exam (SEC, 2018). By looking at table 8 one can notice that paper 2A is the exam paper that assesses the most higher-order cognitive skills and paper 2B is the exam paper that assesses the least higher-order cognitive skills whilst paper 1 falls in the middle. This corresponds with the SEC Accounting Syllabus (2018) where the students who sit-for paper 2A can obtain a grade ranging from one to five with grade one representing the highest achievement and grade 5 representing the lowest achievement; whereas, students who choose paper 2B can obtain a grade from four to seven. In the first three sub-sections I will be discussing the composition of each SEC accounting exam paper. In the fourth sub-

section I will be presenting the composition of marks according to the topics of the syllabus for the choice of which paper to sit-for by the candidates, that is paper 2A or paper 2B.

4.2.1 Paper 1

In paper 1, students are required to answer all questions. The paper carries 100 marks so the maximum mark that can be attained is 100 out of 100. Table 6 shows the composition of the paper in terms of the type of item assessed in marks for the three years under consideration.

| | Marks (2014) | Marks (2016) | Marks (2018) |
|--|---------------------|---------------------|---------------------|
| Multiple-choice questions | 20 | 20 | 20 |
| Theoretical questions | 42 | 40 | 28 |
| Preparation of ledger accounts, financial statements, and interpretation of figures. | 38 | 40 | 52 |

Table 6: Table depicting the composition of Paper 1 in marks allocated to forms of assessment.

An observation that can be made is that both the 2014 and the 2016 paper 1 exams had similar composition in terms of method of assessment, but the 2018 paper 1 carried more marks than the previous two papers on the practical aspect rather than the theoretical aspect. The examiner has kept the same pattern throughout the three years for the number of multiple-choice questions assessed and the marks allocated to each one.

The marks assessed in each SEC accounting paper 1 exam have been classified according to the topics as established by the syllabus. Table 7 shows that not all topics are necessarily assessed in a single paper 1, but when looking at this aspect from a three year perspective, all the topics have been assessed at one point or another.

| | 2014 | 2016 | 2018 |
|---|-------|-------|-------|
| Topics covered in SEC Accounting | Marks | Marks | Marks |
| The nature and purpose of Accounting. | 0 | 6 | 3 |
| The principles of double entry, the ledger, balancing off, and the trial balance. | 6 | 4 | 2 |
| Accounting Concepts | 4 | 3 | 11 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 10 | 4 | 6 |
| Capital and Revenue Expenditure | 0 | 2 | 0 |
| The Statement of Profit or Loss and the Statement of Financial Position | 4 | 4 | 0 |
| Accounting for Accruals and Prepayments. | 2 | 0 | 12 |
| Accounting for Depreciation. | 0 | 3 | 0 |
| Irrecoverable Debts and Allowances for Trade Receivables. | 0 | 2 | 0 |
| Bank Reconciliation Statement. | 20 | 9 | 2 |
| Control Accounts for Trade Receivables and Trade Payables. | 0 | 2 | 8 |
| Single Entry and Incomplete Records. | 0 | 0 | 8 |
| Partnerships. | 2 | 20 | 12 |
| Correction of Errors. | 12 | 2 | 2 |
| Departmental Accounts. | 0 | 8 | 4 |
| Manufacturing Account. | 20 | 18 | 12 |
| Not-for-Profit Making Organisations. | 16 | 0 | 2 |
| Limited liability Companies. | 2 | 0 | 12 |
| Accounting Ratios | 2 | 13 | 4 |
| Total Marks | 100 | 100 | 100 |

Table 7: Table depicting the classification of marks of Paper 1 according to topics.

4.2.2 Paper 2A

Paper 2A is split up into two sections: section A and section B. Section A carries 60 marks

where there are two questions that carry 30 marks each that are compulsory for all students

that sit-for paper 2A. Section B carries another 60 marks where there are 3 questions and the candidates are required to choose 2 out of 3 questions. Each question in section B carries 20 marks. As a result, this paper carries a total of 120 marks but students answer 100 out of 120 marks. Table 8 shows the composition of the paper in terms of the type of item assessed in marks for the three years under consideration:

| | Marks (2014) | Marks (2016) | Marks (2018) |
|--|---------------------|---------------------|---------------------|
| Multiple-choice questions | 0 | 0 | 0 |
| Theoretical questions | 2 | 0 | 0 |
| Preparation of ledger accounts, financial statements, and interpretation of figures. | 118 | 120 | 120 |

Table 8: Table depicting the composition of Paper 2A in marks allocated to forms of assessment.

An observation that can be made from the table above shows that no multiple-choice questions are asked in this paper and it is uncommon for an examiner to ask theoretical questions. The majority of the paper is focused on assessing the practical aspect of accounting. This corresponds with the description of papers 2A and 2B in the SEC accounting syllabus (SEC, 2018).

The marks assessed in each SEC accounting paper 2A exam have been classified according to the topics as established by the syllabus. Table 9 shows that not all topics have been assessed in Paper 2A and some topics have not been assessed at all in the three years; however, there are three topics that have featured consistently throughout the three years, that is: accounting for accruals and prepayments, accounting for depreciation, and irrecoverable debts and allowances for trade receivables.

| | 2014 | 2016 | 2018 |
|--|-------------|-------------|-------------|
| | | | |

| Topics covered in SEC Accounting | Marks | Marks | Marks |
|--|-------|-------|-------|
| The nature and purpose of Accounting. | 0 | 0 | 0 |
| The principles of double entry, the ledger, balancing off, and the trial balance. | 0 | 0 | 0 |
| Accounting Concepts | 2 | 0 | 0 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 0 | 0 | 0 |
| Capital and Revenue Expenditure. | 0 | 0 | 0 |
| The Statement of Profit or Loss and the Statement of Financial Position. | 0 | 0 | 12.5 |
| Accounting for Accruals and Prepayments. | 26.5 | 10 | 11 |
| Accounting for Depreciation. | 29 | 35.5 | 12 |
| Irrecoverable Debts and Allowances for Trade Receivables. | 2 | 1.75 | 3.5 |
| Bank Reconciliation Statement. | 0 | 0 | 20 |
| Control Accounts for Trade Receivables and Trade Payables. | 9 | 8 | 0 |
| Single Entry and Incomplete Records. | 13.5 | 13.25 | 0 |
| Partnerships. | 0 | 0 | 0 |
| Correction of Errors. | 0 | 20 | 25 |
| Departmental Accounts. | 0 | 0 | 0 |
| Manufacturing Account. | 0 | 0 | 0 |
| Not-for-Profit Making Organisations. | 0 | 16 | 16 |
| Limited liability Companies. | 18 | 15.5 | 0 |
| Accounting Ratios | 20 | 0 | 20 |
| Total Marks | 120 | 120 | 120 |

Table 9: Table depicting the classification of marks of Paper 2A according to topics.

4.2.3 Paper 2B

Paper 2B is split up into two sections: section A and section B. Section A carries 40 marks where there are two questions that carry 20 marks each that are compulsory for all students that sit-for paper 2B. Section B carries 75 marks where there are 5 questions and the

candidates are required to choose 4 out of 5 questions. Each question in section B carries 15 marks. As a result, this paper carries a total of 115 marks but students answer 100 out of 115 marks. Table 10 shows the composition of the paper in terms of the type of item assessed in marks for the three years under consideration.

| | Marks (2014) | Marks (2016) | Marks (2018) |
|--|--------------|--------------|--------------|
| Multiple-choice questions | 0 | 0 | 0 |
| Theoretical questions | 0 | 0 | 0 |
| Preparation of ledger accounts, financial statements, and interpretation of figures. | 115 | 115 | 115 |

Table 10: Table depicting the composition of Paper 2B in marks allocated to forms of assessment.

The marks assessed in each SEC accounting paper 2B exam have been classified according to the topics as established by the syllabus. Table 11 shows that not all topics have been assessed in Paper 2B and some topics have not been assessed at all in the three years; however, there are three topics that have featured consistently throughout the three years, that is, accounting for accruals and prepayments, accounting for depreciation, and irrecoverable debts and allowances for trade receivables.

| | 2014 | 2016 | 2018 |
|--|-------|-------|-------|
| Topics covered in SEC Accounting | Marks | Marks | Marks |
| The nature and purpose of Accounting. | | | |
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 12 | |
| Accounting Concepts | | | |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 35 | 18 | 15 |
| Capital and Revenue Expenditure. | | | |

| | | | |
|--|------|------|------|
| The Statement of Profit or Loss and the Statement of Financial Position. | | | 7 |
| Accounting for Accruals and Prepayments. | 13 | 13 | 10.5 |
| Accounting for Depreciation. | 8.5 | 22.5 | 19.5 |
| Irrecoverable Debts and Allowances for Trade Receivables. | 3 | 1.5 | 3 |
| Bank Reconciliation Statement. | | | 15 |
| Control Accounts for Trade Receivables and Trade Payables. | 15 | 6 | |
| Single Entry and Incomplete Records. | 15 | 7 | |
| Partnerships. | | | |
| Correction of Errors. | | 15 | 20 |
| Departmental Accounts. | 15 | | 6 |
| Manufacturing Account. | | | |
| Not-for-Profit Making Organisations. | | 7 | 15 |
| Limited liability Companies. | 10.5 | 13 | |
| Accounting Ratios | | | 4 |
| Total Marks | 115 | 115 | 115 |

Table 11: Table depicting the classification of marks of Paper 2B according to topics.

4.2.4 Choice of Paper

In this section, I will be presenting the tables that allocate the marks that have been assessed according to the choice of papers that the candidates decided to sit for. Table 12 represents the allocation of marks per topic for those students who opted for paper 1 and paper 2A in SEC accounting. Table 13 represents the allocation of marks per topic for those students who opted for paper 1 and paper 2B in SEC accounting.

| Paper 1 and Paper 2A | | | |
|---|------|------|------|
| Topics covered in SEC Accounting | 2014 | 2016 | 2018 |
| The nature and purpose of accounting | 0 | 6 | 3 |
| The principles of double entry, the ledger, balancing off, and the trial balance. | 6 | 4 | 2 |
| Accounting Concepts | 6 | 3 | 11 |

| | | | |
|--|------|-------|------|
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 10 | 4 | 6 |
| Capital and Revenue Expenditure | 0 | 2 | 0 |
| The Statement of Profit or Loss and the Statement of Financial Position. | 4 | 4 | 12.5 |
| Accounting for Accruals and Prepayments. | 28.5 | 10 | 23 |
| Accounting for Depreciation. | 29 | 38.5 | 12 |
| Irrecoverable Debts and Allowances for Trade Receivables. | 2 | 3.75 | 3.5 |
| Bank Reconciliation Statement. | 20 | 9 | 22 |
| Control Accounts for Trade Receivables and Trade Payables. | 9 | 10 | 8 |
| Single Entry and Incomplete Records. | 13.5 | 13.25 | 8 |
| Partnerships. | 2 | 20 | 12 |
| Correction of Errors. | 12 | 22 | 27 |
| Departmental Accounts. | 0 | 8 | 4 |
| Manufacturing Account. | 20 | 18 | 12 |
| Not-for-Profit Making Organisations. | 16 | 16 | 18 |
| Limited liability Companies. | 20 | 15.5 | 12 |
| Accounting Ratios | 22 | 13 | 4 |
| Total Marks | 220 | 220 | 220 |

Table 12: Table depicting the classification of marks of Paper 1 in conjunction with Paper 2A

according to topics.

| Paper 1 and Paper 2B | | | |
|--|------|------|------|
| Topics covered in SEC Accounting | 2014 | 2016 | 2018 |
| The nature and purpose of accounting | 0 | 6 | 3 |
| The principles of double entry, the ledger, balancing off, and the trial balance. | 6 | 16 | 2 |
| Accounting Concepts | 4 | 3 | 11 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 45 | 22 | 21 |
| Capital and Revenue Expenditure | 0 | 2 | 0 |

| | | | |
|--|------|------|------|
| The Statement of Profit or Loss and the Statement of Financial Position. | 4 | 4 | 7 |
| Accounting for Accruals and Prepayments. | 15 | 13 | 22.5 |
| Accounting for Depreciation. | 8.5 | 25.5 | 19.5 |
| Irrecoverable Debts and Allowances for Trade Receivables. | 3 | 3.5 | 3 |
| Bank Reconciliation Statement. | 20 | 9 | 17 |
| Control Accounts for Trade Receivables and Trade Payables. | 15 | 8 | 8 |
| Single Entry and Incomplete Records. | 15 | 7 | 8 |
| Partnerships. | 2 | 20 | 12 |
| Correction of Errors. | 12 | 17 | 22 |
| Departmental Accounts. | 15 | 8 | 10 |
| Manufacturing Account. | 20 | 18 | 12 |
| Not-for-Profit Making Organisations. | 16 | 7 | 17 |
| Limited liability Companies. | 12.5 | 13 | 12 |
| Accounting Ratios | 2 | 13 | 8 |
| Total Marks | 215 | 215 | 215 |

Table 13: Table depicting the classification of marks of Paper 1 in conjunction with Paper 2B

according to topics.

4.3 Cognitive Behaviours in Accounting

During the reading process, when researching the Taxonomy of Cognitive Objectives and its application, I saw how there was a vast number of research that fully applied the Taxonomy of Cognitive Objectives to different subject areas such as Mathematics and English Language, but none that fully applied it in the field of accounting. As I was preparing the marking scheme and making continuous reference to the Taxonomy of Cognitive Objectives in order to classify each cognitive behaviour to the cognitive skill required in answering that question, I decided to summarise all the different cognitive behaviours encountered during the working out of the papers into the different levels of cognitive skills as identified by the Taxonomy of Cognitive Objectives and present this information in the research.

4.3.1 Knowledge and Comprehension

Cognitive behaviours that are considered to be knowledge and comprehension are those that require students to remember or recall specific material and accurate bits of information along with the ability to re-word this information in order to make it more meaningful (Bloom, 1956). The cognitive behaviours required by students in answering the three SEC accounting exams that have been classified as knowledge and comprehension are shown in table 14.

| Cognitive Behaviours – Knowledge and Comprehension |
|--|
| Answering multiple-choice questions that require students to correctly select specific facts related to a particular aspect. |
| Answering multiple-choice questions that require students to identify correct formulae. |
| Answering multiple-choice questions that require students to select the correct definition. |
| Defining and identifying accounting concepts. Giving definitions and explanations of theoretical aspects in accounting. |
| Identifying advantages and disadvantages of a particular aspect. |
| Recall of accounting ratios and formulae. |

Table 14: Cognitive behaviours in accounting classified as Knowledge and Comprehension.

4.3.2 Application

Cognitive behaviours that are considered to be application are those that require students to apply a concept that has been comprehended (Bloom, 1956). The cognitive behaviours required by students in answering the three SEC accounting exams that have been classified as application are shown in table 15.

| Cognitive Behaviours – Application |
|---|
| Answering multiple choice questions that require the identification of the correct examples of a particular aspect. |

| |
|---|
| Answering multiple choice questions that require students to select the correct double entry posting of a particular transaction. |
| Apportionment and allocation of expenses and revenues without adjustments using established criteria in manufacturing and departmental accounting. |
| Balancing-off of ledger accounts, cashbook, and petty cashbook. |
| Calculating the cost of raw material used, prime cost and the cost of finished goods produced within a manufacturing account. |
| Calculation of gross profit and net profit in the statement of profit or loss account. |
| Calculation of surplus or deficit using an Income and Expenditure account for not-for-profit organisations. |
| Calculation of total assets and total capital and liabilities in the statement of financial position. |
| Calculation of total cost of non-current assets and the net book value of non-current assets in the statement of financial position. |
| Calculation of depreciation using percentages and recording it in the statement of profit or loss. Calculation of accounting ratios. |
| Identifying direct costs from factory overheads. |
| Interpretation of financial statements and transactions posted in ledger accounts. |
| Preparation of formats of financial statements, manufacturing accounts, partnership appropriation accounts, appropriation accounts for limited liability companies, and bank reconciliation statements in line with the stipulated formats. |
| Preparation of the sales ledger control account and the purchases ledger control account and the posting of the items relevant to the account on the correct sides of each account. Recording of double-entry transactions into ledger accounts, cashbook, and petty cashbook with the exception of transfers to the statement of profit or loss account and correction of errors. |
| Recording the updated cashbook balance and the balance as per bank statement in the bank reconciliation statement. |
| Recording of expenses from a trial balance, ledger accounts, and relevant financial information in the statement of profit or loss or manufacturing account. |
| Recording the closing inventory, trade receivables, bank, bank savings accounts, and cash under non-current assets section in the statement of financial position. |
| Recording the bank loan under the non-current liabilities section in the statement of financial position. |
| Recording the trade payables and bank overdraft under the current liabilities under the current liabilities section in the statement of financial position. |

| |
|--|
| Recording the capital at beginning and the calculation of the capital at end in the statement of financial position. |
| Recording shareholders' funds at the beginning of the year and the calculation of the shareholders' funds at the end of the year in the statement of financial position. |
| Recording the authorised share capital, issued share capital and the reserves of limited liability companies in the statement of financial position. |

Table 15: Cognitive behaviours in accounting classified as Application.

4.3.3 Analysis

Cognitive behaviours that are considered to be analysis are those that require students to understand and detect relationships, and identify the structure and organisational of a communication (Bloom, 1956). The cognitive behaviours required by students in answering the three SEC accounting exams that have been classified as analysis are shown in table 16.

| Cognitive Behaviours – Analysis |
|--|
| Answering multiple choice questions that require students to identify the correct effect of a transaction on a particular element in the financial statements of a business. |
| Answering multiple-choice questions that require students to identify the correct answer related to the interpretation of different elements within a transaction or financial statements. |
| Calculating the total depreciation accumulated by the asset by taking in consideration previous years' depreciation and the current year to calculate the net book value of the asset. |
| Calculating the other payables and other receivables made up of expenses and revenues that are accrued or prepaid in the statement of financial position. Other payables are to be recorded under the current liabilities section whereas other receivables are to be recorded under the current assets section. |
| Calculating the accrual or prepayment of an expense or revenue that would require apportionment or allocation to a different department in departmental accounting or manufacturing accounting. |
| Correction of errors and the use of the journal and the posting of entries to correct errors in the suspense account. |
| Deducting the allowance for trade receivables from the trade receivables in the statement of financial position. |

| |
|---|
| Distinguishing between two distinct theoretical and accounting aspects. |
| Identifying figures from a trial balance when a single line item relates to a debit and a credit balance. |
| Recording of double-entry transactions that require interpretation of narratives or numerical information in ledger accounts, cashbook, or petty cashbook. |
| Record the opening balance and closing balance of expenses and revenues that are accrued and prepaid at the beginning and at the end of the financial year including the subscriptions account. |
| Updating the cashbook of a business with credit transfers and standing orders after interpreting the narratives of transactions not yet posted in the cashbook. |

Table 16: Cognitive behaviours in accounting classified as Analysis.

4.3.4 Synthesis and Evaluation

Cognitive behaviours that are considered to be synthesis and evaluation are those that require students to create something to solve a problem and make judgements based on facts (Bloom, 1956). The cognitive behaviours required by students in answering the three SEC accounting exams that have been classified as synthesis and evaluation are shown in table 17.

| Cognitive Behaviours – Synthesis and Evaluation |
|--|
| Answering multiple-choice questions that require students to construct a system in order to arrive to the correct answer. |
| Creating a system to calculate the amount of bad subscriptions from a given set of information relating to members of a not-for-profit organisation and posting the transaction to the subscriptions account. |
| Creating a system in order to calculate a missing figure within a ledger account. This refers to the calculation of the transfer to statement of profit or loss of expenses and revenues and to missing sales and purchases figures from control accounts. |
| Creating a system to calculate the interim dividend to be paid by limited liability companies to be paid to shareholders. |
| Creating a system to calculate the depreciation charge for non-current assets when percentages are not available. |

| |
|---|
| Creating a system to calculate whether the asset over-absorbed or under-absorbed the depreciation charge set by the business at the time of disposal. |
| Creating a system to calculate the opening balance of the asset account and the allowance for depreciation of the asset account when such information is not available. |
| Creating a system to create and maintain the allowance for doubtful debts including any transfers to the statement of profit or loss to record increases or decreases in the allowance. |
| Creating a system to calculate missing cash sales from a cash account in incomplete records. |
| Identifying unpresented cheques and bank lodgements and creating a system to reconcile the closing balance of the cashbook with that of the bank statement, that is, the bank reconciliation process. |
| Interpretation of accounting ratios. |

Table 17: Cognitive behaviours in accounting classified as Synthesis and Evaluation.

4.4 Composition of SEC Accounting Exams according to the Taxonomy of Cognitive Objectives

In this section, I will be presenting the classification of cognitive behaviours in marks of the three SEC accounting exams according to the different levels of cognitive skills as established by the Taxonomy of Cognitive Objectives.

Table 18 shows all the marks assessed across all the three SEC accounting exam papers classified as either lower-order cognitive skills or higher-order cognitive skills according to the Taxonomy of Cognitive Objectives and a percentage of the total classified mark per SEC accounting exam from the total marks for each SEC accounting exam.

| | Lower-order Cognitive Skills | | Higher-order Cognitive Skills | |
|------|------------------------------|---------------------------|-------------------------------|---------------------------|
| | Marks | Percentage of total marks | Marks | Percentage of total marks |
| 2014 | 202.5 | 60.5% | 132.5 | 39.5% |
| 2016 | 194 | 57.9% | 141 | 42.1% |
| 2018 | 165 | 49.3% | 170 | 50.7% |

Table 18: Classification of marks of the three SEC accounting exams classified as either lower-order cognitive skills or higher-order cognitive skills.

An observation that can be made from table 18 is that the level of lower-order and higher-order cognitive skills varies across papers and as the years that are being examined approach 2018, SEC accounting papers assess more the higher-order cognitive skills and less the lower-order cognitive skills. Although in 2014 and 2016 the majority of questions that have been set were lower-order cognitive skills, the amount of higher-order cognitive skills that have been assessed increased from 39.5% in 2014 to 42.1% in 2016. The difference between higher-order cognitive skills and lower-order cognitive skills in 2014 is 21% and the difference in 2016 is 15.8% with both exams assessing a majority of lower-order cognitive skills over higher-order cognitive skills. In 2018, the exam assessed a majority of higher-order cognitive skills registering a percentage of 50.7% of total marks over the 49.3% registered by lower-order cognitive skills. The difference between lower-order cognitive skills and higher-order cognitive skills is 1.4%.

Given how each SEC accounting exam is made up of three exam papers, table 19 shows a paper by paper classification of the marks assessed per SEC accounting exam into lower-order cognitive skills or higher-order cognitive skills and the percentage of the level of cognitive skill from the total mark for each paper.

| | | Lower-order Cognitive Skills | | Higher-order Cognitive Skills | |
|------|-----|------------------------------|---------------------------|-------------------------------|---------------------------|
| | | Marks | Percentage of total marks | Marks | Percentage of total marks |
| 2014 | P1 | 57 | 57% | 43 | 43% |
| | P2A | 53.5 | 44.6% | 66.5 | 55.4% |
| | P2B | 92 | 80% | 23 | 20% |
| 2016 | P1 | 84 | 84% | 16 | 16% |
| | P2A | 43.5 | 36.2% | 76.5 | 63.8% |
| | P2B | 66.5 | 57.8% | 48.5 | 42.2% |
| 2018 | P1 | 62.5 | 62.5% | 37.5 | 37.5% |

| | | | | |
|-----|-------|-------|-------|-------|
| P2A | 43.25 | 36.1% | 76.75 | 63.9% |
| P2B | 59.25 | 51.5% | 55.75 | 48.5% |

Table 19: Classification of marks of the three papers of the three SEC accounting exams classified as either lower-order cognitive skills or higher-order cognitive skills.

Figure 2 shows a graphical representation of the data presented in table 19. An observation that can be made across all three SEC accounting exams is that paper 1 and paper 2B assessed a majority of lower-order cognitive skills over higher-order cognitive skills exams whereas paper 2A has assessed a majority of higher-order cognitive skills over lower-order cognitive skills.

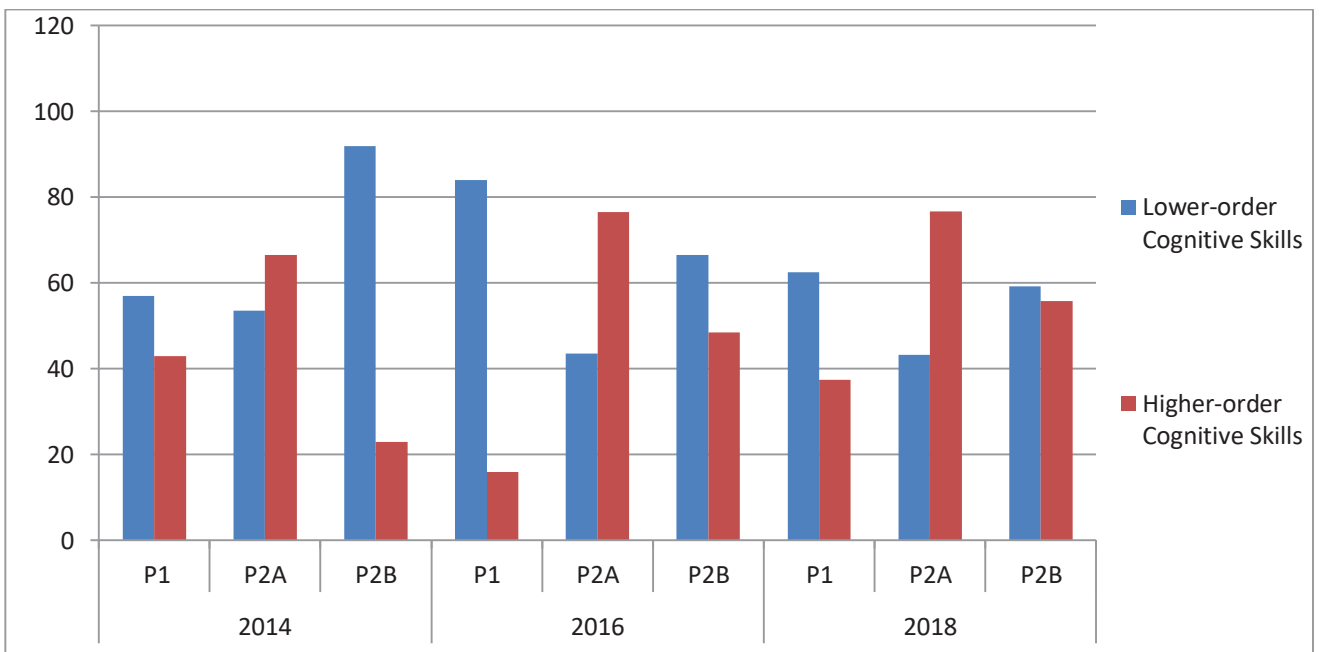


Figure 2: Graphical representation of table 19

When applying for SEC accounting, candidates sit-for two out of three exam papers, that is, choose whether to answer paper 2A or paper 2B given how paper 1 is mandatory for all candidates. Table 20 shows a classification of the total marks of paper 1 and either paper 2A or paper 2B, depending on the decision of the candidate as to whether to sit for paper 2A or paper 2B, for all three SEC accounting exams into lower-order cognitive skills or higher-

order cognitive skills and the percentage of the level of cognitive skill from the total mark for each paper.

| | | Lower-order Cognitive Skills | | Higher-order Cognitive Skills | |
|------|------------|------------------------------|---------------------------|-------------------------------|---------------------------|
| | | Marks | Percentage of total marks | Marks | Percentage of total marks |
| 2014 | P1 and P2A | 110.5 | 50.2% | 109.5 | 49.8% |
| | P1 and P2B | 149 | 69.3% | 66 | 30.7% |
| 2016 | P1 and P2A | 127.5 | 58% | 92.5 | 42% |
| | P1 and P2B | 150.5 | 70% | 64.5 | 30% |
| 2018 | P1 and P2A | 105.75 | 48.1% | 114.25 | 51.9% |
| | P1 and P2B | 121.75 | 56.6% | 93.25 | 43.4% |

Table 20: Table showing the classification of marks of the choice to sit-for by candidates classified according to lower-order or higher-order cognitive skills as established by the Taxonomy of Cognitive Objectives.

Figure 3 shows the marks of the choice of paper 2A in conjunction with paper 1 classified as either lower-order cognitive skills or higher-order cognitive skills for the three SEC accounting exams. An observation that can be made is that in 2014 and 2016, the majority of the marks were allocated to cognitive behaviours considered to be lower-order; whereas,

in 2018 the majority of the marks were considered to be higher-order cognitive skills.

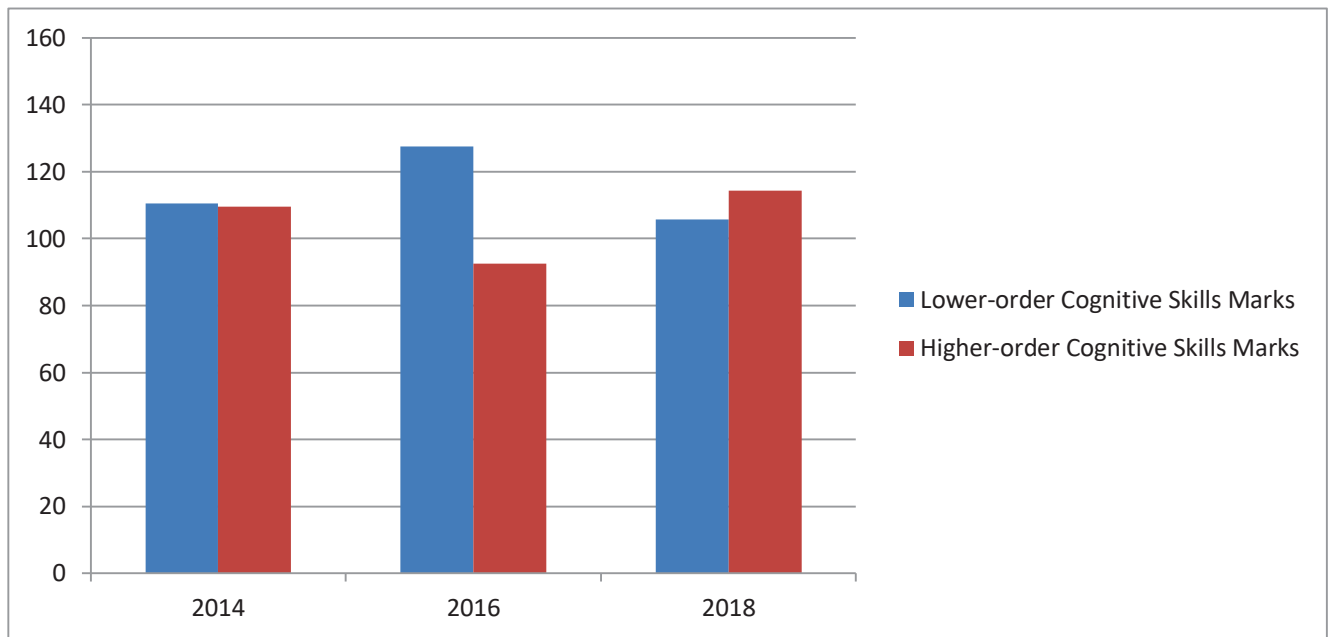


Figure 3: Graphical representation of paper 1 in conjunction with paper 2A as shown by table 20.

Figure 4 shows the marks of the choice of paper 2B in conjunction with paper 1 classified as either lower-order cognitive skills or higher-order cognitive skills for the three SEC accounting exams. An observation that can be made is that for all three SEC accounting exams, the majority of the marks were allocated to cognitive behaviours considered to be lower-order.

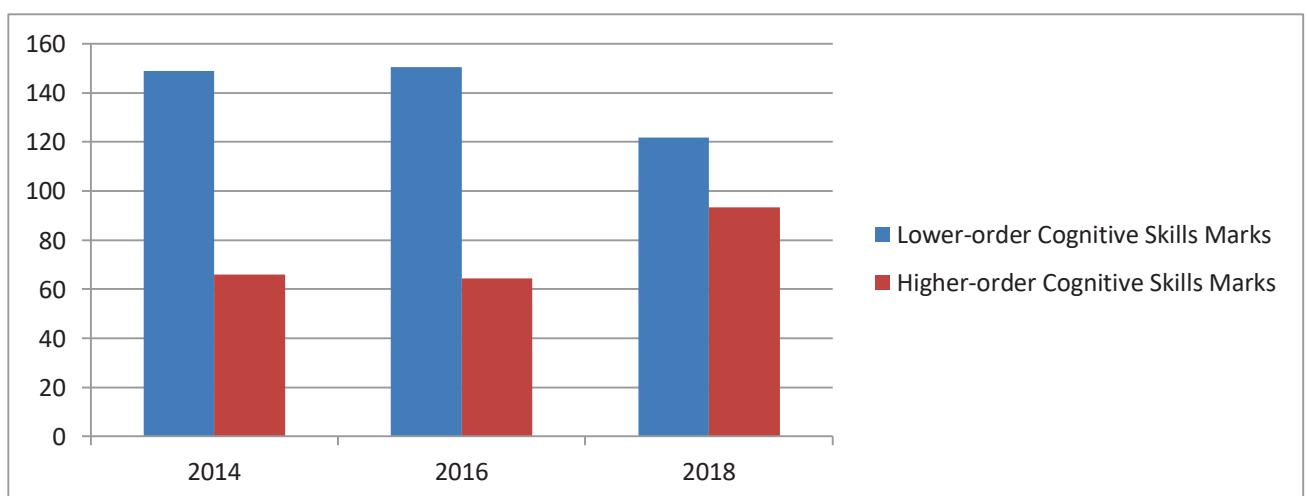


Figure 4: Graphical representation of paper 1 in conjunction with paper 2B as shown by table 20.

Table 21 shows the allocation of marks allocated according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives for each paper in the three SEC accounting exams. Figure 5 shows a graphical representation of table 21.

| | | Knowledge and comprehension | | Application | | Analysis | | Synthesis and evaluation | |
|------|-----|-----------------------------|--------------------|-------------|--------------------|----------|--------------------|--------------------------|--------------------|
| | | Marks | Overall Percentage | Marks | Overall Percentage | Marks | Overall Percentage | Marks | Overall Percentage |
| 2014 | P1 | 36 | 36% | 21 | 21% | 35 | 35% | 8 | 8% |
| | P2A | 3 | 2.5% | 50.5 | 42.1% | 26.5 | 22.1% | 40 | 33.3% |
| | P2B | 4 | 3.5% | 88 | 76.5% | 18 | 15.7% | 5 | 4.3% |
| 2016 | P1 | 37 | 37% | 47 | 47% | 12 | 12% | 4 | 4% |
| | P2A | 0 | 0% | 43.5 | 36.2% | 41.5 | 34.6% | 35 | 29.2% |
| | P2B | 0 | 0% | 66.5 | 57.8% | 31 | 27% | 17.5 | 15.2% |
| 2018 | P1 | 26 | 26% | 36.5 | 36.5% | 18 | 18% | 19.5 | 19.5% |
| | P2A | 2.5 | 2.1% | 40.75 | 33.9% | 46.75 | 39% | 30 | 25% |
| | P2B | 1 | 0.9% | 58.25 | 50.6% | 48.75 | 42.4% | 7 | 6.1% |

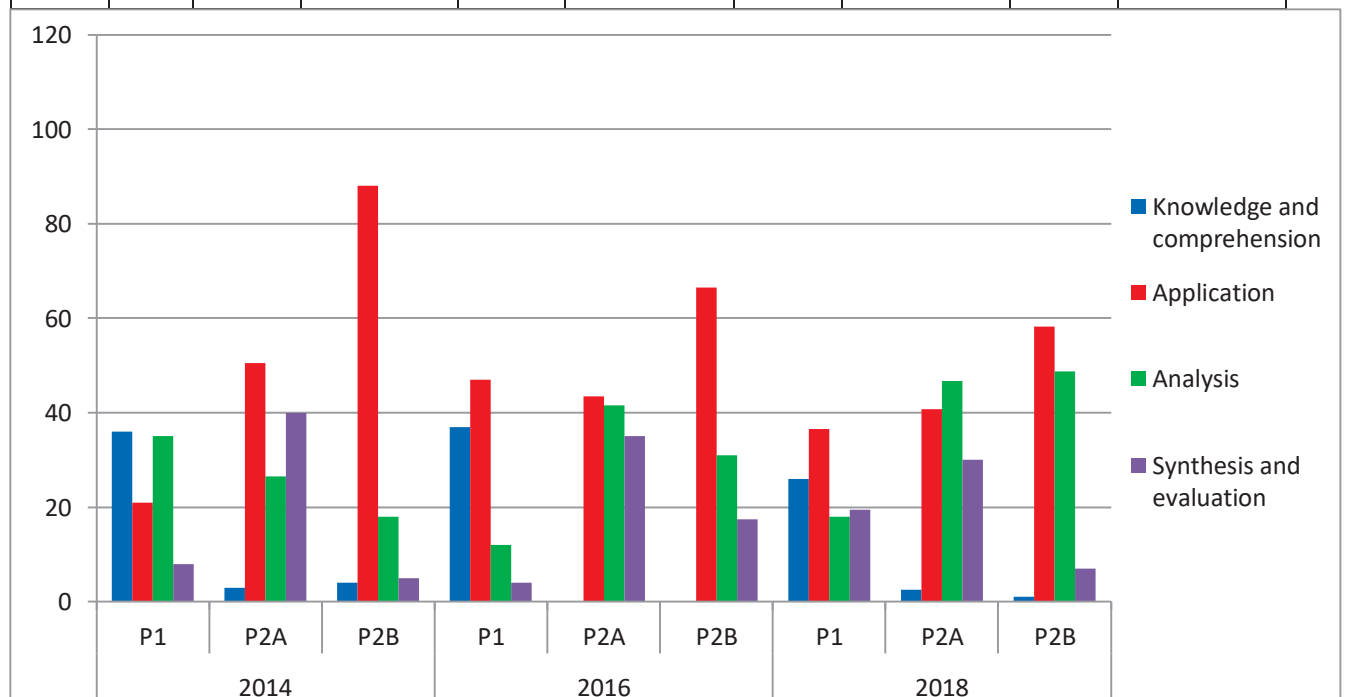


Figure 5: Graphical representation of table 21.

Table 22 shows a classification of the total marks of paper 1 and either paper 2A or paper 2B, depending on the decision of the candidate as to whether to sit for paper 2A or paper 2B, for all three SEC accounting exams into the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives and the percentage of the marks allocated to that cognitive skill/s from the total mark of each choice.

| | | Knowledge and comprehension | | Application | | Analysis | | Synthesis and evaluation | |
|------|------------|-----------------------------|--------------------|-------------|--------------------|----------|--------------------|--------------------------|--------------------|
| | | Marks | Overall Percentage | Marks | Overall Percentage | Marks | Overall Percentage | Marks | Overall Percentage |
| 2014 | P1 and P2A | 39 | 17.7% | 71.5 | 32.5% | 61.5 | 28% | 48 | 21.8% |
| | P1 and P2B | 40 | 18.6% | 109 | 50.7% | 53 | 24.7% | 13 | 6% |
| 2016 | P1 and P2A | 37 | 16.8% | 90.5 | 41.2% | 53.5 | 24.3% | 39 | 17.7% |
| | P1 and P2B | 37 | 17.2% | 113.5 | 52.8% | 43 | 20% | 21.5 | 10% |
| 2018 | P1 and P2A | 28.5 | 13% | 77.25 | 35.1% | 64.75 | 29.4% | 49.5 | 22.5% |
| | P1 and P2B | 27 | 12.6% | 94.75 | 44.1% | 65.75 | 31% | 35.5 | 16.7% |

Table 22: Classification of marks of the SEC accounting exams candidates decided to sit for classified according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives.

Figure 6 shows the marks of the choice of paper 2A in conjunction with paper 1 classified according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives. An observation that can be made is that for all three years, the cognitive skill that was assessed the most was application, followed by analysis, synthesis

and evaluation, and finally the least cognitive skill to be assessed, knowledge and comprehension.

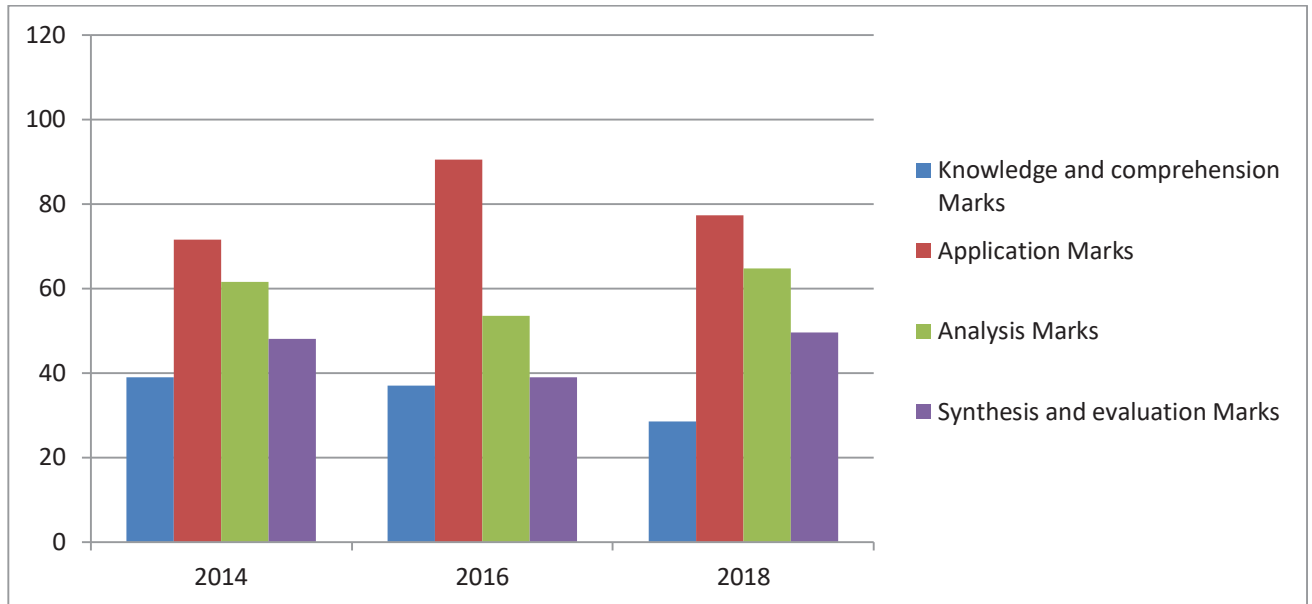


Figure 6: Graphical representation of paper 1 in conjunction with paper 2A as shown by table 21.

Figure 7 shows the marks of the choice of paper 2B in conjunction with paper 1 classified according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives. Once again, the dominant cognitive skill for all three SEC accounting exams is application which is then followed by analysis. Contrary to the choice of paper 2A, Synthesis and evaluation were the least cognitive skills assessed in this choice with knowledge and comprehension being the third most assessed cognitive skills.

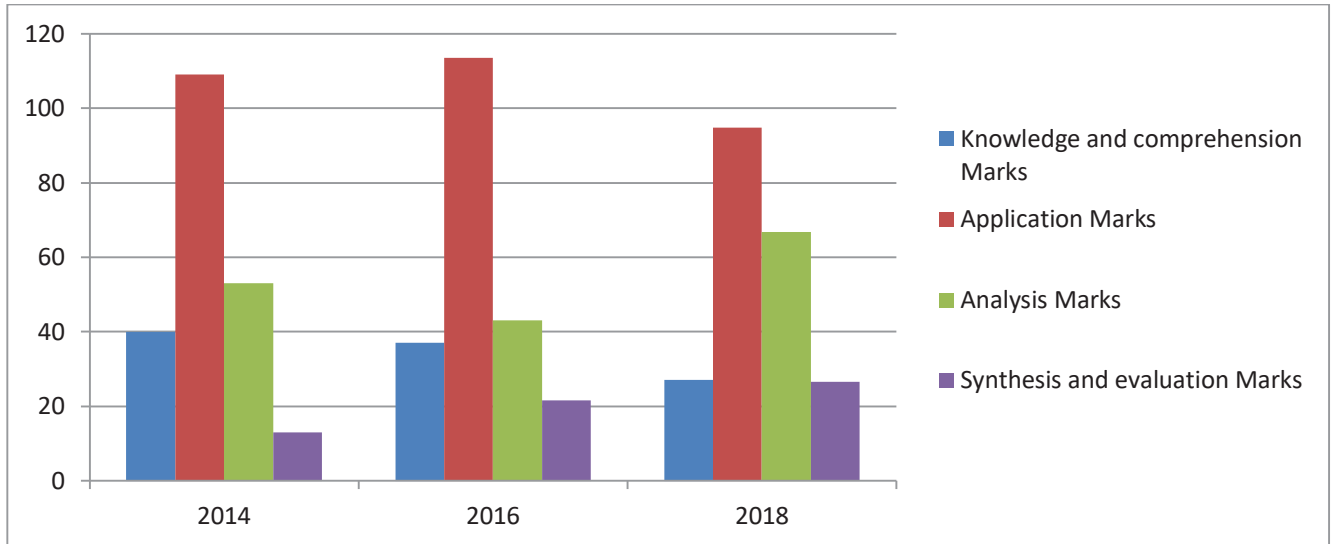


Figure 7: Graphical representation of paper 1 in conjunction with paper 2B as shown by table 21

Tables 23 to 31 represent the classification of the marks of each paper in the three SEC accounting exams into the topics as established by the SEC accounting syllabus and according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives.

| 2014 Paper 1 | | | | | |
|---|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 2 | 4 | | 6 |
| Accounting Concepts | 1 | | 3 | | 4 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 7 | | 3 | | 10 |

| | | | | | |
|--|----|----|----|---|-----|
| The Statement of Profit or Loss and the Statement of Financial Position. | 4 | | | | 4 |
| Accounting for Accruals and Prepayments. | | | | 2 | 2 |
| Bank Reconciliation Statement. | 6 | 4 | 6 | 4 | 20 |
| Partnerships. | | 2 | | | 2 |
| Correction of Errors. | 2 | | 10 | | 12 |
| Manufacturing Account. | 7 | 12 | 1 | | 20 |
| Not-for-Profit Making Organisations. | 5 | 1 | 8 | 2 | 16 |
| Limited liability Companies. | 2 | | | | 2 |
| Accounting Ratios | 2 | | | | 2 |
| Total Marks | 36 | 21 | 35 | 8 | 100 |

Table 23: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2014

Paper 1

| 2014 Paper 2A | | | | | |
|--|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| Accounting Concepts | | | 2 | | 2 |
| Accounting for Accruals and Prepayments. | | 4 | 16.5 | 6 | 26.5 |
| Accounting for Depreciation. | | 7 | 3 | 19 | 29 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | 0.5 | 0.5 | 1 | 2 |
| Control Accounts for Trade Receivables and Trade Payables. | | 7 | | 2 | 9 |

| | | | | | |
|--------------------------------------|---|------|------|----|------|
| Single Entry and Incomplete Records. | | 9 | 2.5 | 2 | 13.5 |
| Limited liability Companies. | | 12 | 2 | 4 | 18 |
| Accounting Ratios | 3 | 11 | | 6 | 20 |
| Total Marks | 3 | 50.5 | 26.5 | 40 | 120 |

Table 24: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2014

Paper 2A.

| 2014 Paper 2B | | | | | |
|---|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | | 35 | | | 35 |
| Accounting for Accruals and Prepayments. | | 2 | 9 | 2 | 13 |
| Accounting for Depreciation. | | 6 | 0.5 | 2 | 8.5 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | 1 | 1 | 1 | 3 |
| Control Accounts for Trade Receivables and Trade Payables. | | 15 | | | 15 |
| Single Entry and Incomplete Records. | 4 | 11 | | | 15 |
| Departmental Accounts. | | 10 | 5 | | 15 |
| Limited liability Companies. | | 8 | 2.5 | | 10.5 |
| Total Marks | 4 | 88 | 18 | 5 | 115 |

Table 25: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2014

Paper 2B.

| 2016 Paper 1 | | | | | |
|---|-----------------------------|-------------|-----------|--------------------------|------------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The nature and purpose of Accounting. | 6 | | | | 6 |
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 4 | | | 4 |
| Accounting Concepts | 1 | | 2 | | 3 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 4 | | | | 4 |
| Capital and Revenue Expenditure. | 2 | | | | 2 |
| The Statement of Profit or Loss and the Statement of Financial Position. | | 4 | | | 4 |
| Accounting for Depreciation. | 1 | | 2 | | 3 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | | 2 | | 2 |
| Bank Reconciliation Statement. | | 5 | 2 | 2 | 9 |
| Control Accounts for Trade Receivables and Trade Payables. | 2 | | | | 2 |
| Partnerships. | 4 | 12 | 4 | | 20 |
| Correction of Errors. | 2 | | | | 2 |
| Departmental Accounts. | 1 | 7 | | | 8 |
| Manufacturing Account. | 6 | 12 | | | 18 |
| Accounting Ratios | 8 | 3 | | 2 | 13 |
| Total Marks | 37 | 47 | 12 | 4 | 100 |

Table 26: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2016

Paper 1

| 2016 Paper 2A | | | | | |
|--|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| Accounting for Accruals and Prepayments. | | 4 | 4.5 | 1.5 | 10 |
| Accounting for Depreciation. | | 9 | 7.5 | 19 | 35.5 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | 0.75 | | 1 | 1.75 |
| Control Accounts for Trade Receivables and Trade Payables. | | 6 | | 2 | 8 |
| Single Entry and Incomplete Records. | | 10.75 | 0.5 | 2 | 13.25 |
| Correction of Errors. | | | 20 | | 20 |
| Not-for-Profit Making Organisations. | | 4.5 | 5 | 6.5 | 16 |
| Limited liability Companies. | | 8.5 | 4 | 3 | 15.5 |
| Total Marks | | 43.5 | 41.5 | 35 | |

Table 27: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2016

Paper 2A

| 2016 Paper 2B | | | | | |
|----------------------------------|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |

| | | | | | |
|---|--|-------------|-----------|-------------|------------|
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 12 | | | 12 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | | 18 | | | 18 |
| Accounting for Accruals and Prepayments. | | 3 | 8 | 2 | 13 |
| Accounting for Depreciation. | | 11.5 | 2 | 9 | 22.5 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | | | 1.5 | 1.5 |
| Control Accounts for Trade Receivables and Trade Payables. | | 3 | | 3 | 6 |
| Single Entry and Incomplete Records. | | 5 | 2 | | 7 |
| Correction of Errors. | | | 15 | | 15 |
| Not-for-Profit Making Organisations. | | 1 | 4 | 2 | 7 |
| Limited liability Companies. | | 13 | | | 13 |
| Total Marks | | 66.5 | 31 | 17.5 | 115 |

Table 28: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2016

Paper 2B

| 2018 Paper 1 | | | | | |
|---------------------------------------|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The nature and purpose of Accounting. | 3 | | | | 3 |

| | | | | | |
|---|----|------|----|------|-----|
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 2 | | | 2 |
| Accounting Concepts | 4 | | 5 | 2 | 11 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 5 | | 1 | | 6 |
| Accounting for Accruals and Prepayments. | | 3 | 6 | 3 | 12 |
| Bank Reconciliation Statement. | | 2 | | | 2 |
| Control Accounts for Trade Receivables and Trade Payables. | 2 | 4 | | 2 | 8 |
| Single Entry and Incomplete Records. | | 4.5 | | 3.5 | 8 |
| Partnerships. | | 9 | | 3 | 12 |
| Correction of Errors. | 2 | | | | 2 |
| Departmental Accounts. | 4 | | | | 4 |
| Manufacturing Account. | 1 | 11 | | | 12 |
| Not-for-Profit Making Organisations. | | | 2 | | 2 |
| Limited liability Companies. | 5 | 1 | 2 | 4 | 12 |
| Accounting Ratios | | | 2 | 2 | 4 |
| Total Marks | 26 | 36.5 | 18 | 19.5 | 100 |

Table 29: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2018

Paper 1

| | | | | | |
|---|------------------------------------|--------------------|-----------------|---------------------------------|--------------|
| 2018 Paper 2A | | | | | |
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |

| | | | | | |
|--|-----|-------|-------|----|------|
| The Statement of Profit or Loss and the Statement of Financial Position. | | 8.25 | 4.25 | | 12.5 |
| Accounting for Accruals and Prepayments. | | | 8 | 3 | 11 |
| Accounting for Depreciation. | | 6 | 3 | 3 | 12 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | | 0.5 | 3 | 3.5 |
| Bank Reconciliation Statement. | | 10 | 6 | 4 | 20 |
| Correction of Errors. | | | 18 | 7 | 25 |
| Not-for-Profit Making Organisations. | | 6 | 7 | 3 | 16 |
| Accounting Ratios | 2.5 | 10.5 | | 7 | 20 |
| Total Marks | 2.5 | 40.75 | 46.75 | 30 | 120 |

Table 30: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2018

Paper 2A

| 2018 Paper 2B | | | | | |
|--|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The Statement of Profit or Loss and the Statement of Financial Position. | | 7 | | | 7 |
| Accounting for Accruals and Prepayments. | | | 10.5 | | 10.5 |
| Accounting for Depreciation. | | 10.25 | 8.25 | 1 | 19.5 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | 1 | 1 | 1 | 3 |
| Bank Reconciliation Statement. | | 7 | 4 | 4 | 15 |

| | | | | | |
|--------------------------------------|---|-------|-------|---|-----|
| Correction of Errors. | | | 20 | | 20 |
| Departmental Accounts. | | 6 | | | 6 |
| Not-for-Profit Making Organisations. | | 9 | 5 | 1 | 15 |
| Accounting Ratios | 1 | 3 | | | 4 |
| Total Marks | 1 | 58.25 | 48.75 | 7 | 115 |

Table 31: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2018

Paper 2B

Tables 32 to 37 represent the classification of the marks of the choice between sitting for paper 2A or paper 2B in conjunction with paper 1 for the three SEC accounting exams into the topics as established by the SEC accounting syllabus and according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives.

| 2014 Paper 1 and Paper 2A | | | | | |
|---|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 2 | 4 | | 6 |
| Accounting Concepts | 1 | | 5 | | 6 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 7 | | 3 | | 10 |
| The Statement of Profit or Loss and the Statement of Financial Position. | 4 | | | | 4 |
| Accounting for Accruals and Prepayments. | | 4 | 16.5 | 8 | 28.5 |
| Accounting for Depreciation. | | 7 | 3 | 19 | 29 |

| | | | | | |
|--|-----------|-------------|-------------|-----------|------------|
| Irrecoverable Debts and Allowances for Trade Receivables. | | 0.5 | 0.5 | 1 | 2 |
| Bank Reconciliation Statement. | 6 | 4 | 6 | 4 | 20 |
| Control Accounts for Trade Receivables and Trade Payables. | | 7 | | 2 | 9 |
| Single Entry and Incomplete Records. | | 9 | 2.5 | 2 | 13.5 |
| Partnerships. | | 2 | | | 2 |
| Correction of Errors. | 2 | | 10 | | 12 |
| Departmental Accounts. | | | | | |
| Manufacturing Account. | 7 | 12 | 1 | | 20 |
| Not-for-Profit Making Organisations. | 5 | 1 | 8 | 2 | 16 |
| Limited liability Companies. | 2 | 12 | 2 | 4 | 20 |
| Accounting Ratios | 5 | 11 | | 6 | 22 |
| Total Marks | 39 | 71.5 | 61.5 | 48 | 220 |

Table 32: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2014

Paper 1 in conjunction with Paper 2A.

| 2014 Paper 1 and Paper 2B | | | | | |
|---|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 2 | 4 | | 6 |
| Accounting Concepts | 1 | | 3 | | 4 |

| | | | | | |
|---|----|-----|-----|----|------|
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 7 | 35 | 3 | | 45 |
| The Statement of Profit or Loss and the Statement of Financial Position . | 4 | | | | 4 |
| Accounting for Accruals and Prepayments. | | 2 | 9 | 4 | 15 |
| Accounting for Depreciation. | | 6 | 0.5 | 2 | 8.5 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | 1 | 1 | 1 | 3 |
| Bank Reconciliation Statement. | 6 | 4 | 6 | 4 | 20 |
| Control Accounts for Trade Receivables and Trade Payables. | | 15 | | | 15 |
| Single Entry and Incomplete Records. | 4 | 11 | | | 15 |
| Partnerships. | | 2 | | | 2 |
| Correction of Errors. | 2 | | 10 | | 12 |
| Departmental Accounts. | | 10 | 5 | | 15 |
| Manufacturing Account. | 7 | 12 | 1 | | 20 |
| Not-for-Profit Making Organisations. | 5 | 1 | 8 | 2 | 16 |
| Limited liability Companies. | 2 | 8 | 2.5 | | 12.5 |
| Accounting Ratios | 2 | | | | 2 |
| Total Marks | 40 | 109 | 53 | 13 | 215 |

Table 33: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2016

Paper 1 in conjunction with Paper 2B.

| 2016 Paper 1 and Paper 2A | | | | | |
|---|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The nature and purpose of Accounting. | 6 | | | | 6 |
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 4 | | | 4 |
| Accounting Concepts | 1 | | 2 | | 3 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 4 | | | | 4 |
| Capital and Revenue Expenditure. | 2 | | | | 2 |
| The Statement of Profit or Loss and the Statement of Financial Position. | | 4 | | | 4 |
| Accounting for Accruals and Prepayments. | | 4 | 4.5 | 1.5 | 10 |
| Accounting for Depreciation. | 1 | 9 | 9.5 | 19 | 38.5 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | 0.75 | 2 | 1 | 3.75 |
| Bank Reconciliation Statement. | | 5 | 2 | 2 | 9 |
| Control Accounts for Trade Receivables and Trade Payables. | 2 | 6 | | 2 | 10 |
| Single Entry and Incomplete Records. | | 10.75 | 0.5 | 2 | 13.25 |
| Partnerships. | 4 | 12 | 4 | | 20 |
| Correction of Errors. | 2 | | 20 | | 22 |

| | | | | | |
|--------------------------------------|----|------|------|-----|------|
| Departmental Accounts. | 1 | 7 | | | 8 |
| Manufacturing Account. | 6 | 12 | | | 18 |
| Not-for-Profit Making Organisations. | | 4.5 | 5 | 6.5 | 16 |
| Limited liability Companies. | | 8.5 | 4 | 3 | 15.5 |
| Accounting Ratios | 8 | 3 | | 2 | 13 |
| Total Marks | 37 | 90.5 | 53.5 | 39 | 220 |

Table 34:Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2016

Paper 1 in conjunction with Paper 2A.

| 2016 Paper 1 and Paper 2B | | | | | |
|---|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The nature and purpose of Accounting. | 6 | | | | 6 |
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 16 | | | 16 |
| Accounting Concepts | 1 | | 2 | | 3 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 4 | 18 | | | 22 |
| Capital and Revenue Expenditure. | 2 | | | | 2 |
| The Statement of Profit or Loss and the Statement of Financial Position. | | 4 | | | 4 |
| Accounting for Accruals and Prepayments. | | 3 | 8 | 2 | 13 |
| Accounting for Depreciation. | 1 | 11.5 | 4 | 9 | 25.5 |

| | | | | | |
|--|-----------|--------------|-----------|-------------|------------|
| Irrecoverable Debts and Allowances for Trade Receivables. | | | 2 | 1.5 | 3.5 |
| Bank Reconciliation Statement. | | 5 | 2 | 2 | 9 |
| Control Accounts for Trade Receivables and Trade Payables. | 2 | 3 | | 3 | 8 |
| Single Entry and Incomplete Records. | | 5 | 2 | | 7 |
| Partnerships. | 4 | 12 | 4 | | 20 |
| Correction of Errors. | 2 | | 15 | | 17 |
| Departmental Accounts. | 1 | 7 | | | 8 |
| Manufacturing Account. | 6 | 12 | | | 18 |
| Not-for-Profit Making Organisations. | | 1 | 4 | 2 | 7 |
| Limited liability Companies. | | 13 | | | 13 |
| Accounting Ratios | 8 | 3 | | 2 | 13 |
| Total Marks | 37 | 113.5 | 43 | 21.5 | 215 |

Table 35: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2016

Paper 1 in conjunction with Paper 2B.

| 2018 Paper 1 and Paper 2A | | | | | |
|---|------------------------------------|--------------------|-----------------|---------------------------------|--------------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The nature and purpose of Accounting. | 3 | | | | 3 |
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 2 | | | 2 |
| Accounting Concepts | 4 | | 5 | 2 | 11 |

| | | | | | |
|---|------|-------|-------|------|------|
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 5 | | 1 | | 6 |
| Capital and Revenue Expenditure. | | | | | |
| The Statement of Profit or Loss and the Statement of Financial Position. | | 8.25 | 4.25 | | 12.5 |
| Accounting for Accruals and Prepayments. | | 3 | 14 | 6 | 23 |
| Accounting for Depreciation. | | 6 | 3 | 3 | 12 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | | 0.5 | 3 | 3.5 |
| Bank Reconciliation Statement. | | 12 | 6 | 4 | 22 |
| Control Accounts for Trade Receivables and Trade Payables. | 2 | 4 | | 2 | 8 |
| Single Entry and Incomplete Records. | | 4.5 | | 3.5 | 8 |
| Partnerships. | | 9 | | 3 | 12 |
| Correction of Errors. | 2 | | 18 | 7 | 27 |
| Departmental Accounts. | 4 | | | | 4 |
| Manufacturing Account. | 1 | 11 | | | 12 |
| Not-for-Profit Making Organisations. | | 6 | 9 | 3 | 18 |
| Limited liability Companies. | 5 | 1 | 2 | 4 | 12 |
| Accounting Ratios | 2.5 | 10.5 | 2 | 9 | 4 |
| Total Marks | 28.5 | 77.25 | 64.75 | 49.5 | 220 |

Table 36: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2018

Paper 1 in conjunction with Paper 2A.

| 2018 Paper 1 and Paper 2B | | | | | |
|---|-----------------------------|-------------|----------|--------------------------|-------|
| Topics covered in SEC Accounting | Knowledge and comprehension | Application | Analysis | Synthesis and evaluation | Total |
| The nature and purpose of Accounting. | 3 | | | | 3 |
| The principles of double entry, the ledger, balancing off, and the trial balance. | | 2 | | | 2 |
| Accounting Concepts | 4 | | 5 | 2 | 11 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 5 | 15 | 1 | | 21 |
| Capital and Revenue Expenditure. | | | | | |
| The Statement of Profit or Loss and the Statement of Financial Position. | | 7 | | | 7 |
| Accounting for Accruals and Prepayments. | | 3 | 16.5 | 3 | 22.5 |
| Accounting for Depreciation. | | 10.25 | 8.25 | 1 | 19.5 |
| Irrecoverable Debts and Allowances for Trade Receivables. | | 1 | 1 | 1 | 3 |
| Bank Reconciliation Statement. | | 9 | 4 | 4 | 17 |
| Control Accounts for Trade Receivables and Trade Payables. | 2 | 4 | | 2 | 8 |
| Single Entry and Incomplete Records. | | 4.5 | | 3.5 | 8 |
| Partnerships. | | 9 | | 3 | 12 |
| Correction of Errors. | 2 | | 20 | | 22 |
| Departmental Accounts. | 4 | 6 | | | 10 |

| | | | | | |
|--------------------------------------|----|-------|-------|------|-----|
| Manufacturing Account. | 1 | 11 | | | 12 |
| Not-for-Profit Making Organisations. | | 9 | 7 | 1 | 17 |
| Limited liability Companies. | 5 | 1 | 2 | 4 | 12 |
| Accounting Ratios | 1 | 3 | 2 | 2 | 8 |
| Total Marks | 27 | 94.75 | 66.75 | 26.5 | 215 |

Table 37: Table showing the classification of marks according to the four levels of the grouped cognitive objectives as established by the Taxonomy of Cognitive Objectives per topic for SEC 2018

Paper 1 in conjunction with Paper 2B.

4.5 Actual Results Obtained by Students

In this section I am presenting the official grades that have been achieved by the candidates who sat-for SEC Accounting 2014, 2016 and 2018. Tables 38 to 40 represent the number of students who sat for a particular paper and the grades that have been awarded for each exam (SEC Examiner, 2014, 2016, 2018). As shown in the tables below, students who sit for paper 2A can only achieve grades from 1 to 5 and U; whereas, students who sit for paper 2B can only achieve grades from 4 to 7 and U. The letter U signifies the number of students who have failed the exam. The tables have been modified and the students who were absent have been removed from the tables as such data is irrelevant to this research. The percentage of the total represents the percentage of candidates who have obtained a particular grade.

| 2014 Total | | | | | | | | | |
|-------------------|------|-------|-------|-------|-------|------|------|-------|-------|
| Grade | 1 | 2 | 3 | 4 | 5 | 6 | 7 | U | Total |
| Paper 2A | 48 | 108 | 130 | 81 | 66 | | | 134 | 567 |
| Paper 2B | | | | 44 | 45 | 15 | 14 | 39 | 157 |
| Total | 48 | 108 | 130 | 125 | 111 | 15 | 14 | 173 | 724 |
| % of Total | 6.6% | 14.9% | 17.9% | 17.3% | 15.4% | 2.1% | 1.9% | 23.9% | 100% |

Table 38: Actual results achieved by candidates for SEC accounting 2014.

| 2016 Total | | | | | | | | | |
|-------------------|------|-------|-------|-------|-------|------|------|-------|-------|
| Grade | 1 | 2 | 3 | 4 | 5 | 6 | 7 | U | Total |
| Paper 2A | 51 | 84 | 128 | 95 | 60 | | | 96 | 514 |
| Paper 2B | | | | 22 | 42 | 25 | 18 | 43 | 150 |
| Total | 51 | 84 | 128 | 117 | 102 | 25 | 18 | 139 | 664 |
| % of Total | 7.6% | 12.6% | 19.7% | 17.5% | 15.3% | 3.7% | 2.7% | 20.9% | 100% |

Table 39: Actual results achieved by candidates for SEC accounting 2016.

| 2018 Total | | | | | | | | | |
|-------------------|------|-------|-------|-------|-------|------|------|-------|-------|
| Grade | 1 | 2 | 3 | 4 | 5 | 6 | 7 | U | Total |
| Paper 2A | 41 | 86 | 156 | 112 | 69 | | | 110 | 574 |
| Paper 2B | | | | 35 | 29 | 29 | 20 | 100 | 213 |
| Total | 41 | 86 | 156 | 147 | 98 | 29 | 20 | 210 | 787 |
| % of Total | 5.2% | 10.9% | 19.8% | 18.7% | 12.5% | 3.7% | 2.5% | 26.7% | 100% |

Table 40: Actual results achieved by candidates for SEC accounting 2018.

Tables 41 and 42 represent the categorisation of data from tables 38 to 40 according to the paper that candidates sat-for in order to present the percentage of grades achieved by candidates when selecting either paper 2A or paper 2B.

| Paper 2A | | | | | | |
|-----------------|----------------------|----------------------|----------------------|------------|------------|------------|
| | 2014 | 2016 | 2018 | 2014 | 2016 | 2018 |
| Grade | Number of Candidates | Number of Candidates | Number of Candidates | Percentage | Percentage | Percentage |
| 1 | 48 | 51 | 41 | 8.5% | 9.9% | 7.1% |

| | | | | | | |
|-------|-----|-----|-----|-------|-------|-------|
| 2 | 108 | 84 | 86 | 19.1% | 16.3% | 15% |
| 3 | 130 | 128 | 156 | 22.9% | 24.9% | 27.2% |
| 4 | 81 | 95 | 112 | 14.3% | 18.5% | 19.5% |
| 5 | 66 | 60 | 69 | 11.6% | 11.7% | 12% |
| U | 134 | 96 | 110 | 23.6% | 18.7% | 19.2% |
| Total | 567 | 514 | 574 | 100% | 100% | 100% |

Table 41: Actual results achieved by candidates whose sat-for paper 2A for SEC accounting.

| Paper 2B | | | | | | |
|-----------------|----------------------|----------------------|----------------------|------------|------------|------------|
| | 2014 | 2016 | 2018 | 2014 | 2016 | 2018 |
| Grade | Number of Candidates | Number of Candidates | Number of Candidates | Percentage | Percentage | Percentage |
| 4 | 44 | 22 | 35 | 28% | 14.6% | 16.4% |
| 5 | 45 | 42 | 29 | 28.7% | 28% | 13.6% |
| 6 | 15 | 25 | 29 | 9.6% | 16.7% | 13.6% |
| 7 | 14 | 18 | 20 | 8.9% | 12% | 9.4% |
| U | 39 | 43 | 100 | 24.8% | 28.7% | 47% |
| Total | 157 | 150 | 213 | 100% | 100% | 100% |

Table 42: Actual results achieved by candidates whose sat-for paper 2B for SEC accounting

4.6 Main Themes

Two main themes have emerged from the interviews. The first theme is about the use of coursework in accounting. The second theme is about the importance of having a pedagogy that is in line with summative assessment (see figure 8).

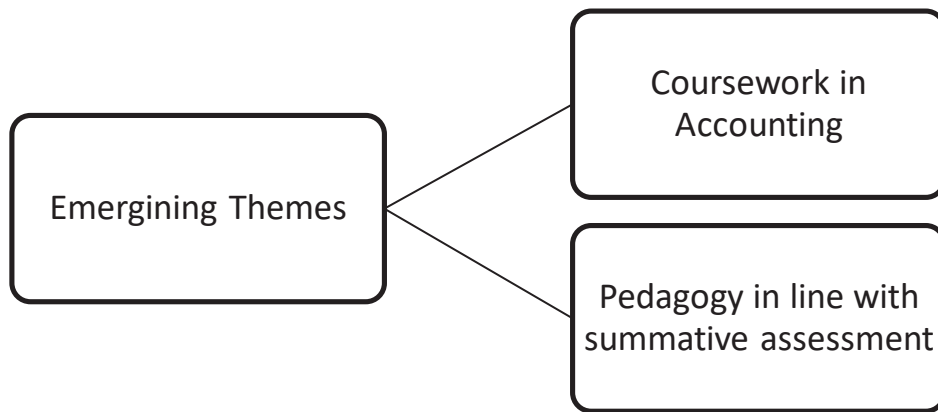


Figure 8: Themes emerging from interviews.

4.6.1 Coursework in Accounting

The future of accounting assessment in Malta is an important part of this study. Both participants have described how accounting and other subjects are moving away from traditional pen-and-paper exams to a mix of pen-and-paper and coursework. P1 defined coursework as “any work set by the teacher according to the criteria set by the syllabus that will assess certain criteria set according to the awarding body”. Both participants regarded how the ultimate aim is to reduce the load of summative assessment and introduce continuous assessment. When presenting this argument, both participants mentioned how in the classroom, people are being informally assessed all the time by teacher and so continuous assessment should not be seen as something that is totally new.

P1 argued that coursework has already been applied to certain subjects but the weighing of the coursework as a percentage of the global mark rarely exceeds the 15%. In general, the change in the general assessment system and in accounting in Malta is going to be “the introduction of coursework in each and every subject”. P2 described how the introduction of coursework in accounting will be applied in accounting through the use of “one synoptic paper and five tasks”. P1 described how the percentages of the coursework in general out of

the total mark will range from 20% to 40%. In accounting, the percentage of coursework from the total mark will be 40% (Directorate for Quality and Standards in Education, 2018).

The participants were also asked about benefits and limitations of the change in the upcoming system. P2 described how students will be given the opportunity to develop skills “that have been excluded from being assessed”. P1 described how such a system will give importance to the work done in school by teachers as it will be given a value in the SEC exam and it will give teachers more opportunities to work cross-curricularly with other teachers. When discussing limitations, both participants looked at the limitations from their own perspective. P1 discussed the aspect of validity and mentioned how a lot more “quality control and quality assurance” has to be done to ensure that “the marks given for certain work in a particular school corresponds to the same work in another school”. P2 discussed the digital component in accounting and focused on how teaching students’ digital accounting requires teacher training for a pedagogy that they may not have experienced.

4.6.2 Pedagogy in line with Summative Assessment

As was discussed in the literature review, it is important that assessment and pedagogy work effectively together so that successful teaching and learning can take place. Both participants commented on this aspect and argued that without assessment, a student cannot know whether the learning that was intended was achieved. From a teacher's perspective, P1 said that "it is important to see whether the goals that have been set have been achieved".

It is important that the assessment system is in line with what happens in the classroom and it is important that students become exposed to a pedagogy that exposes them to what will be assessed. In order for an exam to be considered valid, P1 said that "the students should be trained to answer all types of questions as otherwise it would not be fair". P1 argued that assessment "should move away from lower-order cognitive skills", but argued that not enough is being done in schools to train students for questions that assess higher-order cognitive skills. When applied to accounting, P2 agrees with P1 and describes the composition of the SEC accounting exam as one that has "parts which definitely require higher-order but there is a lot of focus on lower and middle range". P1 continued by arguing that "we get criticised from teachers and the public that our exams are quite recall.

However, when we get asked an application question we get criticised that it is out of syllabus". The transition to the use of coursework as part of the mix of pen-and-paper and coursework for certification purposes will enable students to portray a journey of the development of their cognitive skills over the three-year period. P2 said that the tasks will require more higher-order cognitive skills from students as they approach the end of the

three year period where “students are expected to show more higher-order development of thinking than previous assessment”.

Both participants envisaged that a lot of training will be required to prepare for the upcoming changes in accounting that will be accompanied by a change in mindset. P1 argues on the importance of having all the necessary stakeholders on board. P2 argued that “unless we are going to change the mindset of teachers and students and of parents who still think that subjecting their children to tests and exams is better will lead to a situation where the parents will not appreciate the system”.

4.7 Conclusion

This chapter has given an overview of the composition of the SEC accounting paper and marks allocated according to the Taxonomy of Cognitive Objectives, the classification of cognitive behaviours required in accounting classified according to the taxonomy of objectives, and the themes which emerged from the interviews. The next chapter will give an analysis of how all the data collected in this chapter complements or contradicts the literature review.

5.0 Discussion of Results

5.1 Introduction

The aim of this chapter is to link all the previous chapters together and conclude my research. Therefore, this chapter will answer the operational research questions of this study, which are:

1. To what extent is SEC accounting assessing lower-order cognitive skills?
2. To what extent is SEC accounting assessing higher-order cognitive skills?
3. How will the assessment of different cognitive skills change upon the introduction of the SEC accounting learning-outcomes based syllabus and certification?

This chapter provides a discussion about the findings of the study. The findings are compared and contrasted with the literature review to see the similarities and differences that there are between the findings from the classification of marks according to the Taxonomy of Cognitive Objectives, the two participants' contributions and the literature review.

5.2 Analysis of the Level of Cognitive Skills Assessed in SEC Accounting

5.2.1 Paper 1

As shown in Chapter 4, the composition of paper 1 is made up of a combination of: multiple-choice questions, theoretical questions, and practical questions. In 2014 and 2016, the majority of the marks were allocated to multiple-choice questions and theoretical questions (62 and 64 respectively), but in 2018 the majority of the marks were allocated to the practical aspect. For all three years, paper 1 assessed a majority of lower-order cognitive skills as shown by table 43.

| | Lower-order Cognitive Skills | | Higher-order Cognitive Skills | |
|------|------------------------------|------------|-------------------------------|------------|
| | Marks | Percentage | Marks | Percentage |
| 2014 | 57 | 57% | 43 | 43% |
| 2016 | 84 | 84% | 16 | 16% |
| 2018 | 62.5 | 62.5% | 37.5 | 37.5% |

Table 43: Classification of marks of paper 1 of the 3 SEC accounting papers as established by the

Taxonomy of Cognitive Objectives

Figure 9 shows a breakdown of the marks of paper 1 according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives.

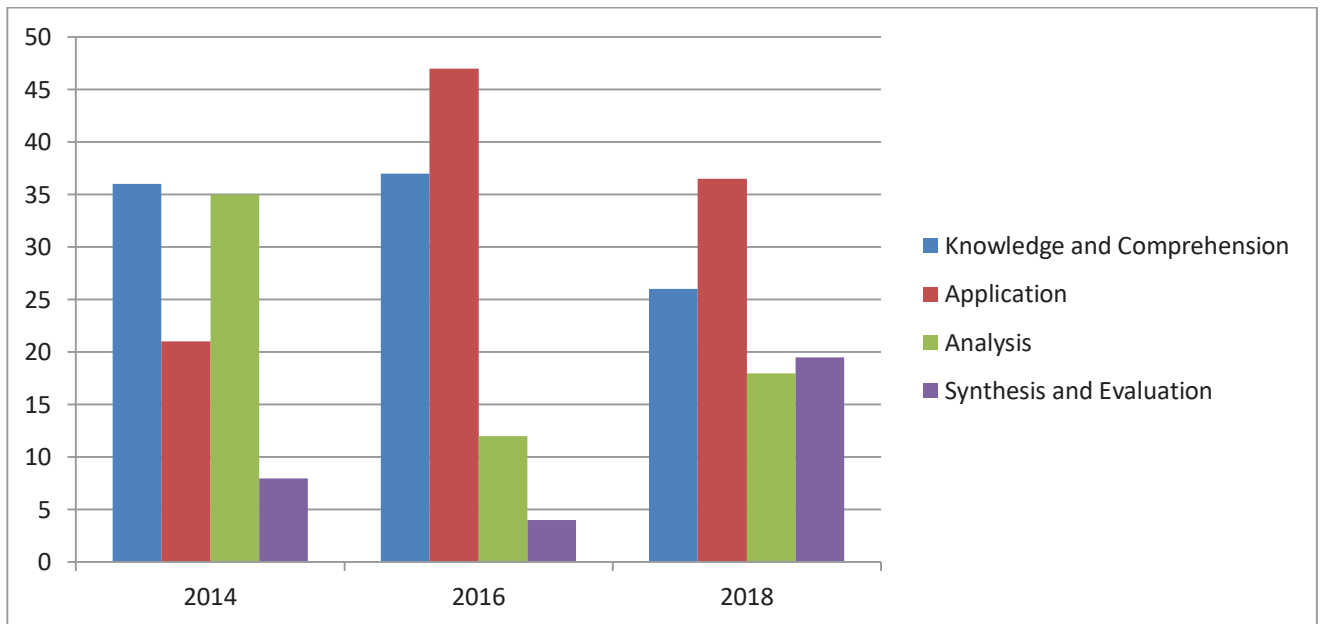


Figure 9: Breakdown of marks of paper 1 according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives.

When comparing 2018 with the previous two papers, one can notice that there was a significant difference between the marks allocated to synthesis and evaluation. In fact, there is a correlation between the number of marks allocated to synthesis and evaluation and the number of students who failed (represented by the letter U) in the exam. 2016 was the year

with the lowest marks allocated to synthesis and evaluation (4 marks), followed by 2014 (8 marks), and finally 2018 with the highest marks (19.5 marks). As shown by tables 38 to 40, 2018 had the highest number of failing candidates (26.7%), followed by 2014 (23.9%), and finally 2016 with the lowest number of failing candidates (20.9%).

Analysis of Multiple-Choice Questions

For all three SEC accounting exams, as established by the SEC accounting syllabus (SEC Syllabus) and as shown by chapter 4, multiple-choice questions as a form of assessment were only used as a method of assessment for paper 1 and each question carried 2 marks. There were 10 multiple-choice questions in each SEC accounting exam paper representing 20% of the total marks in paper 1 and assessed a variety of topics. The use of multiple-choice questions in assessment is associated with high reliability as long as the questions are valid. As discussed in chapter 2, reliability refers to consistency in measurement and validity refers to the extent of how much an assessment is measuring what is intended to be measured. In this case, validity refers to assessing a range of topics in SEC accounting. Table 44 summarises the multiple-choice questions that have been assessed in paper 1 of the three SEC accounting exams and the cognitive skills required by the candidates to answer those question. Refer to appendix F for the questions that have been asked.

| Question | Cognitive skill | Cognitive skill | Cognitive skill |
|-----------------|-----------------------------|-----------------------------|-----------------------------|
| | 2014 | 2016 | 2018 |
| 1 | Knowledge and comprehension | Knowledge and comprehension | Knowledge and comprehension |
| 2 | Knowledge and comprehension | Application | Application |
| 3 | Application | Analysis | Analysis |
| 4 | Application | Knowledge and comprehension | Analysis |

| | | | |
|----|-----------------------------|-----------------------------|-----------------------------|
| 5 | Knowledge and comprehension | Knowledge and comprehension | Knowledge and comprehension |
| 6 | Analysis | Application | Application |
| 7 | Knowledge and comprehension | Application | Analysis |
| 8 | Analysis | Knowledge and comprehension | Knowledge and comprehension |
| 9 | Synthesis and evaluation | Knowledge and comprehension | Knowledge and comprehension |
| 10 | Knowledge and comprehension | Knowledge and comprehension | Synthesis and evaluation |

Table 44: Summary of cognitive skills assessed by multiple-choice questions in the three SEC accounting exams.

Figure 10 summarises the marks assessed using multiple-choice questions as a form of assessment categorised according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives. As discussed in chapter 2, McMillan (2007) characterises multiple-choice questions as questions that generally assess the lower-order cognitive skills of knowledge and comprehension but can be constructed in a way that assesses application and the higher-order cognitive skill analysis, given the nature of the structure of multiple-choice questions. For all three exams, the majority of the multiple-choice questions assessed lower-order cognitive skills over higher-order cognitive skills. This is shown in chapter 4 where the majority of the multiple-choice questions that have been asked are questions that stimulate knowledge and comprehension as a level of thinking. The SEC accounting papers also assessed questions that required candidates to use application, analysis, and even synthesis and evaluation cognitive behaviour; however, none of them managed to garner a majority. The findings of this research contradict McMillan as the writer did not mention that multiple-choice questions can assess the higher-order cognitive

skills of synthesis and evaluation but there were two multiple-choice questions that did so. Both questions required students to develop a structure of unique procedures in order to successfully approach and answer the question and as a result had to be classified as synthesis and evaluation. Palmer and Devitt (2007) performed a similar research for medicine exams conducted in a university and discussed how multiple-choice questions can be to test a wide range of a curriculum and also constructed in a way to measure a range of cognitive skills, including higher-order cognitive skills.

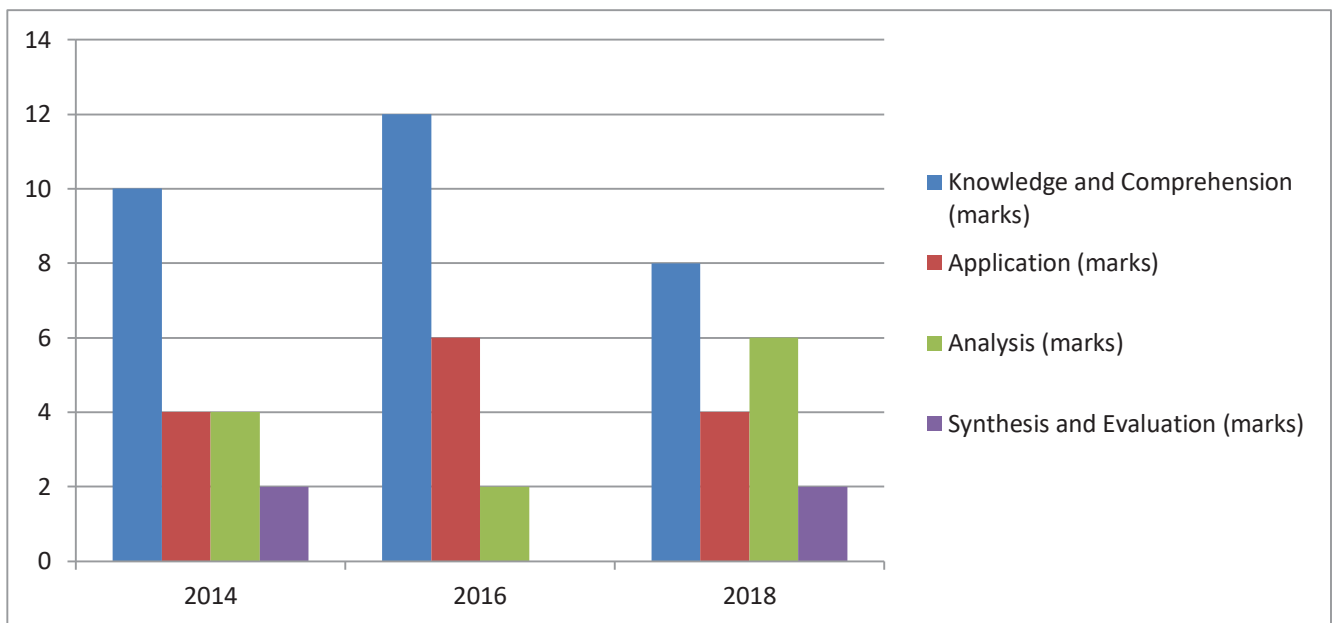


Figure 10: Graphical representation of table 43

5.2.2 Paper 2A

As shown in chapter 4, paper 2A is more focused on assessing the practical aspect with only one exam assessing a 2 mark theoretical question in 2014. For all three years, the majority of the paper assessed higher-order cognitive skills as shown by table 45 below.

| | Lower-order Cognitive Skills | | Higher-order Cognitive Skills | |
|------|------------------------------|------------|-------------------------------|------------|
| | Marks | Percentage | Marks | Percentage |
| 2014 | 53.5 | 44.6% | 66.5 | 55.4% |

| | | | | |
|------|-------|-------|-------|-------|
| 2016 | 43.5 | 36.2% | 76.5 | 63.8% |
| 2018 | 43.25 | 36.1% | 76.75 | 63.9% |

Table 45: Classification of marks of paper 2A of the 3 SEC accounting papers as established by the

Taxonomy of Cognitive Objectives

Figure 11 shows a breakdown of the marks of paper 2A according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives.

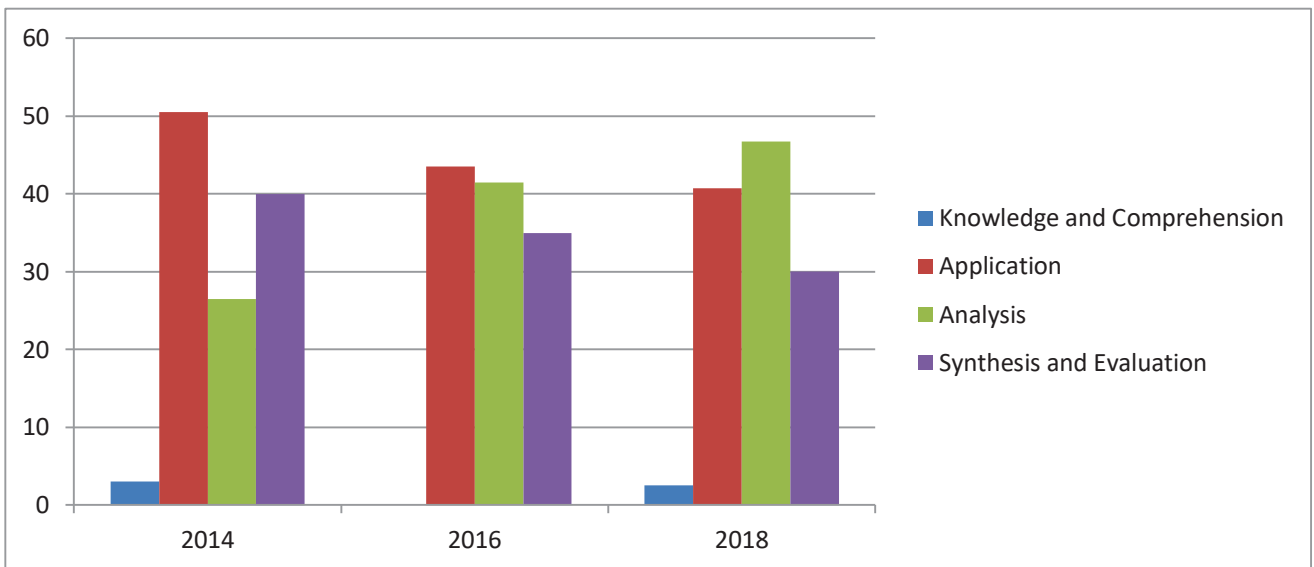


Figure 11: Breakdown of marks of paper 2A according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives.

When comparing the three papers together, one can notice that there is a correlation between application, analysis, and synthesis and evaluation. As the exam papers approach 2018, the examiner is assessing less application and synthesis and evaluation, resulting in an increase in marks allocated to analysis.

5.2.3 Paper 2B

As shown in chapter 4, paper 2B is more focused on assessing the practical aspect with all three years allocating all the marks to the practical aspect. For all three years, the majority of the paper assessed lower-order cognitive skills as shown by table 46.

| | Lower-order Cognitive Skills | | Higher-order Cognitive Skills | |
|------|------------------------------|------------|-------------------------------|------------|
| | Marks | Percentage | Marks | Percentage |
| 2014 | 92 | 80% | 23 | 20% |
| 2016 | 66.5 | 57.8% | 48.5 | 42.2% |
| 2018 | 59.25 | 51.5% | 55.75 | 55.75% |

Table 46: Classification of marks of paper 2B of the 3 SEC accounting papers as established by the

Taxonomy of Cognitive Objectives.

Figure 12 shows a breakdown of the marks of paper 2A according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives. When comparing the three papers together, one can notice that there is a correlation between application and analysis. As the exam papers approach 2018, the examiner is assessing less application and more analysis. 2016 had the highest marks allocated to synthesis and evaluation out of the two other papers.

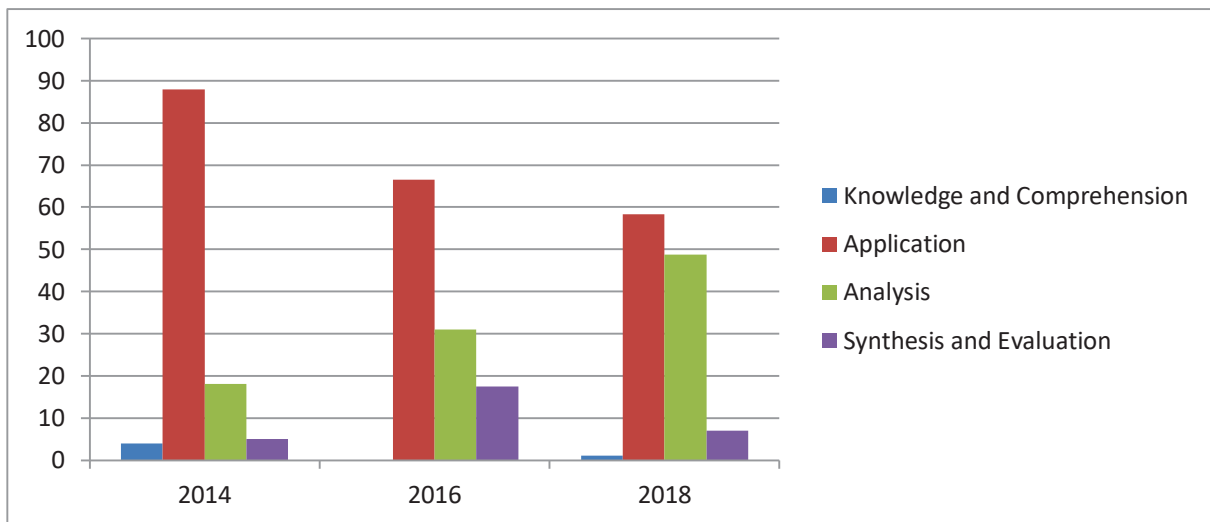


Figure 12: Breakdown of marks of paper 2B according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives

5.2.4 Paper 1 and Paper 2A

When looking at the overall exam for a particular candidate who decided to sit-for paper 2A in conjunction with the mandatory paper 1, the exams of 2014 and 2016 assessed a majority of lower-order cognitive skills whilst the exam of 2018 assessed a majority of higher-order cognitive skills as shown by table 47.

| | Lower-order Cognitive Skills | | Higher-order Cognitive Skills | |
|------|------------------------------|------------|-------------------------------|------------|
| | Marks | Percentage | Marks | Percentage |
| 2014 | 110.5 | 50.2% | 109.5 | 49.8% |
| 2016 | 127.5 | 58% | 92.5 | 42% |
| 2018 | 105.75 | 48.1% | 114.25 | 51.9% |

Table 47: Classification of marks of paper 1 in conjunction with 2A of the 3 SEC accounting papers as established by the Taxonomy of Cognitive Objectives.

Figure 13 shows a breakdown of the marks of paper 1 in conjunction with paper 2A according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives.

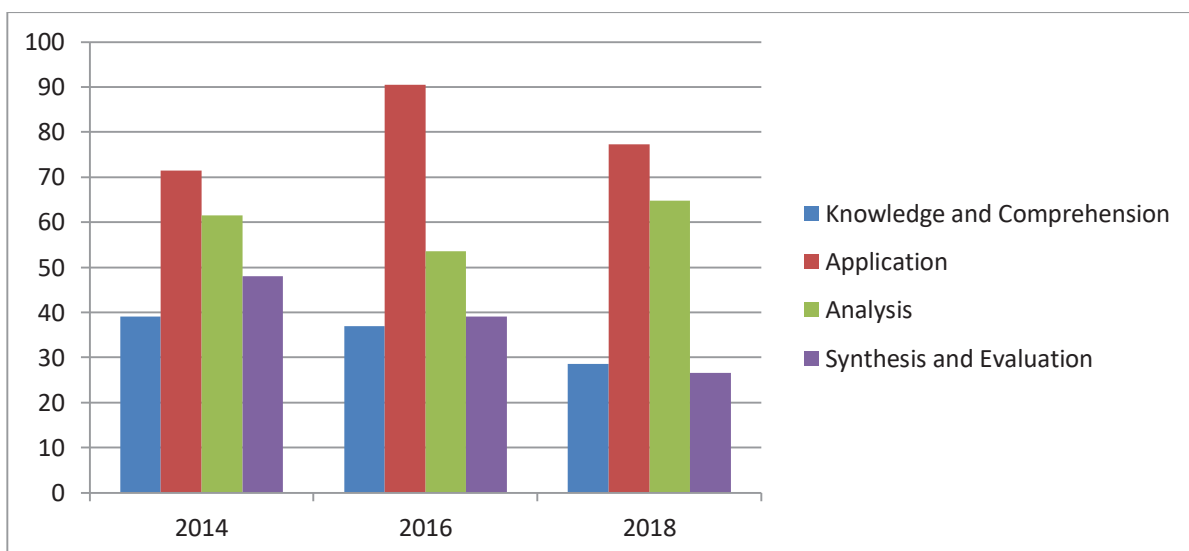


Figure 13: Breakdown of marks of paper 1 in conjunction with paper 2A according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives

When comparing the three papers, one can make a number of observations related to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives. Firstly, there is a correlation between the lowest lower-order cognitive skills and the highest higher-order cognitive skills, that is, knowledge and comprehension and synthesis and evaluation because as the exam papers approach 2018, the examiner is assessing less knowledge and comprehension and less synthesis and evaluation. Secondly, there is no direct correlation between analysis and application. Comparing the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives with the actual grades obtained by students who sat-for paper 2A does not yield a relationship that may predict a student’s achievement; however, when comparing the lower-order cognitive skills and the higher-order skills that were assessed with the actual grades obtained by students who sat for paper 2A the more the higher-order cognitive skills that are assessed, the more the percentage of students that will fail the exam.

5.2.5 Paper 1 and Paper 2B

When looking at the overall exam for a particular candidate who decided to sit-for paper 2B in conjunction with the mandatory paper 1, all 3 exams assessed a majority of lower-order cognitive skills as shown by table 48.

| | Lower-order Cognitive Skills | | Higher-order Cognitive Skills | |
|------|------------------------------|------------|-------------------------------|------------|
| | Marks | Percentage | Marks | Percentage |
| 2014 | 149 | 69.3% | 66 | 30.7% |
| 2016 | 150.5 | 70% | 64.5 | 30% |
| 2018 | 121.75 | 56.6% | 93.25 | 43.4% |

Table 48: Classification of marks of paper 1 in conjunction with 2B of the 3 SEC accounting papers as established by the Taxonomy of Cognitive Objectives.

Figure 14 shows a breakdown of the marks of paper 1 in conjunction with paper 2B according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives. When comparing the three papers, one can notice that the composition of each paper was similar in terms of the order of which marks were allocated to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives, that is, all three papers assessed application the most, followed by analysis, followed by knowledge and comprehension, and finally synthesis and evaluation. Comparing the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives with the actual grades obtained by students who sat-for paper 2B yields a relationship between synthesis and evaluation and the number of students who fail the exam where the more a paper assesses synthesis and evaluation, the higher the number of failing students. When comparing the lower-order cognitive skills and the higher-order skills that were assessed with the actual grades obtained by students who sat-for paper 2B the more the higher-order cognitive skills that are assessed, the higher the percentage of students that will fail the exam.

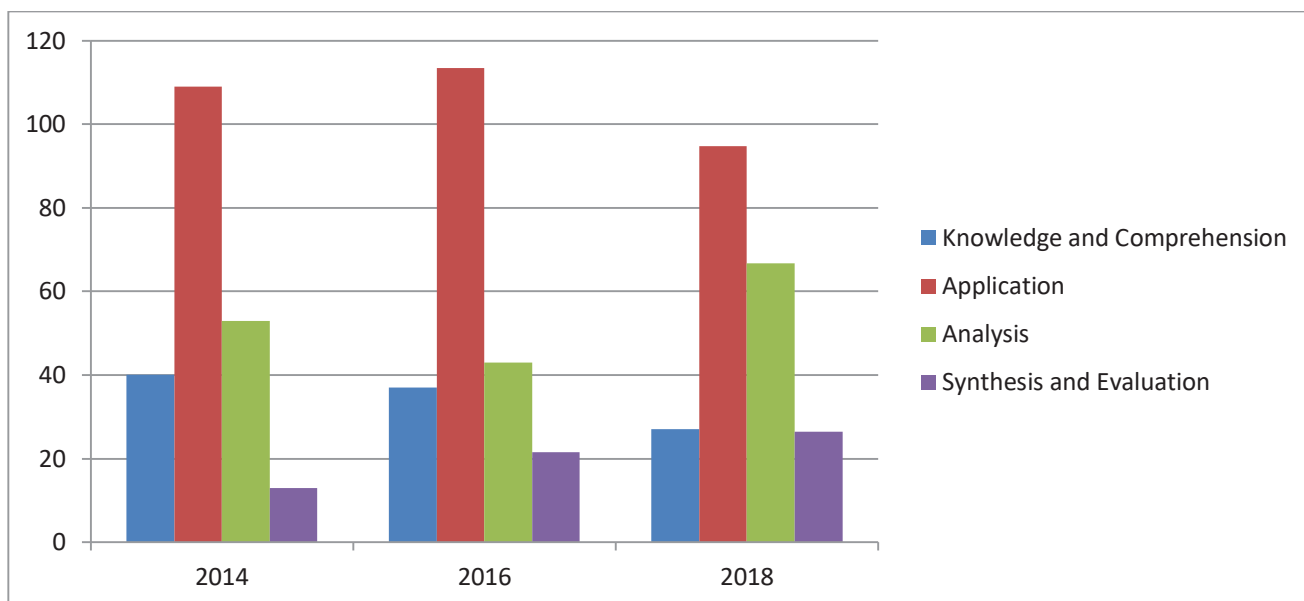


Figure 14: Breakdown of marks of paper 1 in conjunction with paper 2B according to the four levels of the grouped cognitive skills as established by the Taxonomy of Cognitive Objectives

Grade 4 and Grade 5

Candidates who choose to sit-for paper 2A and paper 2B are both able to achieve grade 4 or grade 5; however, the significance between achieving a grade 4 or a grade 5 in paper 2A is different than achieving a grade 4 or a grade 5 in paper 2B. This is because when looking at the possible grades that can be achieved by a student who sits-for paper 2A, grade 4 and grade 5 signify the candidates who obtained the lowest achievement except for those who fail the exam; conversely, grade 4 and grade 5 for candidate who sits-for paper 2B signifies high achievement from that paper. As discussed in chapter 4 and as demonstrated by figures 15 and 16 when comparing the marks allocated to lower-order cognitive skills and higher-order cognitive skills for all three SEC exams, the choice by a candidate to sit-for Paper 2B in conjunction with paper 1 assesses more the lower-order cognitive skills than the choice by candidate to sit-for paper 2A in conjunction with paper 1. Conversely, those who sit for paper 2A are assessed more on higher-order cognitive skills than those who sit for paper 2B in conjunction with paper 1. This creates an issue of reliability in assessment. As

discussed in chapter 2, reliability is concerned with the accuracy of the value behind a particular test score and given how reliability measures whether each question in a test is measuring the same thing, one cannot say that grade 4 and grade 5 in the choice of paper 2A and paper 2B is a reliable measure of assessment because both papers assess different levels of cognitive skills.

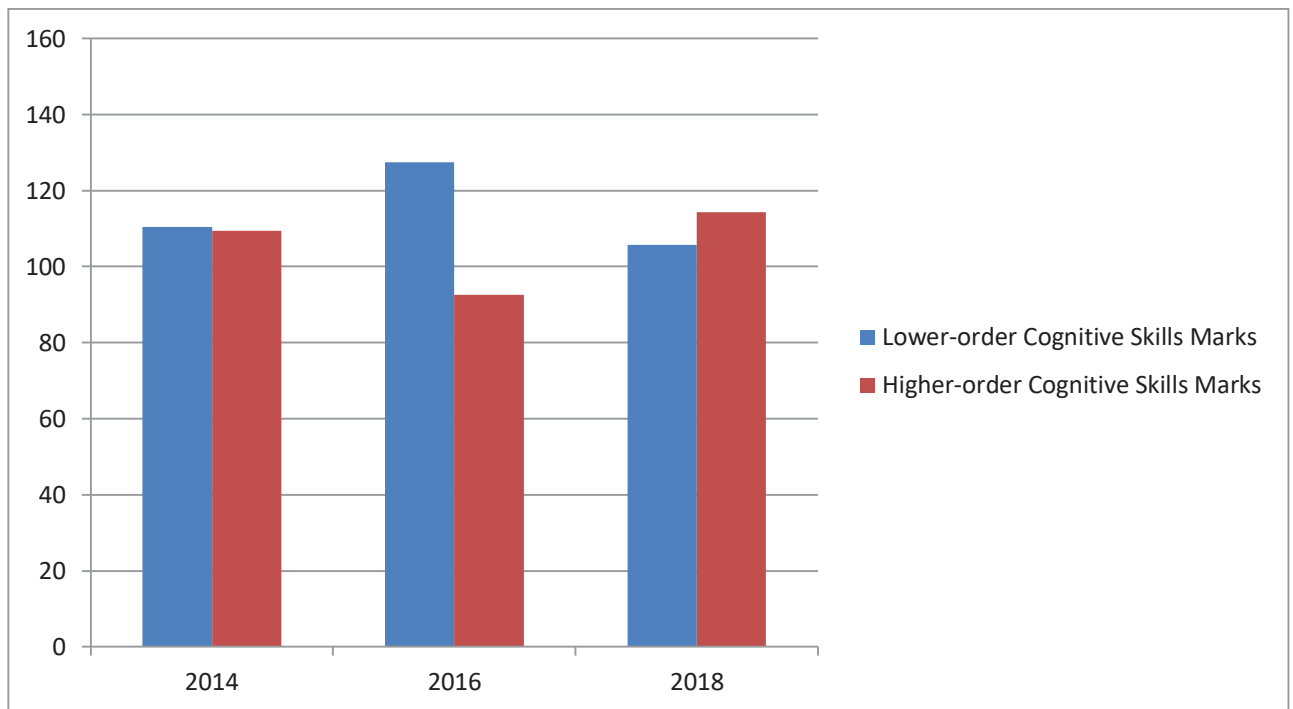


Figure 15: Breakdown of marks of Paper 2A for three SEC accounting exams classified as either lower-order or higher-order cognitive skills.

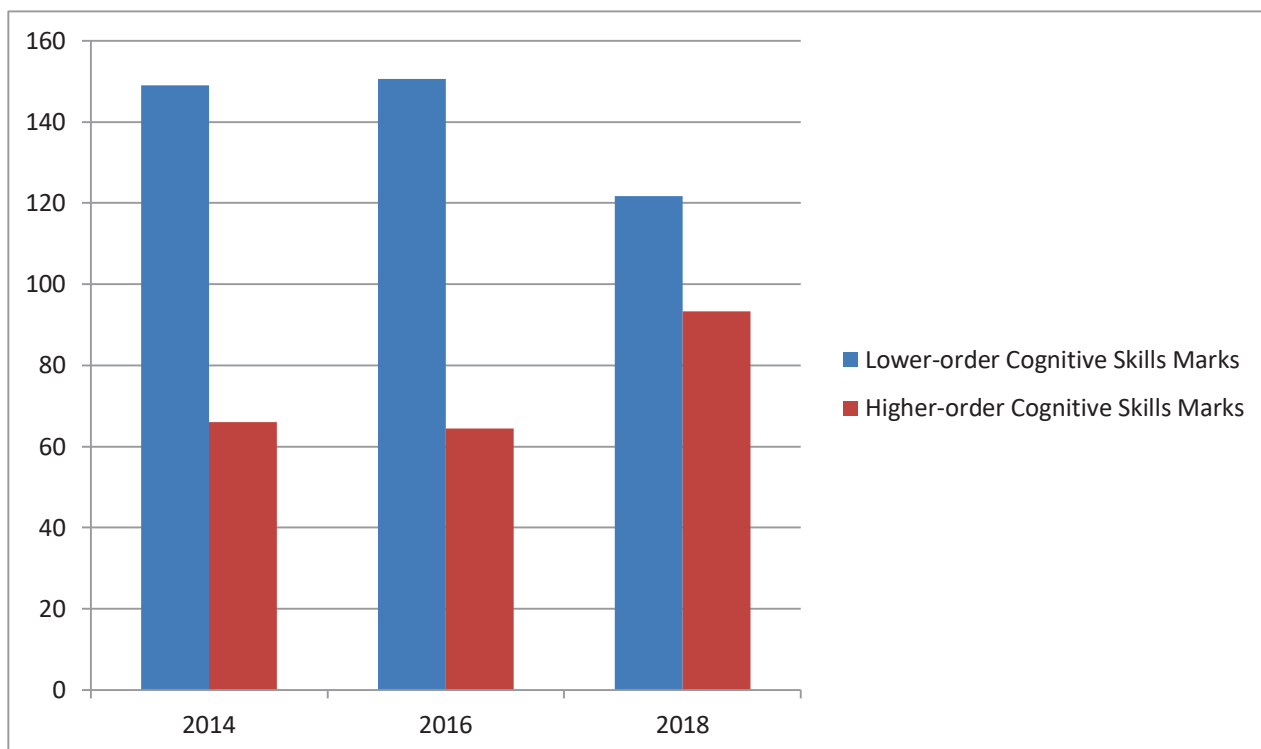


Figure 16: Breakdown of marks of Paper 2B for three SEC accounting exams classified as either lower-order or higher-order cognitive skills.

5.3 The Future of Accounting Assessment in Malta

5.3.1 Theme 1: Coursework in Accounting

As shown in chapter 4 through the interviews, the future of assessment in Malta with regards to SEC accounting will be to move away from traditional pen-and-paper summative exams to a mix of pen-and-paper and coursework, that is, continuous assessment. As discussed in chapter 2, the aim of the reform of accounting assessment is to strike a balance between formative and summative assessment where through the use of coursework during the scholastic year. Coursework enables a student to demonstrate a body of learning built up over time and enable the student to apply this knowledge in different contexts that may not have been encountered before, thereby paving the way to become a life-long learner. P1 described this as “testing over a period of time”. P2 described the upcoming

system with respect to cognitive skills and described how tasks will start from the first year of study and such tasks will require students to apply more higher-order cognitive skills as time goes by; so, each task is expected to “show more higher-order development of thinking than previous assessment”. This corresponds to how Marcouse (2013) described how the pedagogy of accounting should be based on the assessment objectives where the nature of the subject is to continuously build upon the mastery of objectives.

5.3.2 Theme 2: Pedagogy in line with Summative Assessment

As discussed in chapter 2, the teaching of accounting should empower students to be confident when undertaking exams. This requires a pedagogy in the classroom where students need to be given opportunities to take decisions using contextual but relevant evidence. This confirms the importance of a pedagogy where students become lifelong learners where students eventually use their cognitive skills to think like an accountant (Ashwin, 2015). P2 regarded how “accounting students are not being given the chance to show what they really know. Very often, accounting students gear themselves for the exam in a way that once they leave the exam they forget most of what they have learned”. P1 expressed the same sentiment and remarked how the aim is to “want our students to be able to deal with higher-order cognitive skills”. In fact, by comparing tables 23 to 31, one can observe that certain topics which are considered to be threshold concepts are rarely assessed in paper 2A but are commonly assessed in paper 2B and tend to carry a majority of marks classified as lower-order cognitive skills in the Taxonomy of Cognitive Objectives.

As discussed in chapters 2 and 4, it is important that pedagogy and assessment go hand-in-hand and so it is important that teachers are trained more than ever on continuous assessment. Grima (2002) argues that currently, coursework done as part of school

assessment was seen as a part of teacher assessment and only formed a small component of the formal end-of-year exams. P1 agrees with Grima by saying that “in some subjects all the work done by teachers is given nearly no value in the SEC exam”. This shows that this change will help pedagogy and assessment work together much more when these changes come into effect.

5.5 Conclusion

This chapter has discussed the findings of this study in relation to the analysis of different levels of cognitive skills in the construction of SEC accounting and compared these figures to establish a relationship between the different levels of cognitive skills with the actual percentages of failing students per exam. An important point from this analysis is that there is a direct relationship between the level of higher-order cognitive skills assessed in accounting assessment and the percentage of students who fail the exam. Another important point in this research is the criticism of the awarding of grade 4 and grade 5 in SEC accounting due to the differences in the level of cognitive skills that are assessed in paper 2A and paper 2B. Finally, this chapter also discussed coursework in accounting and its implications along with the importance of having a pedagogy that is in line with summative assessment.

6.0 Conclusion and Recommendations

6.1 Introduction

This chapter concludes the research and summarises the overall findings of this study. It explains the limitations and provides suggestions for related future research. This chapter will also look at how this research has benefitted me as the researcher and as a future educator. Finally, recommendations will be put forward along with a final note to teachers and examiners.

6.2 Overall findings

This section will give a brief overview of the main findings of this study. Overall, with respect to different levels of cognitive skills as established by the Taxonomy of Cognitive Objectives, this study found a direct relationship between the extent of lower-order cognitive skills and higher-order cognitive skills assessed in SEC accounting with the percentage of students who fail the exam. One can say that, the more that higher-order cognitive skills that are assessed in accounting assessment, the higher is the percentage of students who fail the exam; conversely, the more the lower-order cognitive skills that are assessed in accounting, the less the percentage of students who fail the exam.

Another finding in this research was that contrary to the literature as discussed in chapter 2, multiple-choice questions can be used to assess the highest of higher-order cognitive skills in accounting, that is, synthesis and evaluation, as multiple-choice questions can be constructed in a way that require students to create or construct a structure in order to be able to arrive to the correct answer.

The final finding in this study is about how cognitive skills will feature across the changes to the mix of pen-and-paper exams and continuous assessment, and confirming the importance of having a pedagogy that is in line with summative assessment that has the support of all the necessary stakeholders as discussed in chapter 2. The new assessment system will give a higher weighting to the work done in schools and continuous assessment will enable students to show the development and mastery of their cognitive skills over three years with the tasks requiring different levels of cognitive skills.

6.3 Limitations and recommendations for further research

One of the biggest difficulties encountered in this research was to properly classify cognitive behaviour according to the Taxonomy of Cognitive Objectives because there were certain cognitive behaviours that could be categorised into two different categories and from the point of view of the researcher I had to ensure that the data being presented is as accurate as possible. Furst (1994) criticised the Taxonomy of Cognitive Objectives for this very reason where an argument was raised on the assumption made that cognitive processes can be put in order on a dimension starting from simplest to most complex cognitive behaviours. In return, this also meant that the six categories could not overlap, but this is not the case. As discussed in chapter 2, to minimise this effect, the lower-order cognitive skills of knowledge and comprehension were grouped together and the higher-order cognitive skills of synthesis and evaluation were grouped together in order to overcome the similarities in these four cognitive skills.

Another criticism of the taxonomy of cognitive objectives put forward by Ormell (1974) is one that takes into consideration the difficulty of specific tasks. Ormell argued that there may be specific tasks that even though they may be grouped in a particular classification

considering their difficulty they ought to be placed in another classification. This means that there may be items classified under knowledge and comprehension that may be more difficult than those classified under analysis. In order to facilitate the classification of different cognitive behaviours according to the Taxonomy of Cognitive Objectives and to show the justification used to classify a cognitive behaviour in a particular category, a detailed summary of the cognitive behaviours classified according to the categories that have been encountered during the working of the three exam papers has been provided in chapter 4.

Anderson and Krathwohl (2001) felt the need to update the Taxonomy of Cognitive Objectives based on findings in educational literature that highlighted the weaknesses mentioned above and revised the assumptions, structures, and terminologies for the classification of cognitive objectives. The biggest revision was to change the terminology into one that monitors the cognitive behaviours, that is, in the form of verbs and emphasise that achieving an understanding in one of the cognitive skills does not mean that there had to be mastery in the previous cognitive skill; as a result, this will allow overlapping of classification (Anderson and Krathwohl, 2001). The revised Taxonomy of Cognitive Objectives is as follows: remember, understand, apply, analyse, evaluate, and create (Anderson and Krathwohl, 2001).

Another limitation in this research was time in relation to the sample of papers selected. I feel that being able to work another three papers would have enhanced the reliability of this research and would have enabled me to be less conservative when making certain observation in the discussion of results. I would have also liked to analyse the sample paper of the Learning Outcome Framework SEC Accounting syllabus provided to accounting

teachers as it will be similar to what accounting students will be assessed on in the future using the Taxonomy of Cognitive Objectives; however, the paper had not been made public at the time of data collection. With regards to the interviews, a wider sample of participants that were involved in the reform could have been taken so that more perspectives can be included.

Furthermore, other future work can include: classifying summative assessment according to the Taxonomy of Cognitive Objectives for other business education subjects, classifying the upcoming school-based assessment according to the Taxonomy of Cognitive Objectives, observation of formative assessment in the classroom being used by accounting teachers to stimulate higher-order thinking, and a study on accounting teacher's perspectives on the preparation of accounting students for summative assessment.

6.4 A Learning Experience

As a future teacher, having the opportunity to study the Taxonomy of Cognitive Objectives in detail has helped me to look at lesson planning from a hierarchical horizon where the ultimate aim would be to create lifelong learners. This theory has also enabled me to truly understand summative assessment in accounting and its construction. I feel that having certain insights enables me to prepare my students to think like accountants rather than preparing them for summative assessment.

6.5 Recommendations

I suggest to all educators to push students to higher-order thinking and avoid a pedagogy that stimulates lower-order thinking. This will not help learners to just become lifelong learners, but also to help them achieve as much possible. Students should always be put at

the center of learning in order for them to become critical thinkers and being involved in different learning activities that require students to make use of higher-order thinking, such as, problem-solving activities (Coucom, 2005).

6.6 Conclusion

This chapter has concluded my dissertation in which I answered the research questions by researching and writing chapters that are linked and interrelated with each other. I then listed the limitations encountered during this study and provided some recommendations for future research. Finally, I discussed how this study has been transformational for the researcher along with providing some recommendations for accounting educators.

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Appendices

Appendix A: Information Letters sent to Participants

Mr Julian Caruana
18
Triq il-Firilla
Marsaxlokk MXK1423

Date

Dear Participant,

My name is Julian Caruana, a business education student-teacher, in my 2nd year of a Masters in Teaching and Learning at the University of Malta. As part of my studies I am conducting research for my dissertation entitled ‘Evaluating the validity of current summative assessment in SEC accounting’ under the supervision of Mr Joseph Xuereb. Throughout my research, I would like to critically analyse the extent of how much SEC accounting is assessing different cognitive skills and to also get a clear insight of the changes that will happen to accounting assessment in relation to higher-order cognitive skills. As you are in a position of overseeing the construction of current assessment practices and part of the reform that is coming up with respect to changes in assessment, I would like to invite you to participate in this research.

Procedures:

Participation in this study will involve an audio recorded interview, discussing your view about how the reform of changes in assessment will affect current summative assessment methods on a general level and with a specific focus on summative accounting and the assessment of higher-order cognitive skills in the assessment. It is anticipated that your involvement will require a session of 45-60 minutes, duly carried out at an agreed place and time.

Participation is completely voluntary and you can withdraw from the study at any point without giving reason or suffering any negative consequence. If you feel uncomfortable in any way during the interview session, you have the right to decline to answer any question or to end the interview.

Confidentiality:

All of the responses will only be used for the purposes of the above mentioned dissertation. Please be aware that being the Director of the MATSEC Support Unit, there might be the possibility that you could be identified and hence the interview will be attributable. An audio recorder will be used during the interview to help the researcher report and analyse the responses. At no point will the live recordings be used; they will be destroyed once the research process is over. There is no need for video recording or taking of photographs.

Mr Julian Caruana

Researcher

julian.caruana.14@um.edu.mt

Mr Joseph Xuereb

Supervisor

joseph.xuereb@um.edu.mt

Mr Julian Caruana

Date

Dear Participant,

My name is Julian Caruana, a business education student-teacher, in my 2nd year of a Masters in Teaching and Learning at the University of Malta. As part of my studies I am conducting research for my dissertation entitled ‘Evaluating the validity of current summative assessment in SEC accounting’ under the supervision of Mr Joseph Xuereb. Throughout my research, I would like to critically analyse the extent of how much SEC accounting is assessing different cognitive skills and to also get a clear insight of the changes that will happen to accounting assessment in relation to higher-order cognitive skills. As you are in a position of contributing to the reform that is currently being undertaken with respect to changes in accounting assessment, I would like to invite you to participate in this research.

Procedures:

Participation in this study will involve an audio recorded interview, discussing your view about how the reform of changes in assessment will affect current summative assessment methods on a general level and with a specific focus on summative accounting and the assessment of higher-order cognitive skills in the assessment. It is anticipated that your involvement will require a session of 45-60 minutes, duly carried out at an agreed place and time.

Participation is completely voluntary and you can withdraw from the study at any point without giving reason or suffering any negative consequence. If you feel uncomfortable in any way during the interview session, you have the right to decline to answer any question or to end the interview.

Confidentiality:

All of the responses will only be used for the purposes of the above mentioned dissertation. Please be aware that being the Head of Department for Accounting at the Secretariat for Catholic Education, there might be the possibility that you could be identified and hence the interview will be attributable. An audio recorder will be used during the interview to help the researcher report and analyse the responses. At no point will the live recordings be used; they will be destroyed once the research process is over. There is no need for video recording or taking of photographs.

Mr Julian Caruana

Researcher

julian.caruana.14@um.edu.mt

Mr Joseph Xuereb

Supervisor

joseph.xuereb@um.edu.mt

Appendix B: Consent Form

Consent Form for Participants

Participant's Agreement:

- I have read and understood the information sheet given to me about the research to be carried out and I agree to take part in an audio-recorded interview.
- I am aware that my participation is voluntary and I may wish to withdraw at any time during the interview, for whatever reasons or circumstances.
- I am aware that the data collected is for the sole use of a dissertation to submit as part of a Masters programme at the University of Malta.
- I understand that while personal information will not be disclosed, there is a possibility that I could be identified and hence the interview will be attributable.
- I understand that audio recording data will be securely stored on a password protected hard drive and will be destroyed after successful completion of the dissertation.

I have read the above, together with the information sheet and give consent to participate in this interview.

Participant's signature

Date

Mr Julian Caruana
Researcher
julian.caruana.14@um.edu.mt

Mr Joseph Xuereb
Supervisor
joseph.xuereb@um.edu.mt

Appendix C: Interview Schedule

Interview Schedule – Participant 1

General questions on assessment

What do you understand by the term assessment?

What is the purpose of assessment?

Why is the function of assessment important in the learning process?

What do you think is the best way to assess students?

What is your view on the current summative assessment in Malta at SEC level?

What are the benefits and limitations/weaknesses of the current system?

Lower-order and higher-order cognitive skills

What do you understand by the term lower-order cognitive skills and higher-order cognitive skills?

In general, do you think that the current SEC assessment system requires students to apply mostly lower-order cognitive skills or higher-order cognitive skills?

Future of assessment in Malta

In your opinion, what are going to be the major changes to the SEC assessment system in Malta?

Would you describe the upcoming/planned changes in the way students are assessed as positive or negative? Why?

Do you think that the upcoming changes in the way students are assessed will benefit students in general? How?

In your opinion are there any limitations?

Do you recommend any action/s to ensure that the new assessment system becomes a better assessment tool than the current system?

Interview Schedule – Participant 2

General questions on assessment

What do you understand by the term assessment?

What is the purpose of assessment?

Why is the function of assessment important in the learning process?

How can teachers use assessment as a tool for learning?

What do you think is the best way to assess students?

Do you believe that informal assessment should be integrated with formal assessment? Or, is there place for informal assessment before the formal assessment?

What is your view on the current summative assessment in Malta at SEC level?

What are the benefits and limitations/weaknesses of the current system?

Lower-order and higher-order cognitive skills

What do you understand by the term lower-order cognitive skills and higher-order cognitive skills?

In terms of accounting, do you think that current assessment model requires students to apply mostly lower-order cognitive skills or higher-order cognitive skills?

Future of assessment in Malta

In your opinion, what are going to be the major changes to the SEC assessment system in Malta?

What will change in the way accounting is assessed at SEC level?

Do you think that the upcoming changes in the way students are assessed will benefit students in general? How?

Do you think that the upcoming changes in the way students are assessed will benefit accounting students? How?

In your opinion are there any limitations?

Do you recommend any action/s to ensure that the new assessment system becomes a better assessment tool than the current system?

Appendix D: Transcription of Interviews done with Participants

Participant 1

What do you understand by the term assessment?

One has to start from the goal. So, if I am going to assess someone I would want to see whether a student or an individual has reached a particular goal. That would be assessment, whether someone has reached the goal that I would like to measure.

Why is the function of assessment important in the learning process?

It is important both for the educator and for the student. For the teacher it is important to see whether the goals set have been achieved by the class, that is, whether the learning that was intended had been done. For the student it is important to know that he reached the required level.

What do you think is the best way to assess students?

It depends on what we are trying to assess. For example, if you have a driving test, would it be better to assess just by pen and paper or a practical test? So, one has to see the purpose of assessment, why do we want to assess and what do we want to assess and then identify the mode that is most suitable. In class for example with regards to the traditional subjects, such as Mathematics and English Language, ideally you have a mixture of modes: examinations, projects, and so on... thereby increasing the validity. Validity is a very important feature of assessment. In this case, assessment should be valid if it assesses a large number of outcomes in the syllabus.

What is your view on the current summative assessment in Malta at SEC level?

First of all, not all subjects have summative assessment models at SEC level. We have a number of subjects; I believe 14, apart from the vocational subjects that have course work. Course work will be defined as any work set by the teacher according to the criteria set by the syllabus that will assess certain criteria set according to the awarding body. Now, each assessment scheme would have its advantages and disadvantages. First of all, we are being assessed all the time, even unofficially, so one of the drawbacks of summative assessment is that it is a one-time assessment. The advantage for continuous assessment would be that you can test for a number of times. Having said this, in life sometimes that is what it is; if you go for a job interview you have one opportunity. I would be very against having just continuous assessment because what is the purpose of assessment? Is it just to see whether a student is capable of furthering his or her own studies or is there a wider intention? Most of the time, it is wider.

I am now going to ask you about lower-order cognitive skills and higher-order cognitive skills. What do you understand by the term lower-order cognitive skills and higher-order cognitive skills?

So, the lower-order cognitive skills would those in Bloom's Taxonomy which are put at the very bottom for example recall, where there isn't much thought going on where you either know it or you don't know it. The higher-order cognitive skills involve a process of much more thought that goes on where you first need to have the lower-order cognitive skills and then built up onto it.

In general, do you think that the current SEC assessment system requires students to apply mostly lower-order cognitive skills or higher-order cognitive skills?

Well again, it depends on the subject. Having said this, we instruct our examiners to move away from the lower-order cognitive skills or recall questions. However, we get criticised from teachers and the public that our exams are quite recall. However, when we get asked an application question we get criticised that it is out of syllabus. So, what do we want exactly? For an exam to be valid, the students should be trained to answer all types of questions or else it would not be fair because otherwise it is not fair having them in an exam as part of assessment. Eventually, we want our students to be able to deal with higher-order cognitive skills.

So, I am going to close off by asking you about the future of assessment in Malta. In your opinion, what are going to be the major changes to the SEC assessment system in Malta?

Basically, the major change will be the introduction of coursework in each and every subject. Now the range of coursework will be around 20% to 40% of the final mark which is quite a lot. Most of the subjects that we have right now that involve course assessment have 15%. There are some that go up to 50% of the final mark but most of them would have 15%. Again, with the introduction of coursework there is a different gameplay. What do we want from coursework? Is it just a number of tests? Is that better? or do we want to assess skills that cannot be assessed through pen and paper? I would tend to go for the last option but there is the possibility that students who suffer from examination stress knowing that some of the marks have already been awarded might find it easier to sit for the final exam. So, now we are trying to have a mixture of continuous assessment and of coursework.

Would you describe the upcoming/planned changes in the way students are assessed as positive or negative? Why?

I believed I mentioned some points, the idea is that it is positive as we are testing over a period of time. We are giving as well some weight to the assessment done at school.

Currently, in some subjects all the work the done by teachers is given nearly no value in the SEC exam. With this system, there is value for that and we will see I think more skills being developed rather than what we can see in a purely summative exam.

Do you think that the upcoming changes in the way students are assessed will benefit students in general? How?

Yes they will. However we have to be careful as well as there is the other side of the coin. As I said, we will be assessing differently, so certain students that for example are more inclined to practical work now that will be given importance as well. So certain skills that were given little importance by the teacher as they were rarely assessed will be taught and will be given more importance in schools. On the other hand, we have to see that the work at school should not increase a lot because students that for example have 10 subjects will have to do 50 pieces of assessment in 3 years so there should be coordination between teachers and schools to see what type of work is being given so that we do not overload our students as well.

In your opinion are there any limitations with the new assessment system?

Well there are limitations in terms of manageability. An assessment system should be valid, reliable and manageable. In our case as an awarding body we have to see that what is being proposed is doable and it can be quality assured and quality controlled so that we can moderate and see that the assessment is fair across all schools as now we have 50 schools doing assessment and we have to make sure that the marks given for certain work in a particular school corresponds to the same work in another school.

Do you recommend any action/s to ensure that the new assessment system becomes a better assessment tool than the current system?

Yes, we need to train teachers in assessment. We need to train the school leadership team and we need everyone on board so the school leadership team should own this process and see that their teachers and their students are having good and fair assessments. Otherwise, we will end up pointing fingers at each other in saying that the school is not being assessed fairly and the others are being too strict and so on.

Participant 2

What do you understand by the term assessment?

Assessment to me represents a learning tool. It is a way of showing the student the point which he or she has to go to and what is the next step in order to progress in their skills and learning.

What is the purpose of assessment?

The purpose of assessment is to scaffold and to lead the student in learning process. I don't believe in the teacher teaching a student, but the role of the teacher is to serve as a guide to students who are empowered to learn. So, that is the purpose of assessment.

Why is the function of assessment important in the learning process?

Because if you do not understand how you are being assessed and where you are going wrong and can do better, then you cannot learn. You will be stuck in a certain point. I experienced this when I was a student where the feedback that I received was simply a mark and did not receive feedback which identified the areas on which I should focus on to improve my learning.

How can teachers use assessment as a tool for learning?

If teachers do not focus on summative assessment but take different forms of formative assessment and use it not to test the student but as a guidance to the student and to guide their own lessons. If I am teaching something in particular and I plan a task and while I am circulating around the student, I am informally assessing them. At this point, if I realise that my students have not attained the skills that I expected them to attain, then I should adapt the lesson after that.

Do you believe that informal assessment should be integrated with formal assessment?

Or, is there place for informal assessment before the formal assessment?

They should take place together.

What is your view on the current summative assessment in Malta at SEC level?

To be honest, I find myself somewhere in the middle. Over the years the situation has improved and the papers today are a lot fairer and cover a wider spectrum of the syllabus than they used to cover a few years ago. However, I feel that accounting students are not being given the chance to show what they really know. Very often, accounting students gear themselves for the exam in a way that once they leave the exam they forget most of what they have learned. As a result, I don't think that it is useful as it is.

What are the benefits and limitations/weaknesses of the current system?

The benefits are that the assessment integrates both the theoretical aspect and practical aspects of the subjects. It is helping on to focus on a broader spectrum of the topics that are learned and engages students at the two different levels (paper 2 a and paper 2B). However in terms of the assessment it focuses more on whether you are able to learn or not and focuses a lot on what you are able to learn by heart in terms of the theory, the format, etc...

What do you understand by the term lower-order cognitive skills and higher-order cognitive skills?

The ability of the student to reason at different levels. Lower-order would be things that are simple such as learning by heart whereas higher-order would be coming up with own evaluations of a situation and giving own judgement.

In terms of accounting, do you think that current assessment model requires students to apply mostly lower-order cognitive skills or higher-order cognitive skills?

Somewhere in between. There are parts which definitely require higher-order but there is a lot of focus on lower and middle range.

In your opinion, what are going to be the major changes to the SEC assessment system in Malta?

Well let's face it in accounting it is going to be a very significant change. Going from pen and paper to one synoptic paper and five tasks is already something different. It has been a long number of years where we have been saying that accounting students should be able to build up a portfolio of work. It is not a portfolio of work but it is still tasks that they will build along their scholastic years. Some will portray their skills as beginners at year 9 and show development of their skills over the three years. Two tasks will be given during year 9, two tasks will be given year 10 which will be slightly higher-order and will also show how the student has managed to master different areas of the syllabus, and a final task will be given in year 11 where the students is expected to show more higher-order development of thinking than the previous assessment.

Do you think that the upcoming changes in the way students are assessed will benefit accounting students? How?

Definitely. Because it will expose them to skills that up till now have been excluded from being assessed. We have a situation where the syllabus is so jam packed with so little time to cover it in class that although you know that a particular activity will benefit the students, the teacher would end up not doing the activity for the sake of the syllabus. This new assessment is going to help in getting the student to experience these things and makes it

easier to apply the Let Me Learn process in the classroom where it becomes easier to apply it.

In your opinion are there any limitations?

Limitations in terms of resources. It will depend on both physical resources and human resources where as you are aware we are going to introduce the digital component so it will depend on what the school is going to have. In terms of human resources I refer to how well trained a teacher is going to be. By how well trained the teacher is going to be I mean that not just knowing the content and going through it through a digital approach but also being exposed to proper formative assessment training. We still live in an age where correcting something summative and providing comments at the end is formative assessment. Another limitation is the class size where we still have accounting classes of 25 students. If I have 25 students with very mixed ability and I am on my own, then it is going to be a very big challenge to lead my students in a holistic manner. Something that is not being introduced and will be a shock to many teachers is having a co-teacher. I have worked with a co-teacher and I can tell you that at first it is challenging to get used to one another but then the benefits that are invoked from this cooperation can lead to new paths that will be beneficial for the students.

Do you recommend any action/s to ensure that the new assessment system becomes a better assessment tool than the current system?

A lot of training is required along with a change in mindset. Unless we are going to change the mindset of teachers and students and of parents who still think that subjecting their children to tests and exams is better will lead to a situation where the parents will not appreciate the system. If the parents do not appreciate the system and students are not

backed up at home even if you have an excellent teacher in class, not necessarily specific to the subject, learning will be difficult to take place if there is someone who does not appreciate the learning.

Appendix E: Changes in Syllabus Table

| Units to be covered in SEC accounting | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|------|------|------|
| The Nature and Purpose of Accounting. | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| The principles of Double Entry, the Ledger, Balancing Off, and the Trial Balance. | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Accounting Concepts | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| The Books of Original Entry and the Subdivision of the Ledger Books of Prime Entry. | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Capital and Revenue Expenditure. | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| The Statement of Profit or Loss and the Statement of Financial Position. | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Accounting for Accruals and Prepayments. | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Accounting for Depreciation. | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Irrecoverable Debts and Allowances for Trade Receivables. | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Bank Reconciliation Statement. | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Control Accounts for Trade Receivables and Trade Payables. | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Single Entry and Incomplete Records. | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Partnerships. | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Correction of Errors. | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Departmental Accounts. | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Manufacturing Account. | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Not-for-Profit Making Organisations. | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Limited liability Companies. | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Accounting Ratios | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Appendix F: SEC Accounting Exam Papers

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE EXAMINATIONS BOARD
UNIVERSITY OF MALTA, MSIDA

SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2014 SESSION

| | |
|---------------|---------------------------|
| SUBJECT: | Accounting |
| PAPER NUMBER: | I |
| DATE: | 20 th May 2014 |
| TIME: | 9:00 a.m. to 11:00 a.m. |

Answer ALL questions. Questions 1-10 are multiple choice and carry 2 marks each. Questions 11-14 carry 20 marks each.

Write on the booklet the correct answer for each of the following.

- Which financial statement is used to show what the firm owns?
 - Income statement
 - Statement of financial position
 - Manufacturing account
 - Income and expenditure account
- Which of the following is a book of original entry and is also part of the ledger?
 - The journal
 - The cash book
 - The purchases returns journal
 - The sales returns journal
- Which of the following is *not* a current asset?
 - Accounts receivable
 - Inventory of finished products
 - Inventory of raw materials
 - Land
- When partners receive interest on their capital the entries should be:

| <i>Debit</i> | <i>Credit</i> |
|--------------------------|-----------------------|
| a) Bank account | Appropriation account |
| b) Capital account | Bank account |
| c) Current account | Appropriation account |
| d) Appropriation account | Current account. |
- Which of the following equations is correct?
 - Share premium = share issue price + nominal value
 - Share premium = share issue price – nominal value
 - Share premium = share issue price/nominal value
 - Share premium = share issue price x nominal value
- Which of the following transactions does *not* decrease cash/bank?
 - Purchasing inventory for cash.
 - Accruing operating expenses.
 - Paying trade accounts payable.
 - Purchasing non-current assets for cash.

7. How is the working capital calculated?
- Working capital = shareholders' equity (funds) and long-term debts – fixed assets
 - Working capital = fixed assets – current assets
 - Working capital = shareholders' equity and long-term debts + fixed assets
 - Working capital = fixed assets + current assets
8. Which of the following accounts is expected to present a debit balance?
- Bank overdrafts
 - Interest receivable
 - Bank loan interest
 - Bank loan
9. On 31 March 2013, a company grants a loan to one of its employees. Interest receivable on the loan is due on the anniversary of the loan. The annual interest on the loan is €120. How much is recorded in the Income Statement for the year ended 31 December 2013?
- €0
 - €30
 - €60
 - €90
10. The opening Statement of Financial Position for each financial year must correspond to the closing Statement of Financial Position for the preceding financial year.
- True
 - False
 - Sometimes
 - Only for a limited liability company
11. The cash book (bank columns only) of Maria, a retailer, for the month of April 2014 is shown below:

| Cash Book | | | | | |
|------------------|-------------|--------------|--------|-----------|--------------|
| | | € | | | € |
| 1-Apr | Balance b/d | 1,290 | 04-Apr | Rent | 890 |
| 06-Apr | M Micallef | 375 | 09-Apr | Insurance | 500 |
| 14-Apr | Cash | 750 | 22-Apr | P Pisani | 125 |
| 18-Apr | Cash | 1,000 | 29-Apr | M Calleja | 2,000 |
| 26-Apr | Cash | 2,000 | 30-Apr | T Cauchi | 2,000 |
| 30-Apr | S Schembri | <u>250</u> | 30-Apr | Bal c/d | <u>150</u> |
| | | <u>5,665</u> | | | <u>5,665</u> |

When comparing the bank statement received on 4 May 2014, Maria noted that:

- Two cheques to Pisani and Cauchi were not presented by 30 April 2014.
- A direct debit of €65 for communication expenses appeared on the bank statement on 26 April 2014.
- The cash deposit of 26 April 2014 had not been credited by the bank.
- Bank charges of €30 for April appeared in the statement.
- A credit transfer from A Gatt of €250 had been credited in the bank statement on 28 April 2014.

Required:

- a) Update Maria's cash book as at 30 April 2014. (4 marks)
- b) Prepare a Bank Reconciliation statement as at 30 April 2014, and find the balance on the Bank Statement as at that date. (6 marks)
- c) Distinguish between a 'credit transfer' and a 'direct debit'. (4 marks)
- d) Explain the difference between a bank overdraft and a bank loan. (4 marks)
- e) What is a bank reconciliation statement? (2 marks)

12. The following balances have been extracted from the books of the D&P Manufacturing Co Ltd as at 30 April 2014:

| | € |
|--|---------|
| Direct wages | 35,000 |
| General factory expenses | 6,500 |
| Factory equipment at cost | 180,000 |
| Water & electricity (factory $\frac{3}{4}$; general $\frac{1}{4}$) | 26,000 |
| Purchases of raw material | 50,000 |
| Inventory 1 May 2013: | |
| Raw material | 6,000 |
| Work-in-progress | 9,000 |
| Rent & insurance (factory $\frac{2}{3}$; general $\frac{1}{3}$) | 21,000 |

Additional information:

- i) Inventory at 30 April 2014
 - Raw material €7,000
 - Work-in-progress €8,000
- ii) The factory equipment is to be depreciated at a rate of 15% per annum on cost.

Required:

- a) Prepare D&P Manufacturing Co Ltd's manufacturing account for the year ended 30 April 2014. (10 marks)
- b) What is the purpose of the manufacturing account? (2 marks)
- c) What is (i) a direct cost, and (ii) an indirect cost? Give one example of each. (4 marks)
- d) Name the elements of cost that make up the 'prime cost'. (2 marks)
- e) Distinguish between fixed and variable costs. (2 marks)

13. The membership fee of the Club was €10 per annum during 2012.

As at 31 December 2012, 10 members had not yet paid their membership fee.

The membership fee was increased to €15 per annum for 2013 and 2014.

During 2013, the Club received the following cash for membership fees:

- €80 for 2012 subscriptions
- €1,500 for 2013 subscriptions
- €150 for 2014 subscriptions

As at 31 December 2013, there were five members who had not paid their membership fee for 2013.

The members who had not paid their subscription for 2012, cancelled their membership with the Club.

Required:

- a) The subscriptions account for the club for the year ended 31 December 2013. (8 marks)
- b) What is meant by a 'not-for-profit' entity? (2 marks)
- c) What is an 'accumulated fund'? (2 marks)
- d) Distinguish between a receipts and payments account and an income and expenditure account. (4 marks)
- e) Name and explain two accounting concepts that are applied in the accounting for trade receivables. (4 marks)

14. Required:

- a) Distinguish between a trade discount and a cash discount. Explain how they are treated in the accounts. (4 marks)
- b) What is the purpose of the books of original entry? (2 marks)
- c) List four books of original entry. (2 marks)
- d) What is the purpose of the suspense account? (2 marks)
- e) Prepare the journal entries in the books of Pippa Ltd for the following transactions and corrections of errors (narrations are not required).
 - i) The purchase of a machine on credit from Mcquick Ltd for €8,000.
 - ii) Discounts allowed of €250 were credited to the discounts received account.
 - iii) The write-off as an irrecoverable debt of an amount of €120 due from a trade receivable.
 - iv) A cash purchase of €300 less a 5% discount has been recorded in the books as €300.
 - v) A receipt of €600 from a cash sale was treated as a receipt from a trade receivable account.(10 marks)

SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2014 SESSION

| | |
|---------------|---------------------------|
| SUBJECT: | Accounting |
| PAPER NUMBER: | IIA |
| DATE: | 21 st May 2014 |
| TIME: | 9:00 a.m. to 11:00 a.m. |

Answer BOTH questions in Section A and ANY TWO questions from Section B.

SECTION A: Answer BOTH questions in this Section.

I. The following trial balance was extracted from the accounting system of MK Ltd on 31 March 2014:

| | € | € |
|---|---------|---------|
| Land & buildings (cost and accumulated depreciation 1/04/2013) | 200,000 | 2,000 |
| Plant & machinery (cost and accumulated depreciation 1/04/2013) | 25,000 | 5,000 |
| Office equipment (cost and accumulated depreciation 1/04/2013) | 50,000 | 18,000 |
| Inventory (1/04/2013) | 30,000 | |
| Purchases & sales | 110,000 | 288,500 |
| Selling & distribution expenses | 12,000 | |
| Interest on bank loan | 1,360 | |
| Water & electricity | 8,000 | |
| Wages & salaries | 10,000 | |
| Directors' remuneration | 5,000 | |
| Printing & stationery | 6,010 | |
| Communication expenses | 7,112 | |
| Rent & insurance | 6,018 | |
| Returns | 8,000 | 6,000 |
| Trade receivables and payables | 50,000 | 22,000 |
| Allowance for doubtful debts (1/04/2013) | | 5,000 |
| Bank & cash | 28,000 | |
| Ordinary share capital | | 150,000 |
| General reserve | | 8,000 |
| Retained profits b/f (1/04/2013) | | 40,000 |
| Bank loan | | 12,000 |
| | 556,500 | 556,500 |

The following additional information is available at the end of the financial year:

- i) Closing inventory has been valued at €53,000.
- ii) Rent & insurance were paid in advance to the extent of €1,000.
- iii) Wages & salaries outstanding at 31 March 2014 amounted to €200.
- iv) The purchase of an item of inventory costing €5,000 had erroneously been debited to the office equipment account.

- v) MK Ltd started trading on 1 April 2011. All the non-current assets owned by the company were purchased during its first year of operations, and no assets have been sold. Depreciation is calculated on a straight-line basis, with a full year's depreciation in the year of acquisition. The land & buildings account includes the cost of land of €100,000.
- vi) After the experience gained over its first three years of operation, the company has decided to revise its policy for allowing for doubtful debts. This will now be calculated as 2% of net sales for the year.
- vii) The ordinary share capital of the company consists of ordinary shares with a nominal value of €0.25 per share. An interim dividend of 2 cents per share was paid during the year and recorded in the purchases account.
- viii) The directors of MK Ltd have also decided to transfer an amount of €50,000 to the General Reserve.

Required:

From the above information, draw up an Income Statement for the financial year ended 31st March 2014 and a Statement of Financial Position as at that date. Show all workings and the appropriation of profit for the year. (30 marks)

2. Tony Attard owns a Hi-Fi shop and his annual accounting date is 31 December. Tony's Statement of Financial Position as at 31 December 2012 was as follows:

| | € | € |
|------------------------|---------------|----------------------|
| Non-Current Assets: | | |
| Shop fittings at cost | 12,100 | |
| Less depreciation | <u>8,150</u> | |
| | | 3,950 |
| Shop equipment at cost | 19,634 | |
| Less depreciation | <u>11,585</u> | |
| | | <u>8,049</u> |
| | | 11,999 |
| Current Assets: | | |
| Inventory | 931 | |
| Trade receivables | 358 | |
| Bank savings account | 6,412 | |
| Cash | <u>200</u> | |
| | | <u>7,901</u> |
| | | 19,900 |
| | | <u><u>19,900</u></u> |
| Financed by: | | |
| Capital | | 17,718 |
| Current Liabilities: | | |
| Less: Trade payables | 2,150 | |
| Bank overdraft | <u>32</u> | |
| | | <u>2,182</u> |
| | | 19,900 |
| | | <u><u>19,900</u></u> |

Tony's bank current account for the year ended 31 December 2013 is summarised as follows:

| | Debit (€) | | Credit (€) |
|---------------------------------|---------------|--------------------------|---------------|
| Receipts from trade receivables | 9,705 | Balance 1 January 2013 | 32 |
| Cash sales banked | 50,500 | Payments to suppliers | 37,014 |
| | | Sundry trade expenses | 1,792 |
| | | Personal drawings | 1,047 |
| | | Wages | 10,398 |
| | | Rent | 7,500 |
| | | Water and electricity | 1,201 |
| | | Bank charges | 314 |
| | | Transfer to bank savings | 500 |
| | | Balance 31 December 2013 | <u>407</u> |
| | <u>60,205</u> | | <u>60,205</u> |

Other information relating to the year ended 31 December 2013 is given below:

- i) Tony's sales are mainly cash sales but he has a few credit customers. All cash sales are banked with the exception of €5,500, which Tony withheld for personal expenditure, and a further €60 per week, which were paid for cleaning expenses.
- ii) During the year, discounts amounting to €740 were received from trade payables and discounts of €120 were allowed to trade receivables.
- iii) A trade receivable account of €58 had been long overdue and it was written off as an irrecoverable debt.
- iv) At 31 December 2013, inventory was valued at €1,240; trade receivables amounted to €421; Tony owed his suppliers €786; cash in hand was €250.
- v) Depreciation to be charged for the year is €1,210 in respect of the shop fittings and €1,422 in respect of the shop equipment.
- vi) At 31 December 2013 rent was prepaid by €824 and water and electricity charges accrued were €210.
- vii) The annual interest on the bank savings account was €195 and this interest was retained in the savings account.

Required:

- a) **The cash account for the year ended 31 December 2013. (5 marks)**
- b) **The trade receivables (sales) ledger control account and the trade payables (purchases) ledger control account, for the year ended 31 December 2013. (9 marks)**
- c) **An income statement for the year ended 31 December 2013 and a statement of financial position as at that date. (16 marks)**

SECTION B: Answer any TWO questions from this Section.

3. Pearl Camilleri, a retailer, did not keep proper records during the financial year 1 April 2013 to 31 March 2014 but she can provide the following information regarding certain expenses and income:

| | € |
|---|--------|
| i) Rent payable per calendar month | 200 |
| Arrears on 1 April 2013 | 200 |
| Amount paid during the year to 31 March 2014 | 2,000 |
| ii) Commission Receivable due on 1 April 2013 | 50 |
| Amount received during the year to 31 March 2014 | 570 |
| Arrears on 31 March 2014 | 100 |
| iii) Insurance paid in advance on 1 April 2013 | 600 |
| Insurance paid for the year to 30 June 2014 | 3,600 |
| iv) Telephone expense accrued on 1 April 2013 | 1,800 |
| Telephone expense paid during the year to 31 March 2014 | 12,500 |
| Telephone expense accrued on 31 March 2014 | 950 |

Required:

- a) Prepare the appropriate accounts for these four items and calculate, in each case, the amount to be shown as an expense or income in the Income Statement for the year ended 31 March 2014 . (14 marks)
- b) Show the relevant extracts from Pearl Camilleri's Financial Statements for the year ended 31 March 2014. (4 marks)
- c) Identify and describe the underlying accounting concept that is being applied when end of year adjustments as noted by Pearl Camilleri are taken into consideration in the preparation of financial statements. (2 marks)

4. The following is an extract from Win's statement of financial position at 31 December 2012:

| Non-Current asset | Cost | Accumulated Depreciation | Net Book Value |
|-------------------|----------------|--------------------------|----------------|
| | € | € | € |
| Land | 400,000 | -- | 400,000 |
| Buildings | 300,000 | 120,000 | 180,000 |
| Plant | 110,000 | 75,000 | 35,000 |
| Vehicles | 90,000 | 57,600 | 32,400 |
| Furniture | 40,000 | 25,200 | 14,800 |
| Totals | 940,000 | 277,800 | 662,200 |

Win's depreciation policy is as follows:

- i) A full year's depreciation is charged in the year of acquisition, but none in the year of disposal.
- ii) No depreciation is charged on land.
- iii) Buildings are depreciated at an annual rate of 2% on cost.
- iv) Plant is depreciated at an annual rate of 10% on cost after allowing for an estimated residual value of €10,000.
- v) Vehicles are depreciated on a reducing balance basis at an annual rate of 40% .
- vi) Furniture is depreciated on a straight-line basis. Estimated residual value is €4,000 and estimated useful life is 10 years.

Additional information regarding the year 2013:

- On 1 March 2013, a motor vehicle purchased two years ago was involved in an accident and had to be scrapped. The original cost of the motor vehicle was €10,000.
- On 1 September 2013, new furniture was purchased for the office. It cost €6,000 and has an estimated residual value of €600. The new furniture is to be depreciated on the same basis as the old furniture.

Required:

Prepare the following accounts of Win for the year ended 31st December 2013:

- a) **The allowance for depreciation of buildings account.** (3 marks)
- b) **The allowance for depreciation of plant account.** (3 marks)
- c) **The allowance for depreciation of vehicles account.** (6 marks)
- d) **The allowance for depreciation of furniture account.** (4 marks)
- e) **The disposal of vehicles account.** (4 marks)

5. The following financial reports for the year ended 31 December 2013 relate to two companies, Red Ltd and Green Ltd, both operating a textile retail business:

| | Red Ltd | | Green Ltd | |
|--|---------|----------------|---------------|----------------|
| | € | € | € | € |
| Income Statement | | | | |
| Turnover | | 330,000 | | 870,000 |
| Opening Inventory | 32,000 | | 60,000 | |
| Purchases | 211,000 | | 531,000 | |
| Closing Inventory | 26,000 | | 52,000 | |
| | | <u>217,000</u> | | <u>539,000</u> |
| Gross Profit | | 113,000 | | 331,000 |
| Expenses | | <u>66,000</u> | | <u>284,000</u> |
| Net Profit | | 47,000 | | 47,000 |
| Statement of Financial Position | | | | |
| Non-Current Assets | | 210,000 | | 220,000 |
| Current Assets: | | | | |
| Inventory | 26,000 | | 52,000 | |
| Trade receivables | 28,000 | | 51,000 | |
| Bank | 5,000 | | -- | |
| | | <u>59,000</u> | | <u>103,000</u> |
| Total Assets | | <u>269,000</u> | | <u>323,000</u> |
| Capital and reserves | | 240,000 | | 240,000 |
| Current Liabilities: | | | | |
| Trade payables | 29,000 | | 67,000 | |
| Bank Overdraft | -- | | <u>16,000</u> | |
| | | <u>29,000</u> | | <u>83,000</u> |
| Total Equity and Liabilities | | <u>269,000</u> | | <u>323,000</u> |

Required:

- a) Calculate the following ratios for both Red Ltd and Green Ltd:

- i) The return on capital employed;
- ii) The net profit margin;
- iii) The gross profit margin;
- iv) The current ratio;
- v) The quick (acid test) ratio; and
- vi) The rate of stock turnover.

(14 marks)

- b) Comment briefly on the relative profitability and liquidity of Red Ltd and Green Ltd.

(6 marks)

SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2014 SESSION

| | |
|---------------|---------------------------|
| SUBJECT: | Accounting |
| PAPER NUMBER: | IIB |
| DATE: | 21 st May 2014 |
| TIME: | 9:00 a.m. to 11:00 a.m. |

Answer BOTH questions in Section A and ANY FOUR questions from Section B.

SECTION A: Answer BOTH questions in this Section.

1. The books of Chess Ltd showed the following figures at 31 December 2013:

| | Debit € | Credit € |
|--|------------------|------------------|
| Purchases and sales | 700,000 | 1,100,000 |
| Inventory at 1 January 2013 | 60,000 | |
| Wages and salaries | 150,000 | |
| Insurance | 10,000 | |
| Advertising | 5,000 | |
| Rent | 18,000 | |
| Bad debts | 3,000 | |
| Water and electricity | 20,000 | |
| Office expenses | 30,000 | |
| Sundry expenses | 15,000 | |
| Stationery and postages | 15,000 | |
| Buildings | 200,000 | |
| Allowance for Depreciation: buildings 1 January 2013 | | 20,000 |
| Plant and equipment | 180,000 | |
| Allowance for depreciation: plant & equipment 1 January 2013 | | 50,000 |
| Motor vehicles | 150,000 | |
| Allowance for depreciation: motor vehicles 1 January 2013 | | 40,000 |
| Trade receivables | 50,000 | |
| Trade payables | | 55,000 |
| Cash | 3,000 | |
| Bank | | 6,000 |
| Retained profits 1 January 2013 | | 18,000 |
| General Reserve | | 20,000 |
| Ordinary share capital | | 300,000 |
| | 1,609,000 | 1,609,000 |

The following information is also available at 31 December 2013:

- i. Inventory is valued at a cost of €65,000.
- ii. Accruals: wages €15,000; water and electricity €4,000.

- iii. Prepayments: rent €3,000; insurance €1,500.
- iv. Depreciation is provided on the assets held in the business at the end of the year. The depreciation charge for the year is to be calculated as follows:
 - Buildings - 2% on cost;
 - Plant and equipment - 10% on cost; and
 - Motor vehicles - 20% on the net book value.
- v. The Directors have decided to transfer €10,000 to the General Reserve.

Required:

Prepare the Income Statement of Chess Ltd for the year ended 31st December 2013, and a Statement of Financial Position as at year end. (20 marks)

2. Mary Zammit started trading on 1st April 2014, and her transactions during the first month were as follows:

| | € |
|--|--------|
| <i>Cash Receipts:</i> | |
| Capital contributed | 12,000 |
| Sales to customers | 6,000 |
| <i>Cash payments:</i> | |
| Goods for sale | 8,000 |
| Stationery | 1,000 |
| Travelling | 1,200 |
| Wages | 5,800 |
| Transfers to bank | 1,000 |
| <i>Bank Receipts:</i> | |
| Receipts from credit customers | 34,000 |
| <i>Bank payments:</i> | |
| Payments to credit suppliers | 28,400 |
| Rent | 6,400 |
| Water and electricity | 400 |
| <i>Other transactions:</i> | |
| Goods purchased on credit | 37,000 |
| Goods returned to credit suppliers | 800 |
| Goods sold on credit | 44,000 |
| Goods returned by credit customers | 1,800 |
| Discounts allowed to credit customers | 2,200 |
| Discounts received from credit suppliers | 700 |

Required:

- a) Write up a two-column cash book for Mary Zammit for the month of April 2014, showing the cash and bank balances at the end of the month. (8 marks)
- b) Post the cash book entries to appropriate nominal ledger accounts. (5 marks)
- c) Enter the other transactions in appropriate nominal ledger accounts. (7 marks)

SECTION B: Answer ANY FOUR questions from this Section.

3. Liam Borg prepares control accounts for the sales and purchases ledgers. The balances on the control accounts as at 31 March 2014 were:

| | |
|------------------|---------|
| Sales Ledger | €95,000 |
| Purchases Ledger | €42,000 |

The following transactions took place during April 2014:

| | € |
|---|---------|
| Sales on credit | 750,000 |
| Purchases on credit | 550,000 |
| Cash sales | 20,000 |
| Cash purchases | 12,000 |
| Returns from credit customers | 8,000 |
| Returns to credit suppliers | 5,000 |
| Cash and cheques received from credit customers | 650,000 |
| Cash and cheques paid to credit suppliers | 500,000 |
| Discount received | 8,500 |
| Discount allowed | 25,000 |
| Irrecoverable debts | 5,000 |

Required:

- a) The Sales ledger (trade receivables) control account for the month of April 2014. (8 marks)
b) The Purchases ledger (trade payables) control account for the month of April 2014. (7 marks)

4. The following information is available in the books of Alex Cardona for the year ended 31 December 2013:

| | € |
|-------------------------------|--------|
| Inventory at 1 January 2013 | 15,000 |
| Purchases for the year | 95,000 |
| Returns to suppliers | 20,000 |
| Inventory at 31 December 2013 | 24,000 |
| Total expenses as % of sales | 10% |

Mr Cardona adds 25% to his cost of sales to arrive at the selling price.

Calculate:

- a) The cost of goods sold; (2 marks)
b) The value of average inventory; (3 marks)
c) The total sales for the year; (5 marks)
d) The total expenses for the year; (3 marks)
e) The net profit for the year. (2 marks)

5. The Statement of Financial Positions of Rita Mangion on 31 December 2012 and 2013 include the following items:

| | 2012 | | 2013 | |
|-----------------------------------|--------------|--------|--------------|--------|
| | € | € | € | € |
| <i>Non-current assets</i> | 80,000 | | 80,000 | |
| Depreciation | (12,000) | | (20,000) | |
| | | 68,000 | | 60,000 |
| <i>Current Assets</i> | | | | |
| Trade Receivables | 40,000 | | 46,000 | |
| Less Allowance for Doubtful debts | <u>2,600</u> | | <u>1,020</u> | |
| | | 37,400 | | 44,980 |
| Prepaid rent | | 220 | | - |
| <i>Current Liabilities</i> | | | | |
| Wages and Salaries owing | | 800 | | 1,100 |
| Rent accrued | | - | | 640 |

During the year ended 31 December 2013, the following payments were made:

| | € |
|-------------------------------|--------|
| Total rent paid | 2,080 |
| Total wages and salaries paid | 14,200 |

Required:

Write up the following accounts for the year ended 31 December 2013, clearly showing the amounts transferred to the Income Statement:

- a) The allowance for depreciation account; (4 marks)
- b) The rent account; (4 marks)
- c) The wages and salaries account; (4 marks)
- d) The allowance for doubtful debts account. (3 marks)

6. Anne Chetcuti is the owner of a small business. She maintains a petty cash float of €350 using the imprest system. The following information relates to a summary of the petty cash transactions for the month of March 2014 in Chetcuti's books:

| | | € |
|-------|----------------------------|-----|
| March | 3 Receipt petty cash float | 350 |
| | 4 Stationery | 22 |
| | 4 Office Cleaning | 15 |
| | 5 Diesel for delivery van | 25 |
| | 7 Bus fares | 35 |
| | 10 Diesel for delivery van | 10 |
| | 12 Stationery | 24 |
| | 13 Delivery van service | 75 |
| | 14 Office cleaning | 30 |
| | 17 Diesel for delivery van | 30 |
| | 18 Stationery | 20 |

Required:

- a) Enter the above transactions in a suitable petty cash book with analysis columns for expenditure on stationery, transport, office cleaning and motor expenses. (12 marks)
- b) Enter the receipt of the amount necessary to restore the petty cash float and carry down the balance. (3 marks)

7. John Tabone runs a retail business having two main departments which sell clothes and shoes. At 31 December 2013, the balances in the books of the business were as follows:

| | € | € |
|---|----------------|----------------|
| Capital | | 95,000 |
| Sales - clothes | | 60,000 |
| Sales - shoes | | 40,000 |
| Purchases - clothes | 45,000 | |
| Purchases - shoes | 28,000 | |
| Inventory at 1 January 2013 - clothes | 1,500 | |
| Inventory at 1 January 2013 - shoes | 2,550 | |
| Salaries and wages - clothes | 3,500 | |
| Salaries and wages - shoes | 2,400 | |
| Discount allowed - clothes | 200 | |
| Discount allowed - shoes | 300 | |
| Drawings | 5,000 | |
| Premises (at cost) | 55,000 | |
| Advertising | 1,750 | |
| Rent | 2,600 | |
| Water and electricity | 600 | |
| Insurance of inventory | 1,700 | |
| Administration wages | 3,000 | |
| Shop fittings at net book value - clothes | 24,000 | |
| Shop fittings at net book value - shoes | 20,000 | |
| Trade receivables and trade payables | 2,200 | 4,300 |
| | <u>199,300</u> | <u>199,300</u> |

Notes:

- At 31 December 2013, inventory consisted of: clothes - €3,600; and shoes - €2,500.
- Accrued salaries and wages amounted to €400 in the clothes department and €250 in the shoes department.
- Rent prepaid amounted to €200.
- Apportion advertising and insurance of inventory equally between the departments.
- Apportion rent, water and electricity, administration wages as follows: 2/3 to the clothes department and 1/3 to the shoes department.
- Provide for depreciation on shop fittings at 15 % of the net book value.

Required:

Prepare a departmental income statement for the year ended 31 December 2013, showing the gross profit and net profit for each department. (15 marks)

SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2016 SESSION

| | |
|---------------|-----------------------------|
| SUBJECT: | Accounting |
| PAPER NUMBER: | I |
| DATE: | 26 th April 2016 |
| TIME: | 9:00 a.m. to 11:05 a.m. |

Answer ALL questions. Question 1-10 are multiple choice and carry 2 marks each. Questions 11-14 carry 20 marks each.

Write on the booklet the correct **answer** for each of the following.

- The purpose of a suspense account is to:
 - locate accounting errors.
 - correct accounting errors.
 - prepare the statement of profit or loss.
 - replace the double entry system by journal entries.
- A sales ledger account has a debit balance. A receipt of 98% in full settlement of the account requires the following discount account entry:

| <i>Debit</i> | <i>Credit</i> |
|------------------------------|---------------------------|
| a) Discount received account | Trade receivable account |
| b) Cash account | Discount received account |
| c) Bank account | Discount allowed account |
| d) Discount allowed account | Trade receivable account |
- The allowance for doubtful debts account had a credit balance of €1,250 on 1 January 2015. On 31 December 2015 the allowance account balance was revised and the new balance was €1,000. A loss of €1,250 was charged in the calculation of the net profit of 2015. The net profit of 2015 was:
 - overstated by €250.
 - understated by €250.
 - understated by €1,500.
 - correct.
- Identify which of the following is classified as revenue expenditure:
 - The purchase of office equipment for business use.
 - The settlement of the water and electricity bill.
 - The increase of the firm's fleet of vehicles by a new van.
 - The installation cost of new machinery.

5. Which of the following is not an advantage which can be enjoyed by a sole trader?
- Easy to set up.
 - Personal attention to clients and workers.
 - Decisions are taken quickly.
 - Limited liability.
6. Lisa started a business with €40,000 cash and property worth €120,000. At the end of her first year she has €20,000 in the bank, property worth €120,000 and other assets valued at €50,000. If she has withdrawn €28,000 from the business during the year for private expenses, she has made:
- €20,000 loss.
 - €30,000 profit.
 - €2,000 profit.
 - €58,000 profit.
7. A stock sheet with a total of €4,000 had not been included in the valuation of the end of year inventory. The net profit and the current assets in the statement of financial position are:
- correct.
 - understated.
 - understated net profit and overstated current assets.
 - overstated net profit and understated current assets.
8. The sales returns account is found in the:
- general ledger.
 - sales ledger.
 - sales returns journal.
 - sales journal.
9. Which of the following expenditure is not classified as a variable cost?
- Purchases of raw materials.
 - Direct manufacturing wages.
 - Commission on sales.
 - Production supervisors' wages.
10. Non-current assets plus current assets minus current liabilities is the:
- working capital of business.
 - return on capital employed of a business.
 - capital employed of a business.
 - none of the above.
11. a) "The purpose of depreciation is to spread the cost of a non-current asset over its useful economic life." Identify and explain the accounting concept. (3 marks)
- b) Name and explain the accounting concept applied in the creation of an allowance for doubtful debts. (3 marks)
- c) List **three** users of financial statements and identify their main interest. (3 marks)
- d) Distinguish between bank charges and bank overdraft interest charges. (2 marks)
- e) On 31 March 2016 the bank balance in the cash book of Gamri shows an overdraft of €2,650. On examining the bank statement he notices the following:

- I. He has omitted bank charges of €570.
- II. A direct debit of €460 for the payment of communication expenses had not been included in his cash book.
- III. Deposits into the bank of €3,250 were not yet recorded in the bank statement.
- IV. A receipt from a customer of €1,410 was only recorded in the bank statement.
- V. Cheques paid to suppliers of €6,800 had not been presented to the bank for payment.

Required

- i) An updated cash book at 31 March 2016. (5 marks)
- ii) A bank reconciliation statement at 31 March 2016. (4 marks)

12. a) The following information relates to two departments of a local store selling groceries and frozen foods:

| | Department A | Department B | Total |
|---------------------|--------------|--------------|---------|
| | € | € | |
| Sales | 800,000 | 400,000 | |
| Gross Profit | 400,000 | 40,000 | |
| Average inventory | 40,000 | 15,000 | |
| Wages | 285,000 | 9,000 | |
| Rent | | | 40,000 |
| Water & electricity | | | 8,000 |
| Selling expenses | | | 15,000 |
| Capital employed | | | 415,000 |
| Floor area | 90% | 10% | |

Rent and water & electricity are apportioned between the two departments on the basis of floor area whereas selling expenses are apportioned on the basis of sales.

Using the figures given above, calculate the following:

- i) Gross profit margin (%) for each department; (2 marks)
 - ii) Rate of inventory (stock) turnover for each department; (2 marks)
 - iii) Net profit of each department; (5 marks)
 - iv) Return on capital employed (%) of the business as a whole. (1 mark)
- b) Analysing the results of the above ratios, state which department sells the grocery goods giving **one** reason for your answer. (2 marks)
- c) Distinguish between allocation and apportionment. Give **one** example in each case. (3 marks)
- d) State the purpose of the profitability ratios and the liquidity ratios. (4 marks)
- e) State **one** benefit of long term borrowing. (1 mark)
13. a) What is a trade receivable control account (sales ledger control account)? (2 marks)
- b) List **four** books of original entry. (2 marks)
- c) What is the purpose of a manufacturing account? (2 marks)
- d) What is meant by 'direct cost' and 'indirect cost'? Give **one** example of each cost. (4 marks)
- e) From the following factory data prepare the manufacturing account of Manifattura Ltd.

| | |
|---------------------|--------|
| | € |
| Insurance | 12,500 |
| Water & electricity | 26,000 |

| | |
|---------------------------------------|---------|
| Sundry factory expenses | 9,400 |
| Wages : direct | 425,500 |
| : indirect | 165,500 |
| Depreciation of machinery | 46,000 |
| Factory rent | 24,000 |
| Opening inventory of raw materials | 52,000 |
| Closing inventory of raw materials | 56,000 |
| Purchases of raw materials | 480,000 |
| Power to run the machines | 19,000 |
| Royalties | 11,000 |
| Carriage inwards on raw materials | 12,900 |
| Opening inventory of work in progress | 24,500 |
| Closing inventory of work in progress | 22,500 |
| Repairs & maintenance | 31,000 |

(10 marks)

14. a) What is a partnership deed? (2 marks)
- b) What is a partnership profit and loss appropriation account? (2 marks)
- c) Distinguish between capital and current accounts in the books of a partnership. (4 marks)
- d) List **one** reason for a debit balance in a partner's current account. (2 marks)
- e) Mattea and Lara are partners in a business. The partnership agreement states that:
- Capital carries an interest rate of 5% per annum;
 - Mattea, who runs the business, has an annual salary of €20,000;
 - Profits and losses are to be shared equally between them.

Additional Information:

- On 1 January 2015 the following balances appeared in the books:

| | Mattea | Lara |
|---------|---------------|-------------|
| | € | € |
| Capital | 100,000 | 140,000 |
| Current | 5,800(Dr) | 4,100(Cr) |

- During the year ended 31 December 2015 they withdrew these amounts:

| | Mattea | Lara |
|----------|---------------|-------------|
| | € | € |
| Drawings | 32,000 | 18,500 |

- The remaining profit to be shared between the partners is €21,000.

Required

The Partners' current accounts.
marks)

(10

SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2016 SESSION

| | |
|---------------|-----------------------------|
| SUBJECT: | Accounting |
| PAPER NUMBER: | IIA |
| DATE: | 27 th April 2016 |
| TIME: | 9:00 a.m. to 11:05 a.m. |

Answer BOTH questions in Section A and ANY TWO questions from Section B.

SECTION A: Answer BOTH questions in this Section. This Section carries 60 marks.

1. Max has been in business for a number of years selling sports wear and sports equipment. He did not keep proper books of account but with the help of his son who is studying accounting he was able to extract the following details from the few records that are available.

| | 1 April 2015 | 31 March 2016 |
|-------------------------------|---------------------|----------------------|
| | € | € |
| Inventory at cost | 45,000 | 48,100 |
| Furniture & Fittings at cost | 60,000 | 85,000 |
| Accumulated depreciation | 24,000 | ? |
| Selling expenses still unpaid | 2,300 | 2,900 |
| Insurance paid in advance | 1,000 | 1,200 |
| Bank | 11,500 | 30,100 |
| Cash in hand | 300 | 200 |
| Trade receivables | 75,500 | 70,500 |
| Trade payables | 52,500 | 56,500 |
| Allownces for doubtful debts | 3,000 | ? |
| Capital | 111,500 | ? |

A summary of Max's bank statements for the year to 31 March 2016 includes:

| | € | | € |
|---------------------------------|---------|----------------------------|---------|
| Receipts from trade receivables | 680,100 | Payments to trade payables | 478,200 |
| Cash sales banked | 17,300 | Communication expenses | 25,200 |
| | | Water & electricity | 6,300 |
| | | Rent | 18,000 |
| | | Wages | 86,500 |
| | | Selling expenses | 11,400 |
| | | Insurance | 15,400 |
| | | General expenses | 12,800 |
| | | New fittings | 25,000 |

- i. The business sales are mainly on credit. However, Max has a few customers who pay immediately in cash. Cash sales are banked with the exception of:
 - €150 per week which are paid for cleaning expenses; and
 - €3,500 each month for Max's personal use.
- ii. Discounts amounting to €2,500 were received from trade creditors during the year.
- iii. Discounts of €3,500 were allowed to trade debtors during the year and €1,500 due from a debtor had been written off as irrecoverable debts.

- iv. Sales returns and purchases returns of €2,400 and €1,600 respectively have been recorded.
- v. The reducing balance method of depreciation is applied charging 40% on the non-current assets held in the business at the end of the year.
- vi. The trade receivables at the end of the year include an amount of €2,500 due from a debtor that is unlikely to be collected. In addition to this specific allowance, a general allowance of 2.5% of the remaining trade receivables is to be made.

Required

- a) The cash account. (5 marks)
 - b) The sales ledger control account and the purchase ledger control account. (8 marks)
 - c) A statement of profit or loss (income statement) for the year ended 31 March 2016 and a statement of financial position as at that date. (17 marks)
- (Total 30 marks)

2. On 1 January 2015 Foxes plc had the following balances in its books:

| | Cost € | Depreciation € |
|-----------|------------------|--------------------------|
| Equipment | 90,000 | ? |
| Machinery | 140,000 | 75,000 |

It is the company’s policy to depreciate equipment for each proportion of a year whereas a full year’s depreciation is charged on all machines in use at the end of each year.

The following table relates to the equipment owned by Foxes plc:

| Equipment No. | Date of Purchase | Cost- € | Depreciation |
|----------------------|-------------------------|----------------|---|
| E1 | 1 January 2012 | 35,000 | 5 years: €5,000 expected residual value |
| E2 | 1 July 2012 | 25,000 | 20% straight line |
| E3 | 1 April 2014 | 30,000 | 20% straight line |

Machinery is depreciated by 40% per annum using the reducing balance method. During the year ended 31 December 2015 the following transactions took place:

| | |
|--------------|---|
| 1 April 2015 | Equipment E1 was sold for €12,500. The cheque received was used to buy Equipment E4 costing €20,000. The balance of €7,500 will be paid by monthly installments starting in 2016. The new equipment is depreciated by charging 20% annually using the straight line method. |
|--------------|---|

Required

Show the following accounts and financial statement extracts as they would appear in the books of Foxes plc for the year ended 31 December 2015:

- a) Equipment account. (5 marks)
 - b) Allowance for Depreciation-Equipment account. (10 marks)
 - c) Disposal of Equipment account. (7 marks)
 - d) Allowance for Depreciation-Machinery account. (5 marks)
 - e) An extract of the statement of financial position showing the non-current assets. (3 marks)
- (Total 30 marks)

SECTION B: Answer any TWO questions. This Section carries 40 marks.

3. The Kids Health & Fun Club does not keep a full set of accounting records. However, the treasurer managed to extract the following details from the records that are available:

| Balances as at: | 1 April 2015 | 31 March 2016 |
|--------------------------------|--------------|---------------|
| | € | € |
| Equipment at cost | 25,500 | 25,500 |
| Prepaid subscriptions | 150 | 200 |
| Accrued subscriptions | 550 | ? |
| Accrued communication expenses | 210 | 160 |
| Prepaid communication expenses | 80 | 60 |
| Bar inventory | 870 | 920 |
| Bar payables | 750 | 830 |

A summary of receipts and payments for the year ended 31 March 2016 is as follows:

| | € |
|---------------------------|-------|
| Subscriptions | 9,150 |
| Communication expenses | 2,900 |
| General expenses | 1,250 |
| Bar takings | 8,450 |
| Payments to bar creditors | 6,380 |
| Rent | 2,000 |
| Insurance | 960 |
| Water & electricity | 630 |

The following additional information is also available:

- i. It is the club's policy to write off any subscriptions that have been in arrears for more than one year. During the year two members who owed last year's subscription have been struck off the membership list. The annual subscription fee of €50 per annum has remained the same as that of last year.
- ii. The club had 185 members on 31 March 2016 (after striking off from the club's register the two members who had failed to pay last year's subscription).
- iii. A full year's depreciation is to be charged on equipment at a rate of 10% per annum.

Required

- a) The subscriptions account. (7 marks)
- b) Communication expenses account. (3 marks)
- c) A bar trading account for the year ended 31 March 2016. (5 marks)
- d) An income and expenditure account for the year ended 31 March 2016. (5 marks)

(Total 20 marks)

Please turn the page.

4. The trial balance of Park Ltd at 31 March 2016 failed to agree. A suspense account has therefore been opened, and subsequently the following errors and omissions were discovered which, when corrected, eliminated the balance on the suspense account.
- The purchases returns day book had an undercast of €250.
 - An invoice of €500 issued to a credit customer was correctly posted to the sales ledger but incorrectly entered in the purchases day book.
 - Discounts received €350 were incorrectly posted to the discounts allowed account.
 - A refund for an insurance payment of €80 received during March was accounted for as a payment for insurance expenses.
 - A cheque of €750 received from Klopp Ltd has been returned by the bank marked “refer to drawer” but no accounting entries have been made.
 - A trade payable account of €1,200 of T.Kop, and a trade receivable account of €1,500 for the same person had to be offset but the set-off had been overlooked.

Required

- Journal entries to correct the above errors (narratives are not required). (14 marks)
 - A suspense account showing the difference in the trial balance. (6 marks)
- (Total 20 marks)

5. Win-it-All Ltd has an authorised ordinary share capital of 500,000 shares of €2 each. The company has issued 400,000 shares and during the year an interim dividend of 8% has been paid. The following balances are in the books at 31 March 2016, the end of the financial year:

| | € | | € |
|-------------------------------------|-----------|---------------------------------|-----------|
| Ordinary share capital | ? | Interim dividend | ? |
| Share premium | 50,000 | Sales | 1,600,000 |
| Retained earnings 1 April 2015 | 185,000 | Cost of sales | 950,000 |
| Property | 1,000,000 | Wages & salaries | 175,000 |
| Trade receivables | 142,150 | Selling expenses | 35,500 |
| Machinery | 400,000 | Water & electricity | 12,700 |
| Depreciation machinery 1 April 2015 | | Communication expenses | 8,600 |
| Machinery | 50,000 | Irrecoverable debts | 2,100 |
| Trade payables | 45,000 | Bank overdraft interest | 1,150 |
| Inventory 31 March 2016 | 151,000 | Rent received | 11,000 |
| 6% Debentures | 200,000 | Sundry expenses | 5,600 |
| Bank overdraft | 75,000 | General administrative expenses | 68,200 |

The above list of balances has not taken into account the following:

- Directors fees of €40,000 are still due.
- The interest on debentures for the year has not been paid.
- The annual depreciation on machinery of 25% using the reducing balance method.
- The rent receivable is €1,000 per month.
- A transfer of €25,000 to a general reserve.

Required

- A statement of profit or loss for the year ended 31 March 2016. (6 marks)
- The appropriation of the profit for the year. (6 marks)
- A statement of financial position at 31 March 2016. (8 marks)

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE EXAMINATIONS BOARD
UNIVERSITY OF MALTA, MSIDA

SECONDARY EDUCATION CERTIFICATE LEVEL

MAY 2016 SESSION

| | |
|---------------|-----------------------------|
| SUBJECT: | Accounting |
| PAPER NUMBER: | IIB |
| DATE: | 27 th April 2016 |
| TIME: | 9:00 a.m. to 11:05 a.m. |

Answer BOTH questions in Section A and ANY FOUR questions from Section B.

SECTION A: Answer BOTH questions in this Section. This Section carries 40 marks.

1. Martina has been in business for a number of years selling fashion wear. She did not keep proper books of account but she was able to extract the following details.

| | 1 April 2015 | 31 March 2016 |
|-------------------------------|---------------------|----------------------|
| | € | € |
| Inventory at cost | 35,000 | 37,500 |
| Furniture & fittings at cost | 40,000 | 40,000 |
| Accumulated depreciation | 24,000 | 28,000 |
| Selling expenses still unpaid | 2,100 | 2,600 |
| Insurance paid in advance | 1,000 | 1,200 |
| Bank | 1,500 | ? |
| Trade receivables | 15,500 | 27,200 |
| Trade payables | 9,600 | 16,500 |
| Allowances for doubtful debts | 3,000 | 3,400 |
| Capital | 54,300 | |

A summary of Marija's bank statements for the year to 31 March 2016 includes:

| | € | | € |
|---------------------------------|---------|----------------------------|---------|
| Receipts from trade receivables | 310,100 | Payments to trade payables | 198,200 |
| | | Communication expenses | 8,200 |
| | | Water & electricity | 2,300 |
| | | Rent | 6,000 |
| | | Wages | 26,500 |
| | | Selling expenses | 11,400 |
| | | Insurance | 15,400 |
| | | General expenses | 12,800 |
| | | Drawings | 26,000 |

The business purchases and sales are on credit.

Required

- d) The sales ledger control account and the purchase ledger control account. (6 marks)
- e) A statement of profit or loss (income statement) for the year ended 31 March 2016 and a statement of financial position as at that date. (14 marks)

(Total 20 marks)

2. The statement of financial position of Fruit & Veg Ltd at 31 December 2014 included the following balances:

| | Cost | Depreciation |
|-----------|-------------|---------------------|
| | € | € |
| Machinery | 60,000 | 25,000 |
| Equipment | 50,000 | 28,000 |

During the year ended 31 December 2015 the following non-current asset transactions took place:

1 Apr 2015 Old equipment bought on 1 October 2011 for €20,000 was sold for €5,000.

1 July 2015 The purchase of a new machine costing €15,000.

It is the policy of the company to provide a whole year's depreciation to the non-current assets held at the end of the financial year using the following methods and rates:

| | | |
|-----------|-------------------------|----------|
| Machinery | Reducing balance method | 25% p.a. |
| Equipment | Straight line method | 20% p.a. |

Required

- The machinery account. (3 marks)
 - The machinery allowance for depreciation account. (4 marks)
 - The equipment account. (3 marks)
 - The equipment allowance for depreciation account. (6 marks)
 - The disposal of equipment account. (4 marks)
- (Total 20 marks)

SECTION B: Answer ANY FOUR questions from this Section. This Section carries 60 marks.

3. Pinu is an inexperienced junior accountant. He has drawn up a trial balance but it failed to agree. The debit side exceeded the credit side by €2,600. On further examination he finds the following:

- A credit note received from a supplier of €80 had not been posted to the accounts.
- The purchases daybook had an undercast of €200.
- Payments of €800 to trade payables have not been posted to the purchases ledger.
- Payments of €1,600 for wages have been debited in the bank account.
- Goods withdrawn by the owner for his personal use, €400, were recorded only in the drawings account.

Required

- The journal entries to correct the above errors (narrations are not required). (10 marks)
 - The suspense account. (5 marks)
- (Total 15 marks)

4. The statements of financial position of the Ramblers Club on 31 December 2014 and 2015 include the following items:

| | 2014 | 2015 |
|----------------------------|-------|-------|
| | € | € |
| Current Assets | | |
| Other receivables: | | |
| Accrued subscriptions | 260 | 320 |
| Prepaid insurance | 200 | 300 |
| Current Liabilities | | |
| Other payables: | | |
| Prepaid subscriptions | 100 | 120 |
| Accrued wages | 1,600 | 2,100 |

During the year ended 31 December 2015 the following receipts and payments were recorded:

| | € |
|--------------------------|--------|
| Wages total for year | 22,300 |
| Insurance total for year | 3,150 |
| Subscriptions | 12,600 |

Required

- a) The subscriptions account. (7 marks)
- b) The wages account. (4 marks)
- c) The insurance account. (4 marks)

(Total
115 marks)

5. Toni, a wholesaler, effected the following transactions during the first week of February.

- 1 Feb** Purchased goods list price €20,000 from Easy Buy Ltd, trade discount being 20%. Paid €2,000 on account by cheque.
- 2 Feb** Sold some of these goods to Style Ltd on credit for €8,500 and some for cash for €2,400. Style Ltd returned some goods with a sales value of €500.
- 3 Feb** Paid Easy Buy Ltd by cheque the outstanding balance less 5 % cash discount.
- 4 Feb** Style Ltd settled 50% of the account by cheque, a cash discount of 5% being allowed on the amount settled.

Required

Record the above transactions in Toni's ledger.

(15 marks)

Please turn the page.

6. Momo Ltd has an authorised ordinary share capital of 500,000 shares of €1 each. The company has issued 400,000 shares. The following balances are in the books at 31 March 2016, the end of the financial year:

| | € |
|--------------------------------------|---------|
| Ordinary share capital: | |
| Authorised | 500,000 |
| Issued | 400,000 |
| Share premium | 50,000 |
| Retained earnings 1 April 2015 | 185,000 |
| Machinery | 400,000 |
| Depreciation machinery 31 March 2016 | 80,000 |
| Interim ordinary dividend | 48,000 |
| Trade payables | 45,000 |
| Inventory 31 March 2016 | 151,000 |
| 6% Debentures | 200,000 |
| Bank overdraft | 65,000 |
| Accrued interest on debentures | 6,000 |
| Property | 550,000 |
| Trade receivables | 51,000 |
| General reserve | 32,000 |
| Net profit for the year | 137,000 |

Required

- d) The appropriation of the profit for the year. (3 marks)
 e) A statement of financial position at 31 March 2016. (12 marks)
(Total 15 marks)

7. The following is a summary of the petty cash transactions of Sara in the first fifteen days of March 2016:

| | | € |
|-------|---------------------------------------|-----|
| March | 1 The receipt of the petty cash float | 200 |
| | 2 Postage | 17 |
| | 3 Cleaning | 24 |
| | 4 Travelling | 21 |
| | 7 Stationery | 26 |
| | 8 Diesel for delivery van | 25 |
| | 10 Cleaning | 24 |
| | 12 Travelling | 10 |
| | 13 Postage | 12 |
| | 14 Delivery van maintenance | 30 |

Required

Rule up a suitable petty cash book with analysis columns for expenditure on cleaning, postage and stationery, travelling, motor expenses and enter the above transactions.

Enter the receipt of the amount necessary to restore the imprest and carry down the balance.

(Total 15 marks)



| | |
|---------------|---------------------------|
| SUBJECT: | Accounting |
| PAPER NUMBER: | I |
| DATE: | 10 th May 2018 |
| TIME: | 4:00 p.m. to 6:05 p.m. |

Answer **ALL** questions.

Question 1-10 are multiple choice and carry 2 marks each. Questions 11-14 carry 20 marks each.

Write on the booklet the correct answer for each of the following.

2. The purpose of accounting concepts is to:
 - a) prepare the ledger accounts on a double entry system.
 - b) provide a basic framework for the preparation of financial statements.
 - c) correct errors.
 - d) ensure that the totals of the statement of financial position agree.

2. A withdrawal of cash from the bank for business use has the following correct double entry:

| Debit | Credit |
|---------------------|------------------|
| a) Cash account | Bank account |
| b) Drawings account | Bank account |
| c) Bank account | Cash account |
| d) Bank account | Drawings account |

3. The statement of financial position of Holly & Benji shows a total assets value of €220,000, of which the non-current assets carrying value is €150,000. The total liabilities of €65,000 include current liabilities of €35,000. From these figures, it may be ascertained that Holly & Benji's:
 - a) working capital was €185,000 and their capital employed was €35,000.
 - b) working capital was €35,000 and their capital employed was €185,000.
 - c) working capital was €185,000 and their capital employed was €155,000.
 - d) working capital was €155,000 and their capital employed was €185,000.

4. The proprietor of a business has paid for her personal water and electricity bill from the business bank account and in the calculation of profit it was treated as a business expense. Which accounting concept determines the correct accounting treatment?
 - a) Consistency concept.
 - b) Accruals concept.
 - c) Prudence concept.
 - d) Business entity concept.

5. When the totals of a trial balance disagree the difference is entered in:

- a) a suspense account.
 b) the journal.
 c) a statement to correct net profit.
 d) the capital account.
6. The partners in a business are entitled to a monthly salary. The correct double entry is:
- | Debit | Credit |
|--|---------------------------------------|
| a) Partners' current accounts | Profit and loss appropriation account |
| b) Partners' salaries accounts | Bank account |
| c) Profit and loss appropriation account | Partners' current accounts |
| d) Drawings account | Bank account |
7. The All Souls Band Club paid €4,250 for printing and stationery in its first year of existence. At the end of the year, the club owed €750 for this item. In its statements for the first year, the club showed:
- a) €4,250 in the income and expenditure account and €5,000 in the receipts and payments account.
 b) €5,000 in the income and expenditure account and €4,250 in the receipts and payments account.
 c) €750 in the income and expenditure account and €5,000 in the receipts and payments account.
 d) €5,000 in the income and expenditure account and €750 in the receipts and payments account.
8. Which of the following is not a book of prime (original) entry?
- a) Cash book.
 b) Petty cash book.
 c) Journal.
 d) Sales ledger.
9. Which of the following equations is correct?
- a) Share capital + debentures = shareholders' funds.
 b) Retained earnings + share premium = shareholders' funds.
 c) Share capital + reserves = shareholders' funds.
 d) Authorised share capital + issued share capital = shareholders' funds.
10. Julia marks up her goods by 25% on cost. Her sales for the year were €200,000 while her opening and closing inventory for the year were €20,000 and €30,000 respectively. From these figures it follows that her purchases for the same year were:
- a) €25,000.
 b) €40,000.
 c) €160,000.
 d) €170,000.
11. a) Which aspect of the financial statements is of main concern to the trade payables? Explain the reason for your answer. (3)

b) Name and explain the accounting concept applied in the annual transfer to the statement of profit or loss to account for an increase or decrease in the allowance for trade receivables. (3)

c) Distinguish between variable costs and fixed costs, giving **ONE** example of each cost classification. (2)

d) The following bank statement was received by Josephine Scicluna:

| | | | Debit | Credit | Balance |
|------|-------|--------------------------------|-------|--------|---------|
| | | | € | € | € |
| 2018 | | | | | |
| 1 | March | Balance | | | 50 Cr |
| 8 | March | V Valetta | 60 | | ?? ? |
| 21 | March | Credit transfer – C Ellul | | 100 | ?? ? |
| 27 | March | Standing order – loan interest | 70 | | ?? ? |
| 31 | March | Bank charges | 10 | | ?? ? |

Calculate each missing balance in the statement above, stating whether it is a debit or credit balance.

(2)

e) Prepare the manufacturing account for Cliff Dingli from the following list: (10)

| | € |
|---|---------|
| Purchase of raw materials | 600,000 |
| Opening inventory of raw materials | 65,000 |
| Closing inventory of raw materials | 70,000 |
| Carriage inwards on raw materials | 16,000 |
| Opening inventory of work in progress | 30,500 |
| Closing inventory of work in progress | 28,000 |
| Direct wages | 531,500 |
| Indirect wages | 206,500 |
| Rent of factory | 30,000 |
| Insurance of factory building and machinery | 15,500 |
| Fuel & power | 56,250 |
| Royalties | 13,750 |
| General factory expenses | 11,750 |
| Repairs & maintenance of factory machinery | 38,750 |
| Depreciation of factory machinery | 57,500 |

(Total: 20 marks)

Please turn the page.

12. a) Distinguish between the allocation and apportionment of expenses. (2)
- b) Give **TWO** reasons why a business would want to calculate the profit or loss of each of its different departments. (2)
- c) The trial balance shows a credit VAT balance. Explain how a credit balance arises and state where the VAT credit balance is entered in the financial statements. (2)
- d) Which accounting concept determines the different accounting treatment for revenue expenditure and capital expenditure? Explain the reasons for your answer. (2)
- e) The following are extracts from the statements of financial position of Laura's business as at 31 December 2016 and 2017:

| | 2016 | 2017 |
|----------------------------|-------|-------|
| | € | € |
| Current Assets | | |
| Insurance prepaid | 1,100 | 900 |
| Accrued rent receivable | 3,000 | - |
| Current Liabilities | | |
| Accrued wages | 1,400 | 1,600 |
| Prepaid rent receivable | - | 1,500 |

The following is an extract from the summarised Cash Book (Bank columns only) of Laura for the year ended 31 December 2017:

| | Debit | | Credit |
|---------------|--------|-----------|--------|
| | € | | € |
| Rent received | 22,500 | Wages | 17,800 |
| | | Insurance | 3,200 |

Prepare:

- i) The wages account. (4)
- ii) The insurance account. (4)
- iii) The rent receivable account. (4)

(4)
(Total: 20 marks)

13. a) What is a sales ledger control account and what is its purpose? (2)

b) Invoices issued, credit notes received, cheque counterfoils and an invoice for the purchase of a machine are source documents used to complete the books of original entry. For each of these documents, state the book for which the document is the source document. (2)

c) How does the money measurement concept effect the preparation of the financial statements? (2)

d) Which accounting profitability ratio provides the best evaluation of performance? Explain why. (2)

e) Jean started a business on 1 April 2017 but he kept very limited accounting records. He was able to provide you with the following information:

- A summary of the bank transactions for the year ended 31 March 2018 includes the following receipts and payments:

| | |
|---------------------------------|---------|
| | € |
| Receipts from trade receivables | 119,000 |
| Payments to trade payables | 88,000 |

- In addition to the credit sales, Jean had a few cash customers. The cash received was not deposited into the bank but instead it was used to pay a part time assistant wages of €100 weekly and personal drawings of €1,200 monthly. A cash float of €500 was in the business at 31 March 2018.

- Other balances at 31 March 2018:

| | |
|-------------------|--------|
| | € |
| Inventory | 18,000 |
| Trade receivables | 13,200 |
| Trade payables | 8,800 |

Prepare:

i) The trade receivables control account. (3)

ii) The trade payables control account. (3)

iii) The cash account. (3)

iv) The statement of profit or loss for the first year in business showing **only** the measure of gross profit. (3)

(Total: 20 marks)

Please turn the page.

14. Study the following statement of financial position extract and then answer the questions below.

Statement of financial position of Come plc as at 31 March 2018

| | € |
|-----------------------------|-----------|
| Issued share capital | |
| €2 ordinary share capital | 600,000 |
| Share premium | 150,000 |
| Retained earnings | 350,000 |
| | 1,100,000 |
| 5% Debentures | 400,000 |
| | 1,500,000 |

Note: Half of the shares were issued at a premium and paid in full.

The current market value of an ordinary share is €5.50.

- a) i) Calculate the annual interest that is payable to the debenture holders. (1)
 ii) Calculate the number of ordinary shares issued by the company to date. (1)
- b) i) A dividend of €0.30 per share was paid. Calculate the total dividend paid. (2)
 ii) Distinguish between the nominal value and market value of shares. (2)
- c) Mention **TWO** advantages of limited liability companies in contrast to unlimited liability business organisations. (2)
- d) i) What was the price paid for each share issued at a premium? (1)
 ii) What is the total amount of shareholders' funds? (1)

(1)

- e) Amber and Bella are in partnership. Their Partnership Deed provides for:
 Interest on capital at 5% per year.
 Salary to be paid to Bella of €700 per month.
 Any remaining profit or loss to be shared equally.
 Their books showed the following:

| | Amber | Bella |
|-----------------------------------|---------|--------|
| | € | € |
| Capital accounts (1 January 2017) | 120,000 | 90,000 |
| Current accounts (1 January 2017) | 800 Dr | 300 Cr |
| Cash drawings during 2017 | 17,500 | 30,000 |

Bella introduced €10,000 additional capital on 1 July 2017.

During the year Amber took €3,875 worth of goods for personal use from the business.

On 31 December 2017 their accounts showed a net profit for the year of €51,500.

Prepare:

- i) The appropriation account for the year ended 31 December 2017. (5)
 ii) The partners' current accounts. (5)

(Total: 20 marks)



| | |
|---------------|---------------------------|
| SUBJECT: | Accounting |
| PAPER NUMBER: | IIA |
| DATE: | 11 th May 2018 |
| TIME: | 4:00 p.m. to 6:05 p.m. |

Answer **BOTH** questions in Section A and **any TWO** questions from Section B.

SECTION A:

Answer BOTH questions in this section. This section carries 60 marks.

1. The following trial balance was extracted from the ledger accounts of Maria Young on 31 March 2018, the end of the business's financial year:

| | € | € |
|--|---------|---------|
| Capital | | 295,000 |
| Drawings | 37,500 | |
| Trade receivables | 42,000 | |
| Trade payables | | 35,500 |
| Cash at bank | 8,250 | |
| Buildings | 260,000 | |
| Allowance for buildings depreciation 1/04/2017 | | 30,000 |
| Equipment | 85,000 | |
| Allowance for equipment depreciation 1/04/2017 | | 8,500 |
| Motor vehicles | 38,000 | |
| Allowance for vehicles depreciation 1/04/2017 | | 14,400 |
| 5% Loan | | 50,000 |
| Inventory 1/04/2017 | 32,450 | |
| Allowance for doubtful debts 1/04/2017 | | 3,200 |
| Carriage on purchases | 8,400 | |
| Returns | 5,100 | 3,500 |
| Carriage on sales | 1,650 | |
| Purchases & sales | 387,100 | 535,500 |
| Wages & salaries | 55,000 | |
| Irrecoverable debts | 2,100 | |
| Rent received | | 10,000 |
| Insurance | 4,250 | |
| Water & electricity | 6,450 | |
| Interest on loan | 1,250 | |
| Discounts | 2,300 | 3,100 |
| General administrative expenses | 3,250 | |
| Communication expenses | 5,250 | |
| Delivery expenses | 3,400 | |
| | 988,700 | 988,700 |

This question continues on next page.

At the end of the financial year the following information has been provided by Maria:

- i) Closing inventory had a value of €36,500.
- ii) The interest on loan is payable every six months. The payment for the six months ended 31 March 2018 is still due.
- iii) The business receives rents of €1,000 monthly.
- iv) Records show that 175 overtime hours remunerated at €9 per hour were not included in the trial balance as payment will be made in April.
- v) The insurance payments include an annual payment of €1,200 for the year ending 30 June 2018.
- vi) The allowance for doubtful debts at 1 April 2017 was for a specific customer who has been declared bankrupt during this year. No accounting entries have been made. Moreover, in the year-end list of trade receivables an account of €2,400 was identified as unlikely to be collected.
- vii) On 31 March 2018 administrative expenses of €1,800 were still unpaid and a payment of €600 which is included in the trial balance relates to a payment in advance.
- viii) The business provides a full year depreciation on the assets held at the end of the year as follows:

| | |
|----------------|-----------------------------|
| Buildings | 2% straight line method |
| Motor vehicles | 20% reducing balance method |
| Equipment | 10% straight line method |

Required:

- f) The statement of profit or loss for the year ended 31 March 2018. (18)
- g) The statement of financial position as at 31 March 2018. (12)

(Total: 30 marks)

2. The draft financial statements of Tina Tanti for the year ending 31 March 2018 failed to agree. A suspense account has therefore been opened, and subsequently the following errors and omissions were discovered which, when corrected, eliminated the balance on the suspense account.

- i) Invoices received from credit suppliers €950 were correctly entered in the purchases ledger but incorrectly posted to the sales journal.
- ii) An amount of €600 received from commissions was credited in the bank account.
- iii) Discount of €400 allowed to a credit customer had been correctly posted in the receivable account, but it was included in the cash book with the discounts received.
- iv) Goods withdrawn by the proprietor for personal use €850 were only recorded in the drawings account.
- v) The sales returns day book had an undercast of €200.
- vi) A cash sale of €110 was credited in the trade receivables account.

It was also noted that machinery costing €12,000 which had been acquired in April 2014 was sold in April 2017 for €1,600 cash. It is the policy of the business to charge 40% depreciation per annum using the reducing balance method, charging a full year depreciation in the year of purchase and nothing in the year of sale. After the preparation of the financial statements it was realised that no accounting entries were made to record the disposal of the asset and in error the machinery account balance included this machine.

Required:

- a) Journal entries to correct errors (i) to (vi) (narratives are not required). (12)
 - b) A suspense account showing the difference in the trial balance. (6)
 - c) The disposal of machinery account. (4)
 - d) A statement to correct net profit for the year, starting from a draft profit of €37,000. (8)
- (Total: 30 marks)**

Please turn the page.

SECTION B:

Answer any TWO questions. This section carries 40 marks.

3. The cash book of All Colours Ltd showed a balance of €870 at the bank on 31 March 2018 while the bank statement showed €741 on the same date. On investigation you find that:
- i) A standing order for a journal subscription of €120 had been paid by the bank on 30 March 2018 but no entry had been made in the cash book.
 - ii) Cheques from customers amounting to €547 which were entered in the cash book on 31 March 2018, were not credited by the bank until the following day.
 - iii) Cheques for €910 sent to trade payables on 31 March 2018 and entered in the cash book were not paid by the bank until 7 April 2018.
 - iv) A cheque of €550 received from a trade receivable was returned by the bank due to the customer's insufficient funds. The bank debited All Colour's account but no entry was made in the company's books.
 - v) On 30 March 2018, a credit transfer of €225 in settlement of the balance in a customer's account was received by the bank but no entry was made in the books of All Colours Ltd.
 - vi) Bank charges of €35 had not been entered in the cash book.
 - vii) On 23 March 2018, a cheque for €228 was received from a customer in settlement of an invoice for €240. An entry of €240 was made in the cash book.

Required:

- a) An up-dated cash book showing the new bank balance on 31 March 2018. (13)
- b) A statement to reconcile the difference between the new up-to-date balance in the cash book and the balance in the bank statement on 31 March 2018. (7)

(Total: 20 marks)

4. The following list of balances and results has been taken from the financial statements of James Yankee at 31 December 2017:

| | € |
|-------------------------------|---------|
| Sales | 450,000 |
| Gross Profit | 81,000 |
| Net Profit | 40,500 |
| Net non-current assets | 137,000 |
| Inventory at 31 December 2017 | 35,000 |
| Trade receivables | 38,000 |
| Trade payables | 45,000 |
| Bank overdraft | 5,000 |
| Cash in hand | 2,000 |
| 6% Loan | 30,000 |
| Capital | 132,000 |

The following are the most recent industry averages published by the trade association.

| | |
|----------------------------|-------|
| Gross profit margin | 25.0% |
| Net profit margin | 12.0% |
| Return on capital employed | 19.0% |
| Current ratio | 2.1:1 |

Quick (acid test) ratio

1.6: 1

Required:

a) Calculate the following ratios for the business of James Yankee:

- i) Gross profit margin; (2)
- ii) Net profit margin; (2)
- iii) Return on capital employed; (3)
- iv) Current ratio; (3)
- v) Quick asset ratio. (3)

b) Evaluate the performance and the liquidity position of James Yankee's business and suggest **ONE** possible reason for the difference between the business's ratios and the industry averages.

(7)

(Total: 20 marks)

5. The Active Aging Social Club does not keep a full set of accounting records. However, the treasurer managed to extract the following details from the records that are available:

| Balances as at: | 1 January 2017 | 31 December 2017 |
|------------------------------|----------------|------------------|
| | € | € |
| Equipment at net book value | 19,500 | 17,000 |
| Prepaid subscriptions | 300 | 200 |
| Accrued subscriptions | 900 | 1,200 |
| Accrued electricity expenses | 420 | 490 |
| Prepaid insurance | 260 | 320 |
| Bar inventory | 1,200 | 1,350 |
| Bar payables | 2,400 | 1,400 |

A summary of the receipts and payments for the year ended 31 December 2017 is as follows:

| | € |
|-------------------------------------|--------|
| Subscriptions | 13,900 |
| General club expenses | 8,250 |
| Bar takings | 12,600 |
| Payments to bar creditors | 9,400 |
| Rent | 4,000 |
| Insurance | 810 |
| Electricity | 930 |
| Net receipts from social activities | 1,850 |

The following additional information is also available:

- i. It is the club's policy to write off any subscriptions that have been in arrears for more than one year. During the year four members who owed last year's subscription have been struck off the membership list. The annual subscription fee of €100 has remained the same as that of last year.
- ii. The club did not buy or sell equipment during the year.

Required:

- a) The subscriptions account for the year ended 31 December 2017. (7)
- b) The bar trading account for the year ended 31 December 2017. (5)
- c) The income and expenditure account for the year ended 31 December 2017. (8)

(Total: 20 marks)

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2018 MAIN SESSION**

| | |
|---------------|---------------------------|
| SUBJECT: | Accounting |
| PAPER NUMBER: | IIB |
| DATE: | 11 th May 2018 |
| TIME: | 4:00 p.m. to 6:05 p.m. |

Answer **BOTH** questions in Section A and **any FOUR** questions from Section B.

SECTION A:

Answer BOTH questions in this section. This section carries 40 marks.

1. Peter Spiteri is a sole trader. He managed to extract the following trial balance from the ledger as at 31st March 2018:

| | € | € |
|--|---------|---------|
| Capital | | 77,000 |
| Delivery vans at cost | 23,700 | |
| Office equipment at cost | 13,200 | |
| Allowance for depreciation as at 1 st April 2017: Vans | | 5,000 |
| Allowance for depreciation as at 1 st April 2017: Equipment | | 2,000 |
| Purchases | 87,600 | |
| Sales | | 153,300 |
| Drawings | 22,200 | |
| Administrative expenses | 7,600 | |
| Distribution expenses | 9,220 | |
| Wages and salaries | 20,000 | |
| Van repairs and maintenance | 3,500 | |
| Trade receivables | 36,100 | |
| Trade payables | | 19,300 |
| Inventory as at 1 st April 2017 | 23,000 | |
| Bank | 10,480 | |
| | 256,600 | 256,600 |

The following information is also available as at 31st March 2018:

- i) Inventory as at 31st March 2018 was valued at €24,500.
- ii) Employees worked 150 overtime hours at €9 per hour during March 2018. The overtime has not been accounted for as it will be paid in April 2018.
- iii) The cost of €700 for a new laptop was debited to administrative expenses.
- iv) Van repairs and maintenance costs include a €1,800 premium paid on a maintenance agreement covering the period 1st April 2017 to 30th September 2018.
- v) An amount of €600 due from a trade receivable is to be written off as an irrecoverable debt.

- vi) An allowance for doubtful debts of €500 is to be created.
- vii) Depreciation is to be charged on delivery vans at 20% per annum on cost and on office equipment at 10% per annum on cost.

Required:

a) The statement of profit or loss for the year ended 31st March 2018. (12)

b) The statement of financial position as at that date. (8)

(Total: 20 marks)

2. On preparing the trial balance Jennifer noted that it failed to agree. She entered the difference in a suspense account and after checking the accounts she found the following errors:

- i) Purchases of goods from S Mangion €380 were posted to the personal account as €80.
- ii) The purchases day book was overcast by €25.
- iii) Discount of €34 allowed to D Palmier was entered on the debit side of the personal account.
- iv) A credit sale of €96 was incorrectly entered as €69 in the accounts.
- v) Sales returns of €120 were debited in the returns outwards account.
- vi) €20 received from C Cachia was credited in error in C Cauchi's account.

Required:

a) Prepare the journal entries to correct the above errors (narrations are not required). (12)

b) The suspense account showing the difference in the trial balance. (8)

(Total: 20 marks)

SECTION B:

Answer any FOUR questions from this section. This section carries 60 marks.

3. Ramon has a car hire garage. On 1st January 2014, he bought a car costing €15,200 on credit from New Cars Ltd. This car was depreciated using the reducing balance method at the rate of 20% per annum. He disposed of it on 1st January 2017 for €7,000 cash and on the same date he bought another car for €18,600 paying by cheque.

Required:

a) The motor car account for the four years 2014 to 2017. (4)

b) The motor car allowance for depreciation account for the four years 2014 to 2017. (5)

c) The motor car disposal account. (4)

d) Show how the motor car would be shown in the statement of financial position at 31st December 2017.

(2)

(Total: 15 marks)

4. The following are some of the balances which appear in the books of Kate Meilaq on 1st January 2018:

| | | € |
|--------------------------------|------------------|--------|
| Cash Book (Debit bank balance) | | 5,500 |
| Purchases Ledger | J Borg | 900 |
| | R Mangion | 420 |
| Sales Ledger | R Bonnici | 160 |
| | D Privitelli | 940 |
| General Ledger | Sales | 15,000 |
| | Purchases | 8,350 |
| | Returns outwards | 400 |

During the month of January 2018 the following transactions took place:

| January | |
|---------|---|
| 6 | Received cheque from R Bonnici in settlement of amount outstanding on 1 st January 2018. |
| 7 | Sent cheque in settlement of J Borg's account less 3% cash discount. |
| 9 | Sold goods on credit to R Bonnici list price €1,000 less 20% trade discount. |
| 12 | Purchased goods on credit from R Mangion list price €3,200 less 25% trade discount. |
| 14 | Sold goods on credit to D Privitelli €600. |
| 15 | Returned goods to R Mangion list price €200 on which 25% trade discount had been deducted. |
| 24 | Sold goods on credit €1,600 to R Mangion. An account for R Mangion was opened in the sales ledger for this transaction. |
| 30 | R Mangion's account in the sales ledger was set off against his account in the purchases ledger. |

Required:

- Open the ledger accounts in the books of Kate Meilaq on 1st January 2018. (3)
- Enter the transactions for the month of January 2018 in the ledger accounts. (8)
- Balance the accounts in the sales and purchases ledgers at 30th January 2018. (4)

(Total: 15 marks)

Please turn the page.

5. Shown below is the cash book summary (bank columns only) of Mandy Portelli for the month of February 2018:

Cash Book

| 2018 | | € | 2018 | | € |
|--------|-------------|--------------|--------|-----------------------|--------------|
| Feb 1 | Balance b/d | 7,600 | Feb 7 | Water and Electricity | 400 |
| Feb 5 | P Tabone | 800 | Feb 12 | Stationery | 60 |
| Feb 25 | A Borg | 560 | Feb 15 | Salaries | 4,800 |
| | | | Feb 20 | F Falzon | 940 |
| | | | Feb 26 | D Camilleri Borg | 600 |
| | | | Feb 28 | Balance c/d | 2,160 |
| | | 8,960 | | | 8,960 |

Bank Statement

| 2018 | | Debit € | Credit € | Balance € |
|--------|---------------------------------|------------|-------------|--------------|
| Feb 1 | Balance b/f | | | 7,600 |
| Feb 7 | Cheque | | 800 | 8,400 |
| Feb 10 | Cheque (water and electricity) | 400 | | 8,000 |
| Feb 14 | Cheque (stationery) | 60 | | 7,940 |
| Feb 18 | Cheque (salaries) | 4,800 | | 3,140 |
| Feb 22 | F Falzon | 940 | | 2,200 |
| Feb 25 | Standing Order: Advertising Ltd | 50 | | 2,150 |
| Feb 26 | A Cassar credit transfer | | 125 | ? |
| Feb 28 | Bank charges | 12 | | ? |

Required:

- Update the cash book as at 28th February 2018. (7)
- Calculate the missing bank balance in the bank statement as on 28th February 2018. (2)
- Prepare a bank reconciliation statement for the month of February 2018. (6)

(Total: 15 marks)

6. Poppy Debono manages a traditional retail shop which she split into two departments: stationery and sweets. The floor area occupied for stationery and sweets is in the ratio 2:3.

Information for the year ended 31st December 2017 is given below:

| | Stationery € | Sweets € |
|-------------------------------------|------------------------|--------------------|
| Inventory 1 st January | 1,800 | 4,200 |
| Purchases | 35,200 | 48,800 |
| Sales | 45,000 | 75,000 |
| Inventory 31 st December | 1,000 | 3,000 |
| Salaries | 4,350 | 4,700 |

- i) Rent payments during the year for eighteen months to 30th June 2018 were €4,500.
- ii) Water and electricity paid during the year amounted to €2,000 and €400 accrued.
- iii) Expenses for advertising on periodicals and billboards incurred during the year amounted to €3,200.

Rent and water and electricity are apportioned between the departments on the basis of floor area, whilst advertising expenses are divided using the ratio of sales.

Required:

- a) The statement of profit or loss for the year ended 31st December 2017 showing the gross profit and net profit for each department (totals are not required). (11)
- b) Calculate the following ratios for each department **and** for the business as a whole:
 - Gross profit mark up. (2)
 - Net profit margin. (2)

(Total: 15 marks)

Please turn the page.

7. Dance With Me Social Club has prepared the following Receipts and Payment account for the year ended 31st December 2017:

Receipts and Payments Account

| 2017 | | € | 2017 | | € |
|-------|-------------------------|----------------------|--------|---------------------|----------------------|
| Jan 1 | Balance b/d | 620 | | Bar Wages | 6,400 |
| | Subscriptions | 5,600 | | Wages for security | 1,200 |
| | Donations | 700 | | Rent | 450 |
| | Fund raising activities | 365 | | Communication | 250 |
| | Bar sales | 9,850 | | Water & Electricity | 980 |
| | | | | Dance expense | 575 |
| | | | | Maintenance | 365 |
| | | | | Bar purchases | 6,400 |
| | | | Dec 31 | Balance c/d | 515 |
| | | <u>17,135</u> | | | <u>17,135</u> |

The following information was also recorded by the treasurer of the club:

- i) Subscriptions received during the year included €280 which were in arrears from 2016, and €160 were paid in advance for the year 2018.
- ii) There were €60 prepaid subscriptions on 1st January 2017.
- iii) On 31st December 2017, €65 subscriptions for the year were still unpaid.
- iv) The bar inventory at 31st December 2017 was €1,330. There had been no bar inventory at the beginning of the period. All bar purchases were made on cash basis terms.

Required:

- a) The subscriptions account. (5)
- b) The bar trading and profit and loss account showing any profit or loss. (3)
- c) The income and expenditure account for 2017. (7)

(Total: 15 marks)

Appendix G: Workings, Marking Scheme, and Subjective Categorisation of SEC Accounting Exam Papers

Accounting Past Paper 2014 – Paper 1

Questions 1-10

| Number | Answer | Marks | Cognitive skill |
|--------|--------|-------|-----------------------------|
| 1 | B | 2 | Knowledge and comprehension |
| 2 | B | 2 | Knowledge and comprehension |
| 3 | D | 2 | Application |
| 4 | D | 2 | Application |
| 5 | B | 2 | Knowledge and comprehension |
| 6 | B | 2 | Analysis |
| 7 | A | 2 | Knowledge and comprehension |
| 8 | C | 2 | Analysis |
| 9 | D | 2 | Synthesis |
| 10 | A | 2 | Knowledge and comprehension |

Question 11

Part A - Update the Cashbook. (4 marks)

Updated Cashbook

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|--------------------------|--|------|-----------------|
| ½ | Application | 30 Apr Bal b/d 150 | 30 Apr Communication expenses 65 | 1 | Analysis |
| 1 | Analysis | 30 Apr A. Gatt 250 | 30 Apr Bank charges 30 | 1 | Application |
| | | 30 Apr Bal c/d 305 | 305 | ½ | Application |
| | | <u>400</u> | <u>400</u> | | |

Part B – Bank Reconciliation process. (6 marks)

Bank Reconciliation Statement as at 30th April 2014

| | € | Mark | Cognitive skill |
|-------------------------------|---------|------|--------------------------|
| Updated cashbook balance | 305 | 1 | Application |
| Unpresented cheques | 2,125 | 2 | Synthesis and evaluation |
| | 2,430 | | |
| Bank lodgements | (2,000) | 2 | Synthesis and evaluation |
| Balance as per bank statement | 430 | 1 | Application |

| Letter | Question | Marks | Cognitive Skills |
|--------|--|-------|---|
| C | Distinguish between a credit transfer and a direct debit. | 4 | 2 marks – Knowledge and comprehension 2 marks - Analysis |
| D | Explain the difference between a bank overdraft and a bank loan. | 4 | 2 marks – Knowledge and comprehension 2 marks - Analysis |
| E | What is a bank reconciliation statement? | 2 | Knowledge and comprehension |

Question 12

Part A – Prepare the Manufacturing Account. (10 marks)

Manufacturing account for the year ended 30th April 2014

| | € | € | Mark | Cognitive skill |
|------------------------------------|---|---------|------|-----------------|
| Opening inventory of raw materials | | 6,000 | ½ | Application |
| Purchases of raw materials | | 50,000 | ½ | Application |
| Closing inventory of raw materials | | (7,000) | ½ | Application |
| Cost of raw material used | | 49,000 | | |
| Direct wages | | 35,000 | ½ | Application |
| Prime cost | | 84,000 | 1 | Application |
| <u>Factory overheads</u> | | | | |

| | | | | |
|--------------------------------------|--------|---------|-----|-------------|
| General factory expenses | 6,500 | | 1 | Application |
| Water and electricity (75% x 26,000) | 19,500 | | 1 ½ | Application |
| Rent (66% x 21,000) | 14,000 | | 1 ½ | Application |
| Depreciation (15% x 180,000) | 27,000 | | 1 | Application |
| | | 67,000 | | |
| | | 151,000 | | |
| Opening work in progress | | 9,000 | ½ | Application |
| Closing work in progress | | (8,000) | ½ | Application |
| Cost of finished goods produced | | 152,000 | 1 | Application |

| Letter | Question | Marks | Cognitive Skills |
|--------|---|-------|--|
| B | What is the purpose of the manufacturing account? | 2 | Knowledge and comprehension |
| C | What is a direct cost and an indirect cost? Give one example of each. | 4 | 2 marks – Knowledge and comprehension 2 marks - Application |
| D | Name the elements of cost that make up the prime cost. | 2 | Knowledge and comprehension |
| E | Distinguish between fixed and variable costs. | 2 | 1 mark – Knowledge and comprehension 1 mark - Analysis |

Question 13

Part A – Subscriptions account. (8 marks)

Subscriptions Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|---------------------------------|--------------------------------|------|--------------------------|
| 1 | Analysis | Bal b/d 100 | Receipts and payments 1,730 | 1 | Application |
| 2 | Analysis | Income and expenditure 1,575 | Income and expenditure 20 | 2 | Synthesis and evaluation |

| | | | | | | | |
|---|----------|---------|--------------|---------|--------------|---|----------|
| 1 | Analysis | Bal c/d | 150 | Bal c/d | 75 | 1 | Analysis |
| | | | <u>1,825</u> | | <u>1,825</u> | | |

| Letter | Question | Marks | Cognitive Skills |
|--------|---|-------|--|
| B | What is meant by a not-for-profit entity? | 2 | Knowledge and comprehension |
| C | What is an accumulated fund? | 2 | Knowledge and comprehension |
| D | Distinguish between a receipts and payments account and an income and expenditure account. Name and explain two accounting concepts that are applied in the accounting for trade receivables. | 4 | 1 mark – Knowledge and comprehension 3 marks - Analysis |
| E | | 4 | 1 mark – Knowledge and comprehension 3 marks - Analysis |

Question 14

| Letter | Question | Marks | Cognitive Skills |
|--------|---|-------|--|
| A | Distinguish between a trade discount and a cash discount. Explain how they are treated in the accounts. | 4 | 1 mark – Knowledge and comprehension 3 marks - Analysis |
| B | What is the purpose of the books of original entry? | 2 | Knowledge and comprehension |
| C | List four books of original entry. | 2 | Knowledge and comprehension |
| D | What is the purpose of the suspense account? | 2 | Knowledge and comprehension |

Part E – Correction of errors. 10 marks (Analysis)

The Journal

| | | Dr | Cr |
|----|------------------------|-------|-------|
| | | € | € |
| i. | Machine Mcquick Ltd | 8,000 | 8,000 |

| | | | |
|------|---------------------|-----|-----|
| ii. | Discount received | 250 | |
| | Suspense | | 250 |
| | Discount allowed | 250 | |
| | Suspense | | 250 |
| iii. | Irrecoverable debts | 120 | |
| | Trade receivables | | 120 |
| iv. | Cash | 15 | |
| | Purchases | | 15 |
| v. | Trade receivable | 600 | |
| | Sales | | 600 |

Accounting Past Paper 2014 – Paper 2A

Question 1 (30 marks)

Appropriation Account for the year ended 31st March 2014

| | € | Mark | Cognitive skill |
|----------------------------------|----------|------|--------------------------|
| Net profit for the year | 138,690 | | |
| Retained profits | 40,000 | | |
| | 178,690 | 1 | Application |
| Transfer to general reserve | (50,000) | 1 | Analysis |
| | 128,690 | | |
| Interim dividend | (12,000) | 1 | Synthesis and evaluation |
| Retained profits carried forward | 116,690 | 1 | Application |

Income Statement for the year ending 31st March 2014

| | € | € | Mark | Cognitive skill |
|------------------------------|----------|----------|------|--------------------------|
| Sales | | 288,500 | ½ | Application |
| Returns inwards | | (8,000) | ½ | Analysis |
| Net sales | | 280,500 | | |
| <u>Cost of sales</u> | | | | |
| Opening inventory | 30,000 | | ½ | Application |
| Purchases | 103,000 | | 3 | Synthesis and evaluation |
| Returns outwards | (6,000) | | ½ | Analysis |
| Net purchases | 97,000 | | | |
| | 127,000 | | | |
| Closing inventory | (53,000) | | ½ | Application |
| Cost of sales | | (74,000) | | |
| Gross profit | | 206,500 | ½ | Application |
| <u>Expenses</u> | | | | |
| Rent and insurance | 5,018 | | 1 ½ | Analysis |
| Wages and salaries | 10,200 | | 1 ½ | Analysis |
| Depreciation: | | | | |
| Buildings | 1,000 | | 1 | Synthesis and evaluation |
| Plant and machinery | 2,500 | | 2 | Synthesis and evaluation |
| Office equipment | 9,000 | | 2 | Synthesis and evaluation |
| Allowance for doubtful debts | 610 | | 1 | Synthesis and evaluation |
| Selling and distribution | 12,000 | | ½ | Application |
| Interest on bank loan | 1,360 | | ½ | Application |
| Water and electricity | 8,000 | | ½ | Application |
| Directors' remuneration | 5,000 | | ½ | Application |
| Printing and stationery | 6,010 | | ½ | Application |
| Communication expenses | 7,112 | | ½ | Application |
| | | (67,810) | | |
| Net profit | | 138,690 | 1 | Application |

Statement of Financial Position as at 31st March 2014

| | € | € | € | Mark | Cognitive skill |
|--|---------|----------|---------|------|-------------------------|
| <u>Assets</u> | | | | | |
| <u>Non-Current Assets</u> | | | | | |
| Land and buildings | 200,000 | (3,000) | 197,000 | | |
| Plant and machinery | 25,000 | (7,500) | 17,500 | | |
| Office equipment | 45,000 | (7,000) | 18,000 | | |
| | 270,000 | (37,500) | 232,500 | | |
| | ½ | ½ | ½ | | Analysis Application |
| <u>Current Assets</u> | | | | | |
| Closing inventory | | 53,000 | | ¼ | Application |
| Trade receivables | 50,000 | | | | |
| Allowance for trade receivables | (5,610) | | | | |
| | | 44,390 | | ½ | Analysis |
| Other receivables | | 1,000 | | ½ | Analysis |
| Bank and cash | | 28,000 | | ¼ | Application |
| | | | 126,390 | | |
| Total assets | | | 358,890 | | |
| <u>Shareholders' funds and liabilities</u> | | | | | |
| <u>Issued share capital</u> | | | | | |
| 600,000 Ordinary shares at 25c each | | | 150,000 | ½ | Application |
| <u>Reserves</u> | | | | | |
| General reserve | | 58,000 | | ½ | Application |
| Retained profits | | 116,690 | | ½ | Application |
| | | | 174,690 | | |
| Total shareholders' funds | | | 324,690 | | |
| <u>Non-current liabilities</u> | | | | | |
| Bank loan | | 12,000 | | ½ | Application |
| <u>Current liabilities</u> | | | | | |
| Trade payables | 22,000 | | | ½ | Application |
| Other payables | 200 | | | ½ | Analysis |
| Total current liabilities | | 22,200 | | | |
| Total liabilities | | | 34,200 | | |
| Shareholders' funds and liabilities | | | 358,890 | 1 | Application |

Question 2

Part A – Cash Account

Cash Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|--------------------------|-------------------|--------------------|------|-----------------|
| 1 | Analysis | 1 Jan Bal b/d 200 | Bank 50,500 | ½ | Application |
| 2 | Synthesis and evaluation | Sales 59,170 | Drawings 5,500 | ½ | Application |
| | | | Cleaning 3,120 | ½ | Application |
| | | | 31 Dec Bal c/d 250 | ½ | Application |
| | | <u>59,370</u> | <u>59,370</u> | | |

Part B – Prepare the Sales edger Control Account and the Purchases Ledger Control Account

Sales Ledger Control Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|--------------------------|-------------------|----------------------|------|-----------------|
| ½ | Application | 1 Jan Bal b/d 358 | Bank 9,705 | 1 | Application |
| 1 | Synthesis and evaluation | Sales 9,946 | Discount allowed 120 | 1 | Application |
| | | | Bad debt 58 | 1 | Application |
| | | | 31 Dec Bal c/d 421 | ½ | Application |
| | | <u>10,304</u> | <u>10,304</u> | | |

Purchases Ledger Control Account

Purchases Ledger Control Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|-----------------------|------------------------|------|--------------------------|
| 1 | Application | Bank 37,014 | 1 Jan Bal b/d 2,150 | ½ | Application |
| 1 | Application | Discount received 740 | Purchases 36,390 | 1 | Synthesis and evaluation |
| ½ | Application | 31 Dec Bal c/d 786 | | | |
| | | <u>38,540</u> | <u>38,540</u> | | |

Part C – Prepare the Income Statement and the Statement of Financial Position (16 marks)

Income Statement for the year ended 31st December 2013

| | € | € | Mark | Cognitive skill |
|----------------------|---------------|---------------|------|-----------------|
| Sales | | 69,116 | ½ | Analysis |
| <u>Cost of sales</u> | | | | |
| Opening inventory | 931 | | ½ | Application |
| Purchases | 36,390 | | ½ | Analysis |
| | <u>37,321</u> | | | |
| Closing inventory | (1,240) | | ½ | Application |
| Cost of sales | | (36,081) | | |
| Gross profit | | <u>33,035</u> | ½ | Application |
| <u>Other income</u> | | | | |
| Bank interest | | 195 | ½ | Analysis |
| Discount received | | 740 | ½ | Application |
| | | <u>33,970</u> | | |
| <u>Expenses</u> | | | | |
| Cleaning | 3,120 | | ½ | Application |
| Discount allowed | 120 | | ½ | Application |
| Irrecoverable debt | 58 | | ½ | Application |
| Depreciation: | | | | |
| Shop fittings | 1,210 | | ½ | Application |
| Shop equipment | 1,422 | | ½ | Application |
| Rent | 6,676 | | 1 ½ | Analysis |

| | | | | |
|-----------------------|--------|----------|-----|-------------|
| Water and electricity | 1,411 | | 1 ½ | Analysis |
| Sundry expenses | 1,792 | | ¼ | Application |
| Wages | 10,398 | | ¼ | Application |
| Bank charges | 314 | | ½ | Application |
| | | (26,521) | | |
| Net profit | | 7,449 | ½ | Application |

Statement of Financial Position as at 31st December 2013

| | € | € | € | Mark | Cognitive skill |
|---------------------------------------|--------|----------|---------|------|-------------------------|
| <u>Non-current assets</u> | | | | | |
| Shop fittings | 12,100 | (9,360) | 2,740 | | |
| Shop equipment | 19,634 | (13,007) | 6,627 | | |
| | 31,734 | (22,367) | 9,367 | | |
| | ½ | ½ | ½ | | Analysis Application |
| <u>Current assets</u> | | | | | |
| Closing inventory | | 1,240 | | ½ | Application |
| Trade receivables | | 421 | | ¼ | Application |
| Other receivables | | 824 | | ½ | Analysis |
| Bank savings account | | 7,107 | | ½ | Analysis |
| Bank account | | 407 | | ¼ | Application |
| Cash account | | 250 | | ¼ | Application |
| | | | 10,249 | | |
| Total assets | | | 19,616 | | |
| <u>Capital and liabilities</u> | | | | | |
| Capital at beginning | | | 17,718 | | |
| Net profit | | | 7,449 | ¼ | Application |
| Drawings | | | (6,547) | ¼ | Application |
| | | | 18,620 | | |
| <u>Current liabilities</u> | | | | | |
| Trade payables | | 786 | | ¼ | Application |
| Other payables | | 210 | | ½ | Analysis |
| | | | 996 | | |

| | | | | |
|-------------------------|--|--------|---|-------------|
| Capital and liabilities | | 19,616 | ½ | Application |
|-------------------------|--|--------|---|-------------|

Question 3

Part A – Prepare the appropriate accounts and calculate the amount to be transferred to the Income Statement

Rent account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill | | |
|------|-----------------|--------------------------|--|--------------------|--|------------|--------------------------|
| ½ | Application | Apr- Mar 31 Mar | Bank 2,000 Bal c/d 600 <hr/> 2,600 | 1 Apr 31 Mar | Bal b/d 200 Income statement 2,400 <hr/> 2,600 | 1 1 | Analysis Analysis |

Commission Receivable account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill | | |
|------|--------------------------|------------------|---|------------------|--|---|-------------|
| 1 | Analysis | 1 | | Apr - | | ½ | Application |
| 1 | Synthesis and evaluation | Apr 31 Mar | Bal b/d 50 Income statement 620 <hr/> 670 | Mar 31 Mar | Bank 570 Bal c/d 100 <hr/> 670 | 1 | Analysis |

Insurance account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill | | |
|------|-----------------|-------------|-------------|-----------|------------------------|---|--------------------------|
| ½ | Analysis | 1 Apr | Bal b/d 600 | 31 Mar | Income statement 3,300 | 1 | Synthesis and evaluation |
| ½ | Application | Apr- Mar | Bank 3,600 | 31 Mar | Bal c/d 900 | 3 | Synthesis and evaluation |

| | | | | |
|--|--|------|------|--|
| | | 4200 | 4200 | |
|--|--|------|------|--|

Telephone account

| Mark | Cognitive skill | € | | € | | Mark | Cognitive skill | | |
|------|-----------------|-------------|------------|--------|-----------|---------------------|-----------------|---|------------------------------------|
| ½ | Application | Apr- Mar | Bank | 12,500 | 1 Apr | Bal b/d | 1,800 | 1 | Analysis |
| 1 | Analysis | 31 Mar | Bal c/d | 950 | 31 Mar | Income statement | 11,650 | 1 | Synthesis and evaluatio n |
| | | | | 13450 | | | 13450 | | |

Part B – Extracts to the Financial Statements

Income Statement (extract) for the year ending 31st March 2014

| | € | € | Mark | Cognitive skill |
|-----------------------|--------|--------|------|-----------------|
| <u>Other income</u> | | | | |
| Commission receivable | | 620 | ½ | Application |
| <u>Expenses</u> | | | | |
| Rent | 2,400 | | ½ | Application |
| Insurance | 3,300 | | ½ | Application |
| Telephone | 11,650 | | ½ | Application |
| | | 17,350 | | |

Statement of Financial Position Extract

Statement of Financial Position (extract) as at 31st March 2014

| | € | € | Mark | Cognitive skill |
|-----------------------|-------|---|------|-----------------|
| <u>Current assets</u> | | | | |
| Other receivables | 1,000 | | 1 | Analysis |

| | | | | |
|----------------------------|-------|--|---|----------|
| <u>Current liabilities</u> | | | | |
| Other payables | 1,550 | | 1 | Analysis |

Part C – Theoretical Question

| Letter | Question | Mark | Cognitive Skills |
|--------|--|------|------------------|
| C | Identify and describe the underlying concept that is being applied when end of year adjustments as noted by Pearl Camilleri are taken into consideration in the preparation of the financial statements. | 2 | Analysis |

Question 4

Part A – Allowance for depreciation of buildings

Allowance for depreciation of buildings account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill | | |
|------|-----------------|-------------------|----------------|----------------------------|-----------------|---|-------------|
| ½ | Application | 31 Bal Dec c/d | 126,000 | 1 Bal b/d Jan | 120,000 | ½ | Application |
| | | | | 31 Income Dec statement | 6,000 | | |
| | | <u>126,000</u> | <u>126,000</u> | | | | |

Part B – Allowance for depreciation of plant (3 marks)

Allowance for depreciation of plant account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill | | |
|------|-----------------|-------------------|---------------|----------------------------|-----------------|---|-------------|
| ½ | Application | 31 Bal Dec c/d | 85,000 | 1 Bal b/d Jan | 75,000 | ½ | Application |
| | | | | 31 Income Dec statement | 10,000 | | |
| | | <u>85,000</u> | <u>85,000</u> | | | | |

Part C – Allowance for depreciation of vehicles (6 marks)

Allowance for depreciation of vehicles account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill | | |
|------|--------------------------|----------------|---------------|-------------------------|-----------------|---|--------------------------|
| 2 | Synthesis and evaluation | 1 Mar Disposal | 126,000 | 1 Jan Bal b/d | 57,600 | ½ | Application |
| ½ | Application | 31 Dec Bal c/d | 62,720 | 31 Dec Income statement | 11,520 | 3 | Synthesis and evaluation |
| | | | <u>69,120</u> | | <u>69,120</u> | | |

Part D – The allowance for depreciation of furniture (4 marks)

Allowance for depreciation of furniture account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill | | |
|------|-----------------|----------------|---------------|-------------------------|-----------------|---|--------------------------|
| ½ | Application | 31 Dec Bal c/d | 29,340 | 1 Jan Bal b/d | 25,200 | ½ | Application |
| | | | | 31 Dec Income statement | 4,140 | 3 | Synthesis and evaluation |
| | | | <u>29,340</u> | | <u>29,340</u> | | |

Part E – The disposal of vehicles account

Disposal of vehicles account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill | | |
|------|-----------------|----------------|--------|--------------------------------|-----------------|---|----------|
| 1 | Analysis | 1 Mar Vehicles | 10,000 | 1 Mar Accumulated depreciation | 6,400 | 1 | Analysis |

| | | | | | | | |
|--|--|--------|-----------|---------------------|--------|---|--------------------------------|
| | | | 31 Dec | Income statement | 3,600 | 2 | Synthesis and evaluation |
| | | 10,000 | | | 10,000 | | |

Question 5 (20 marks)

Part A – Calculate the following ratios for two firms (14 marks)

| Number | Question | Marks | Cognitive skill |
|--------|----------------------------|-------|---|
| 1 | Return on Capital Employed | 3 ½ | ½ mark – Knowledge and comprehension 3 marks – Application |
| 2 | Net Profit Margin | 1 ½ | ½ mark – Knowledge and comprehension 1 mark - Application |
| 3 | Gross Profit Margin | 1 ½ | ½ mark – Knowledge and comprehension 1 mark - Application |
| 4 | Current Ratio | 2 ½ | ½ mark – Knowledge and comprehension 2 marks - Application |
| 5 | Quick Ratio | 2 ½ | ½ mark – Knowledge and comprehension 2 marks - Application |
| 6 | Rate of stock turnover | 2 ½ | ½ mark – Knowledge and comprehension 2 marks - Application |

Part B – Theoretical Question

| Letter | Question | Mark | Cognitive Skills |
|--------|----------|------|------------------|
|--------|----------|------|------------------|

B Comment briefly on the relative profitability and liquidity of Red Ltd and Green Ltd.

Synthesis and evaluation

Accounting Past Paper 2014 – Paper 2B

Question 1 (20 marks)

Income Statement for the year ending 31st December 2013

| | € | € | Mark | Cognitive Skill |
|------------------------|----------|-----------|------|-----------------|
| Sales | | 1,100,000 | ½ | Analysis |
| <u>Cost of sales</u> | | | | |
| Opening inventory | 60,000 | | ½ | Application |
| Purchases | 700,000 | | ½ | Analysis |
| | 760,000 | | | |
| Closing inventory | (65,000) | | ½ | Application |
| Cost of sales | | (695,000) | | |
| Gross profit | | 405,000 | ½ | Application |
| <u>Expenses</u> | | | | |
| Wages and salaries | 165,000 | | 1 | Analysis |
| Insurance | 8,500 | | 1 | Analysis |
| Water and electricity | 24,000 | | 1 | Analysis |
| Rent | 15,000 | | 1 | Analysis |
| Advertising | 5,000 | | ½ | Application |
| Bad debts | 3,000 | | ½ | Application |
| Office expenses | 30,000 | | ½ | Application |
| Sundry expenses | 15,000 | | ½ | Application |
| Stationery and postage | 15,000 | | ½ | Application |
| Depreciation: | | | | |
| Buildings | 4,000 | | 1 | Application |
| Plant and equipment | 18,000 | | 1 | Application |

| | | | | |
|----------------|--------|-----------|---|-------------|
| Motor vehicles | 22,000 | | 1 | Application |
| | | (324,500) | | |
| Net profit | | 80,500 | ½ | Application |

Statement of Financial Position as at 31st December 2013

| | € | € | € | Mark | Cognitive skill |
|--|---------|-----------|---------|------|-------------------------|
| <u>Non-Current Assets</u> | | | | | |
| Buildings | 200,000 | (24,000) | 176,000 | | |
| Plant and equipment | 180,000 | (68,000) | 112,000 | | |
| Motor vehicles | 150,000 | (62,000) | 88,000 | | |
| | 530,000 | (154,000) | 376,000 | | |
| | ½ | ½ | ½ | | Analysis Application |
| <u>Current Assets</u> | | | | | |
| Closing inventory | | 65,000 | | ½ | Application |
| Trade receivables | | 50,000 | | ½ | Application |
| Other receivables | | 4,500 | | ½ | Analysis |
| Cash | | 3,000 | | ½ | Application |
| | | | 122,500 | | |
| Total assets | | | 498,500 | | |
| <u>Shareholders' funds and liabilities</u> | | | | | |
| <u>Issued share capital</u> | | | | | |
| Ordinary share capital | | | 300,000 | ½ | Application |
| <u>Reserves</u> | | | | | |
| General reserve | | 30,000 | | 1 | Analysis |
| Retained profits | | 88,500 | | ½ | Analysis |
| | | | 118,500 | | |
| Total shareholders' funds | | | 418,500 | | |
| <u>Current liabilities</u> | | | | | |
| Trade payables | | 55,000 | | ½ | Application |

| | | | | | |
|-------------------------------------|--|--------|---------|---|-------------|
| Other payables | | 19,000 | | ½ | Analysis |
| Bank overdraft | | 6,000 | | ½ | Application |
| | | | 80,000 | | |
| Shareholders' funds and liabilities | | | 498,500 | ½ | Application |

Question 2 (20 marks)

Part A – Prepare the Cashbook (8 marks all application)

Cashbook

| Mark | Cognitive skill | | Cash | Bank | | Cash | Bank | Mark | Cognitive skill |
|------|-----------------|---------|--------|--------|-----------------------|--------|--------|------|-----------------|
| ½ | Application | Capital | 12,000 | | Purchases | 8,000 | | ½ | Application |
| ½ | Application | Sales | 6,000 | | Stationery | 1,000 | | ½ | Application |
| ½ | Application | Cash | | 1,000 | Traveling | 1,200 | | ½ | Application |
| ½ | Application | Debtors | | 34,000 | Wages | 5,800 | | ½ | Application |
| 1 | Application | Bal c/d | | 200 | Bank | 1,000 | | ½ | Application |
| | | | | | Creditors | | 28,400 | ½ | Application |
| | | | | | Rent | | 6,400 | ½ | Application |
| | | | | | Water and electricity | | 400 | ½ | Application |
| | | | | | Bal c/d | 1,000 | | 1 | Application |
| | | | 18,000 | 35,200 | | 18,000 | 35,200 | | |

Part B – Post the Cashbook Entries to the appropriate nominal accounts

Sales Account

| | | | | | |
|--|--|--|--------------------|-------------|------------------------|
| | | | | Mark | Cognitive skill |
| | | | Apr Cashbook 6,000 | 1 | Application |

Purchases Account

| | | | | | |
|-------------|------------------------|--------------|-------|---|--|
| Mark | Cognitive skill | | | € | |
| 1 | Application | Apr Cashbook | 8,000 | | |

Stationery Account

| | | | | | |
|-------------|------------------------|--------------|-------|---|--|
| Mark | Cognitive skill | | | € | |
| ½ | Application | Apr Cashbook | 1,000 | | |

Travelling Account

| | | | | | |
|-------------|------------------------|--------------|-------|---|--|
| Mark | Cognitive skill | | | € | |
| ½ | Application | Apr Cashbook | 1,200 | | |

Wages Account

| | | | | | |
|-------------|------------------------|--------------|-------|---|--|
| Mark | Cognitive skill | | | € | |
| ½ | Application | Apr Cashbook | 5,800 | | |

Rent Account

| | | | | | |
|-------------|------------------------|--------------|-------|---|--|
| Mark | Cognitive skill | | | € | |
| ½ | Application | Apr Cashbook | 6,400 | | |

Water and Electricity Account

| | | | | | |
|-------------|------------------------|--|--|---|--|
| Mark | Cognitive skill | | | € | |
|-------------|------------------------|--|--|---|--|

| | | | | | |
|---|-------------|-----|----------|-----|--|
| ½ | Application | Apr | Cashbook | 400 | |
|---|-------------|-----|----------|-----|--|

Part C – Post the other transactions in the appropriate nominal account

Sales Account

| | | | € | Mark | Cognitive skill |
|--|-----|----------------|--------|------|-----------------|
| | Apr | Cashbook | 6,000 | | |
| | Apr | Sales day book | 44,000 | 1 | Application |

Purchases Account

| Mark | Cognitive skill | € | | |
|------|-----------------|-----|--------------------|--------|
| 1 | Application | Apr | Cashbook | 8,000 |
| | | Apr | Purchases day book | 37,000 |

Returns Outwards Account

| | | | € | Mark | Cognitive skill |
|--|-----|---------------------------|-----|------|-----------------|
| | Apr | Returns outwards day book | 800 | 1 | Application |

Returns Inwards Account

| Mark | Cognitive skill | € | | |
|------|-----------------|-----|--------------------------|-------|
| 1 | Application | Apr | Returns inwards day book | 1,800 |

Discounts Allowed Account

| Mark | Cognitive skill | | € | |
|------|-----------------|-----|----------|-------|
| 1 ½ | Application | Apr | Cashbook | 2,200 |

Discounts Received Account

| | | | Mark | Cognitive skill |
|--|-----|----------|------|-----------------|
| | Apr | Cashbook | 700 | 1 ½ |
| | | | | Application |

Question 3 – Control Accounts (15 marks)

Part A – Prepare the Sales ledger Control Account (8 marks application)

Sales Ledger Control Account

| Mark | Cognitive skill | | € | | € | Mark | Cognitive skill | | |
|------|-----------------|-----|-------|---------|-----|--------------------|-----------------|---|-------------|
| 1 | Application | 1 | Bal | 95,000 | Apr | Returns in | 8,000 | 1 | Application |
| | | Apr | b/d | | | | | | |
| 1 | Application | Apr | Sales | 750,000 | Apr | Cashbook | 650,000 | 2 | Application |
| | | | | | Apr | Discount allowed | 25,000 | 1 | Application |
| | | | | | Apr | Irrecoverable debt | 5,000 | 1 | Application |
| | | | | | 30 | Bal c/d | 157,000 | 1 | Application |
| | | | | | Apr | | | | |
| | | | | 845,000 | | | 845,000 | | |

Part B – Prepare the Purchases Ledger Control Account (7 marks all application)

Purchases Ledger Control Account

| Mark | Cognitive skill | | € | | € | Mark | Cognitive skill | | |
|------|-----------------|-----|-------------|-------|-----|---------|-----------------|---|-------------|
| 1 | Application | Apr | Returns out | 5,000 | 1 | Bal b/d | 42,000 | 1 | Application |
| | | | | | Apr | | | | |

| | | | | | | | | | |
|---|-------------|--------|-------------------|----------------|-----|-----------|----------------|---|-------------|
| 2 | Application | Apr | Cashbook | 500,000 | Apr | Purchases | 550,000 | 1 | Application |
| 1 | Application | Apr | Discount received | 8,500 | | | | | |
| 1 | Application | 30 Apr | Bal c/d | 78,500 | | | | | |
| | | | | <u>592,000</u> | | | <u>592,000</u> | | |

Question 4 – Incomplete Records (15 marks)

| Letter | Question | Mark | Cognitive skill |
|--------|-----------------------------|------|---|
| A | Cost of goods sold | 2 | Application |
| B | Average inventory | 3 | 1 mark – Knowledge and comprehension 2 mark – Application |
| C | Total sales for the year | 5 | 1 mark – Knowledge and comprehension 4 marks - Application |
| D | Total expenses for the year | 3 | 1 mark – Knowledge and comprehension 2 mark – Application |
| E | Net profit for the year | 2 | 1 mark – Knowledge and comprehension 1 mark - Application |

Question 5 – Accounting for accruals, prepayments, provision for doubtful debts and depreciation (15 marks)

Part A – Allowance for Depreciation Account

Allowance for Depreciation account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|----------------|---------------|-------------------------|-----------------|
| 1 | Application | 31 Dec Bal c/d | 20,000 | 1 Jan Bal b/d | 12,000 |
| | | | | 31 Dec Income statement | 8,000 |
| | | <u>20,000</u> | <u>20,000</u> | | |

Part B – Rent Account (4 marks)

Rent Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|--------------------|---------------------------|------|--------------------------|
| 1 | Analysis | | | 1 | Synthesis and evaluation |
| | | 1 Jan Bal b/d 220 | 31 Income statement 2,940 | | |
| 1 | Application | Jan-Dec Bank 2,080 | | | |
| 1 | Analysis | 31 Dec Bal c/d 640 | | | |
| | | 2940 | 2940 | | |

Part C – Wages and Salaries Account (4 marks)

Wages and Salaries Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|---------------------|----------------------------|------|-------------------------|
| 1 | Application | | | 1 | Analysis and evaluation |
| | | Jan-Dec Bank 14,200 | 1 Jan Bal b/d 800 | 1 | |
| 1 | Analysis | 31 Dec c/d 1,100 | 31 Income statement 14,500 | | |
| | | 15,300 | 15,300 | | |

Part D – Allowance for Doubtful Debts Account (3marks)

Allowance for Doubtful Debts Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|--------------------------|------------------------|---------------------|------|-----------------|
| 1 | Synthesis and evaluation | | | 1 | Application |
| | | 31 Dec statement 1,398 | 1 Jan Bal b/d 2,600 | | |
| 1 | Application | 31 Dec Bal c/d 1,202 | | | |
| | | 2,600 | 2,600 | | |

Question 6 – Petty Cashbook (15 marks)

Petty Cashbook

| DR | | | CR | Analysis Columns | | | | | |
|----------|--------|--------------|---------|------------------|-----------|-----------------|----------------|------|-----------------|
| Receipts | Date | Details | Payment | Stationery | Transport | Office Cleaning | Motor Expenses | Mark | Cognitive skill |
| € | € | € | € | € | € | € | € | | |
| 350 | 3 Mar | Cash | | | | | | 1 | Application |
| | 4 Mar | Stationery | 22 | 22 | | | | 1 | Application |
| | 4 Mar | Cleaning | 15 | | | 15 | | 1 | Application |
| | 5 Mar | Fuel | 25 | | | | 25 | 1 | Application |
| | 7 Mar | Bus | 35 | | 35 | | | 1 | Application |
| | 10 Mar | Fuel | 10 | | | | 10 | 1 | Application |
| | 12 Mar | Stationery | 24 | 24 | | | | 1 | Application |
| | 13 Mar | Delivery van | 75 | | 75 | | | 1 | Application |
| | 14 Mar | Cleaning | 30 | | | 30 | | 1 | Application |
| | 17 Mar | Fuel | 30 | | | | 30 | 1 | Application |
| | 18 Mar | Stationery | 20 | 20 | | | | 1 | Application |
| | | | 286 | 66 | 110 | 45 | 65 | | |

| | | | | | | | | |
|-----|------------|---------|-----|--|--|--|---|-------------|
| | 31- Mar | Bal c/d | 64 | | | | 1 | Application |
| 350 | | | 350 | | | | | |
| 64 | Apr- 01 | Bal b/d | | | | | 1 | Application |
| 286 | Apr- 01 | Cash | | | | | 2 | Application |

Question 7 – Departmental Accounting (15 marks)

Departmental Income Statement for the year ended 31st December 2013

| | Clothes Department | | Shoes Department | | Mark | Cognitive skill |
|------------------------------|--------------------|-----------------|------------------|-----------------|------|-----------------|
| | € | € | € | € | | |
| Sales | | 60,000 | | 40,000 | ½ | Application |
| <u>Cost of sales</u> | | | | | | |
| Opening inventory | 1,500 | | 2,550 | | ½ | Application |
| Purchases | 45,000 | | 28,000 | | ½ | Application |
| | | <u>46,500</u> | | <u>30,550</u> | | |
| Closing inventory | (3,600) | | (2,500) | | ½ | Application |
| Cost of sales | | <u>(42,900)</u> | | <u>(28,050)</u> | | |
| Gross profit | | 17,100 | | 11,950 | 1 | Application |
| <u>Expenses</u> | | | | | | |
| Salaries | 3,900 | | 2,650 | | 2 | Analysis |
| Rent | 1,600 | | 800 | | 3 | Analysis |
| Advertising | 875 | | 875 | | ½ | Application |
| Insurance | 850 | | 850 | | ½ | Application |
| Water and electricity | 400 | | 200 | | 1 | Application |
| Administration | 2,000 | | 1,000 | | 1 | Application |
| Discount allowed | 200 | | 300 | | 1 | Application |
| Depreciation - shop fittings | 3,600 | | 3,000 | | 2 | Application |
| | | <u>(13,425)</u> | | <u>(9,675)</u> | | |
| Net profit | | <u>3,675</u> | | <u>2,275</u> | 1 | Application |

Accounting Past Paper 2016 – Paper 1

| Number | Answer | Marks | Cognitive skill |
|--------|--------|-------|-----------------------------|
| 1 | B | 2 | Knowledge and comprehension |
| 2 | D | 2 | Application |
| 3 | C | 2 | Analysis |
| 4 | B | 2 | Knowledge and comprehension |
| 5 | D | 2 | Knowledge and comprehension |
| 6 | D | 2 | Application |
| 7 | B | 2 | Application |
| 8 | A | 2 | Knowledge and comprehension |
| 9 | D | 2 | Knowledge and comprehension |
| 10 | C | 2 | Knowledge and comprehension |

Question 11

Theoretical Questions

| Letter | Questions | Marks | Cognitive skill |
|--------|--|-------|--|
| A | The purpose of depreciation is to spread the cost of a non-current asset over its useful economic life. Identify and explain the accounting concept. | 3 | 1 mark – Knowledge and comprehension 2 marks -Analysis |
| B | Name and explain the accounting concept applied in the creation of an allowance for doubtful debts. | 3 | 1 mark – Knowledge and comprehension 2 marks - Analysis |
| C | List three users of financial statements and identify their main interest. | 3 | Knowledge and comprehension |
| D | Distinguish between bank charges and bank overdraft interest charges. | 2 | Application |

Part E – Bank Reconciliation Question

Part i – Update the Cashbook (5 marks)

Cashbook

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|----------------|---------------|------|-----------------|
| 1 | Analysis | Customer 1,410 | Bal b/d 2,650 | 1 | Application |

| | | | | | | | |
|---|-------------|---------|--------------|---------------|--------------|---|-------------|
| 1 | Application | Bal c/d | 2,270 | Bank charges | 570 | 1 | Application |
| | | | | Communication | 460 | 1 | Analysis |
| | | | <u>3,680</u> | | <u>3,680</u> | | |

Part ii – Bank Reconciliation Statement

Bank Reconciliation statement as at 31 March 2016

| | € | Mark | Cognitive skill |
|-------------------------------|--------------|------|-----------------|
| Updated cashbook balance | (2,270) | 1 | Application |
| Unpresented cheques | 6,800 | 1 | Synthesis |
| | <u>4,530</u> | | |
| Bank lodgements | (3,250) | 1 | Synthesis |
| Balance as per bank statement | <u>1,280</u> | 1 | Application |

Question 12

Part A – Accounting Ratios and Departmental Accounting Question

Part i, ii, and iv – Accounting Ratios (4 marks) Gross Profit Margin

| Number | Ratio | Mark | Cognitive Skill |
|--------|--------------------------|------|--|
| i | Gross profit margin | 2 | 1 mark – Knowledge and comprehension 1 mark - Application |
| ii | Rate of stock turnover | 2 | 1 mark – Knowledge and comprehension 1 mark - Application |
| iv | Rate of capital employed | 1 | 1 mark - Application |

Part iii – The Net Profit of each department

| | A | B | Mark | Cognitive skill |
|-----------------------|------------------|-----------------|------|-----------------|
| Gross profit | 400,000 | 40,000 | | |
| <u>Expenses</u> | | | | |
| Wages | 285,000 | 9,000 | 1 | Application |
| Rent | 36,000 | 4,000 | 1 | Application |
| Water and electricity | 7,200 | 800 | 1 | Application |
| Selling expenses | 10,000 | 5,000 | 1 | Application |
| | <u>(338,200)</u> | <u>(18,800)</u> | | |
| Net profit | <u>61,800</u> | <u>21,200</u> | 1 | Application |

Theoretical Questions

| Letter | Question | Mark | Cognitive Skill |
|--------|--|------|---|
| B | Analysing the results of the above ratios, which of the departments sells groceries? | 2 | Synthesis and evaluation |
| C | Distinguish between allocation and apportionment. Give one example in each case. | 3 | 1 mark – Knowledge and comprehension 2 marks - Application |
| D | State the purpose of profitability ratios and liquidity ratio. | 4 | Knowledge and comprehension |
| E | State one benefit of long term borrowing | 1 | Knowledge and comprehension |

Question 13

Theoretical Questions

| Letter | Question | Mark | Cognitive Skill |
|--------|---|------|--|
| A | What is a trade receivables control account? | 2 | Knowledge and comprehension |
| B | List four books of original entry | 2 | Knowledge and comprehension |
| C | What is the purpose of the manufacturing account? | 2 | Knowledge and comprehension |
| D | What is meant by direct cost and indirect cost? Give an example of each cost. | 4 | 2 marks – Knowledge and comprehension 2 marks - Application |

Part E – Manufacturing Account

Manufacturing account for Manifattura Ltd

| | € | € | Mark | Cognitive skill |
|------------------------------------|---------|----------|------|-----------------|
| <u>Raw Materials</u> | | | | |
| Opening inventory of raw materials | | 52,000 | ½ | Application |
| Purchases of raw materials | 480,000 | | ½ | Application |
| Carriage on raw materials | 12,900 | | ½ | Application |
| | | 492,900 | | |
| | | 544,900 | ½ | Application |
| Closing inventory of raw materials | | (56,000) | | |
| Cost of raw material used | | 488,900 | ½ | Application |
| Direct wages | | 425,500 | ½ | Application |
| Royalties | | 11,000 | ½ | Application |
| Prime cost | | 925,400 | 1 | Application |
| <u>Factory overheads</u> | | | | |
| Insurance | 12,500 | | ½ | Application |
| Water and electricity | 26,000 | | ½ | Application |
| Sundry factory expenses | 9,400 | | ½ | Application |
| Indirect labour | 165,500 | | ½ | Application |
| Depreciation of machinery | 46,000 | | ½ | Application |
| Factory rent | 24,000 | | ½ | Application |
| Power to run machines | 19,000 | | ½ | Application |
| Repairs and maintenance | 31,000 | | ½ | Application |
| | | 333,400 | | |

| | | | | |
|---------------------------------|--|-----------|---|-------------|
| <u>Work-in-progress</u> | | 1,258,800 | | |
| Opening work in Progress | | 24,500 | ½ | Application |
| Closing work in progress | | (22,500) | ½ | Application |
| Cost of finished goods produced | | 1,260,800 | ½ | Application |

Question 14

Theoretical Questions

| Letter | Question | Mark | Cognitive Skills |
|---------------|--|-------------|-----------------------------|
| A | What is a partnership deed? | 2 | Knowledge and comprehension |
| B | What is a partnership profit and loss appropriation account? | 2 | Knowledge and comprehension |
| C | Distinguish between capital and current accounts in a partner's current account. | 4 | Application |
| D | List one reason for a debit balance in a partner's current account. | 2 | Analysis |

Part E – Partnership Accounting Question

Partners Current Account

| Mark | Cognitive skill | | Mattea | Lara | | Mattea | Lara | Mark | Cognitive skill |
|-------------|------------------------|----------|--------|--------|---------------------|--------|--------|-------------|------------------------|
| ½ | Application | Bal b/d | 5,800 | | Bal b/d | | 4,100 | ½ | Application |
| 2 | Application | Drawings | 32,000 | 18,500 | Salary | 20,000 | | 1 | Application |
| | | | | | Interest on capital | 5,000 | 7,000 | 2 | Application |
| | | | | | Share of profit | 10,500 | 10,500 | 2 | Analysis |
| 1 | Application | Bal c/d | | 3,100 | Bal c/d | 2300 | | 1 | Application |
| | | | 37,800 | 21,600 | | 37,800 | 21,600 | | |

Accounting Past Paper 2016 – Paper 2A

Question 1 – Incomplete Records

Part A

Cash Account

| Mark | Cognitive skills | € | € | Mark | Cognitive skill |
|------|--------------------------|------------------|----------------------|------|-----------------|
| 1 | Application | 1 Bal 300 | Apr- Bank 17,300 | ½ | Application |
| | | Apr b/d | Mar | | |
| 2 | Synthesis and evaluation | Apr- Sale 67,000 | Apr- Cleaning 7800 | ½ | Application |
| | | Mar s | Mar | | |
| | | | Apr- Drawings 42,000 | ½ | Application |
| | | | Mar | | |
| | | | 31 Bal c/d 200 | ½ | Application |
| | | | Mar | | |
| | | 67,300 | 67,300 | | |

Part B

Sales Ledger Control Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|--------------------------|----------------|--------------------------|------|-----------------|
| ½ | Application | Bal b/d 75,500 | Bank 680,100 | ½ | Application |
| 1 | Synthesis and evaluation | Sales 682,500 | Discount allowed 3,500 | 1 | Application |
| | | | Irrecoverable debt 1,500 | ½ | Application |
| | | | Returns inwards 2,400 | ½ | Application |

| | | | | | | |
|--|--|----------------|---------|----------------|---|-------------|
| | | | Bal c/d | 70,500 | ½ | Application |
| | | <u>758,000</u> | | <u>758,000</u> | | |

Purchases Ledger Control Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|-------------------------|-------------------|------|--------------------------|
| ½ | Application | Bank 478,200 | Bal b/d 52,500 | ½ | Application |
| ½ | Application | Discount received 2,500 | Purchases 486,300 | 1 | Synthesis and evaluation |
| ½ | Application | Returns outwards 1,600 | | | |
| ½ | Application | Bal c/d 56,500 | | | |
| | | <u>538,800</u> | <u>538,800</u> | | |

Part C

Statement of Profit or Loss for the year ending 31st March 2016

| | € | € | Mark | Cognitive skill |
|----------------------|----------------|------------------|------|-----------------|
| Sales | | 749,500 | ½ | Analysis |
| Returns inwards | | (2,400) | ¼ | Application |
| Net sales | | <u>747,100</u> | | |
| <u>Cost of sales</u> | | | | |
| Opening inventory | 45,000 | | ½ | Application |
| Purchases | 486,300 | | ½ | Application |
| Returns outwards | (1,600) | | ¼ | Application |
| | <u>529,700</u> | | | |
| Closing inventory | (48,100) | | ½ | Application |
| Cost of sales | | <u>(481,600)</u> | | |
| Gross profit | | <u>265,500</u> | | |
| <u>Other income</u> | | | | |
| Discount received | | 2,500 | ½ | Application |
| | | <u>268,000</u> | | |
| <u>Expenses</u> | | | | |
| Cleaning | 7,800 | | ½ | Application |

| | | | | |
|--|--------|-----------|----|--------------------------|
| Discount allowed | 3,500 | | ½ | Application |
| Irrecoverable debt | 1,500 | | ¼ | Application |
| Selling expenses | 12,000 | | 1½ | Analysis |
| Insurance | 15,200 | | 1½ | Analysis |
| Communication | 25,200 | | ¼ | Application |
| Water and electricity | 6,300 | | ¼ | Application |
| Rent | 18,000 | | ¼ | Application |
| Wages | 86,500 | | ¼ | Application |
| General expenses | 12,800 | | ¼ | Application |
| Increase in allowance for doubtful debts | 1,200 | | 1 | Synthesis and evaluation |
| Depreciation - furniture and fittings | 24,400 | | 2 | Synthesis and evaluation |
| | | (214,400) | | |
| Net profit | | 53,600 | ½ | Application |

Statement of Financial Position as at 31st March 2016

| | € | € | € | Mark | Cognitive skills |
|--------------------------------|---------|----------|---------|------|------------------|
| <u>Non-current assets</u> | - | | | | |
| Furniture and fittings | 85,000 | (48,400) | 36,600 | 1 | Application |
| <u>Current assets</u> | | | | | |
| Closing inventory | | 48,100 | | ¼ | Application |
| Trade receivables | 70,500 | | | ¼ | Application |
| Allowance for doubtful debts | (4,200) | | | | |
| | | 66,300 | | ½ | Application |
| Other receivables | | 1,200 | | ½ | Analysis |
| Bank | | 30,100 | | ¼ | Application |
| Cash | | 200 | | ¼ | Application |
| | | | 145,900 | | |
| Total assets | | | 182,500 | | |
| <u>Capital and liabilities</u> | | | | | |
| Capital at beginning | | | 111,500 | ¼ | Application |
| Net profit | | | 53,600 | ¼ | Application |

| | | | | | |
|----------------------------|--|--------|----------|---|-------------|
| Drawings | | | (42,000) | ¼ | Application |
| Capital at end | | | 123,100 | ¼ | Application |
| <u>Current liabilities</u> | | | | | |
| Trade payables | | 56,500 | | ½ | Application |
| Other payables | | 2,900 | | ½ | Analysis |
| Total liabilities | | | 59,400 | | |
| Capital and liabilities | | | 182,500 | | |

Question 2 – Depreciation

Part A – Equipment Account

Equipment Account

| Mark | Cognitive skill | | € | | € | Mark | Cognitive skill | | |
|------|-----------------|-------|---------|----------------|--------|----------|-----------------|---|-------------|
| 1 | Application | 1 Jan | Bal b/d | 90,000 | 1 Apr | Disposal | 35,000 | 1 | Analysis |
| 1 | Analysis | 1 Apr | Payable | 7,500 | 31 Dec | Bal c/d | 75,000 | 1 | Application |
| 1 | Analysis | 1 Apr | Bank | 12,500 | | | | | |
| | | | | <u>110,000</u> | | | <u>110,000</u> | | |

Part B – Allowance for Depreciation of Equipment Account

Allowance for depreciation of Equipment Account

| Mark | Cognitive skill | | € | | € | Mark | Cognitive skill | | |
|------|--------------------------|--------|----------|---------------|--------|------------------|-----------------|---|--------------------------|
| 2 | Synthesis and evaluation | 1 Apr | Disposal | 19,500 | 1 Jan | Bal b/d | 35,000 | 4 | Synthesis and evaluation |
| 1 | Application | 31 Dec | Bal c/d | 31,000 | 31 Dec | Income statement | 15,500 | 3 | Synthesis and evaluation |
| | | | | <u>50,500</u> | | | <u>50,500</u> | | |

Part C – Disposal of Equipment Account

Disposal Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|------------------------|---------------------------|------|--------------------------|
| 1 | Analysis | 1 Apr Equipment 35,000 | 1 Apr Depreciation 19,500 | 3 | Synthesis and evaluation |
| | | | 1 Apr Bank 12,500 | | |
| | | | Income statement 3,000 | 2 | and evaluation |
| | | 35,000 | 35,000 | | |

Part D – Allowance for depreciation of machinery account

Allowance for depreciation of Machinery Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|------------------------|--------------------------------|------|--------------------------------------|
| 1 | Application | 31 Dec Bal c/d 101,000 | 1 Jan Bal b/d 75,000 | 1 | Application Synthesis and evaluation |
| | | | 31 Dec Income statement 26,000 | | |
| | 101,000 | 101,000 | | | |

Part E – Extract of the Statement of Financial Position

Statement of Financial Position as at 31st December 2016

| | € | € | € | Mark | Cognitive skill |
|---------------------------|---------|-----------|--------|------|-----------------|
| <u>Non-Current Assets</u> | | | | | |
| Equipment | 75,000 | (31,000) | 44,000 | 1 | Analysis |
| Machinery | 140,000 | (101,000) | 39,000 | 1 | Analysis |
| | 215,000 | (132,000) | 83,000 | 1 | Analysis |

Question 3 – Non-Profit Organisations

Part A – Subscriptions Account

Subscriptions Account

| Mark | Cognitive skills | | € | | € | Mark | Cognitive skill | | |
|------|--------------------------|--------|------------------------|--------|---------|-----------------------|-----------------|---|--------------------------|
| 1 | Analysis | 1 Apr | Bal b/d | 550 | 01 Apr | Bal b/d | 150 | 1 | Analysis |
| 1 ½ | Synthesis and evaluation | 31 Mar | Income and expenditure | 9,250 | Apr-Mar | Receipts and payments | 9,150 | ½ | Application |
| 1 | Analysis | 31 Mar | Bal c/d | 200 | 31 Mar | Bad subscriptions | 100 | 1 | Synthesis and evaluation |
| | | | | 10,000 | | | 10,000 | 1 | Synthesis and evaluation |

Part B – Communication Expenses Account

Communication Expenses Account

| Mark | Cognitive skill | | € | | € | Mark | Cognitive skill | | |
|------|-----------------|---------|-----------------------|-------|--------|------------------------|-----------------|---|--------------------------|
| ½ | Analysis | 1 Apr | Bal b/d | 80 | 1 Apr | Bal b/d | 210 | ½ | Analysis |
| ½ | Application | Apr-Mar | Receipts and payments | 2,900 | 31 Mar | Income and expenditure | 2,870 | ½ | Synthesis and evaluation |
| ½ | Analysis | 31 Mar | Bal c/d | 160 | 31 Mar | Bal c/d | 60 | ½ | Analysis |
| | | | | 3,140 | | | 3,140 | | |

Part C – Bar Trading Account

Bar Trading Account for the year ended 31st March 2016

| | € | € | Mark | Cognitive skill |
|--|---|---|------|-----------------|
| | | | | |

| | | | | |
|----------------------|-------|---------|---|--------------------------------|
| Bar takings | | 8,450 | ½ | Application |
| <u>Cost of sales</u> | | | | |
| Opening inventory | 870 | | ½ | Application |
| Bar purchases | 6,460 | | 3 | Synthesis and evaluation |
| | 7330 | | | |
| Closing inventory | (920) | | ½ | Application |
| Cost of sales | | (6,410) | | |
| Bar profit | | 2,040 | ½ | Application |

Part D – Income and Expenditure

Income and Expenditure account for the year ended 31 March 2016

| | € | € | Mark | Cognitive skill |
|--------------------------|-------|----------|------|-----------------|
| <u>Income</u> | | | | |
| Subscriptions | | 9,250 | ½ | Analysis |
| Bar profit | | 2,040 | ½ | Analysis |
| | | 11,290 | | |
| <u>Expenditure</u> | | | | |
| Bad subscriptions | 100 | | ½ | Analysis |
| Communication expenses | 2,870 | | ½ | Analysis |
| Depreciation – equipment | 2,550 | | 1 | Application |
| General expenses | 1,250 | | ½ | Application |
| Rent | 2,000 | | ½ | Application |
| Insurance | 960 | | ½ | Application |
| Water and electricity | 630 | | ½ | Application |
| | | (10,360) | | |
| Surplus | | 930 | | |

Question 4 – Correction of Errors (20 marks – All Analysis)

The Journal

| | | |
|--|----|----|
| | Dr | Cr |
| | € | € |

| | | |
|-------------------|-------|-------|
| Suspense | 250 | |
| Returns outwards | | 250 |
| Suspense | 500 | |
| Purchases | | 500 |
| Suspense | 500 | |
| Sales | | 500 |
| Suspense | 350 | |
| Discount allowed | | 350 |
| Suspense | 350 | |
| Discount received | | 350 |
| Cash | 160 | |
| Insurance | | 160 |
| Klopp (Tr. Rec) | 750 | |
| Bank | | 750 |
| T. Kop (Tr. Pay) | 1,200 | |
| Trade Receivables | | 1,200 |

Suspense Account

| | | | |
|-------------------|-----|--------------------------|-------|
| Returns outwards | 250 | Trial balance difference | 1,950 |
| Purchases | 500 | | |
| Sales | 500 | | |
| Discount allowed | 350 | | |
| Discount received | 350 | | |

Question 5 – Accounting for companies

Part A – Statement of Profit or Loss

Statement of Profit or Loss for the year ended 31st March 2016

| | € | € | Mark | Cognitive skill |
|---------------------------------|---------|-----------|------|-------------------|
| Sales | | 1,600,000 | ½ | Application |
| Cost of sales | | (950,000) | ½ | Application |
| Gross profit | | 650,000 | ½ | Application |
| <u>Other income</u> | | | | |
| Rent received | | 12,000 | ½ | Analysis |
| | | 662,000 | | |
| <u>Expenses</u> | | | | |
| Wages and salaries | 175,000 | | ¼ | Application |
| Selling expenses | 35,500 | | ¼ | Application |
| Water and electricity | 12,700 | | ¼ | Application |
| Communication expenses | 8,600 | | ¼ | Application |
| Irrecoverable debts | 2,100 | | ¼ | Application |
| Bank overdraft interest | 1,150 | | ¼ | Application |
| Sundry expenses | 5,600 | | ¼ | Application |
| General administrative expenses | 68,200 | | ¼ | Application |
| Director fees | 40,000 | | ½ | Analysis |
| | | | | Synthesis |
| Interest on debentures | 12,000 | | ½ | and evaluation |
| Depreciation | 87,500 | | ½ | Application |
| | | (448,350) | | |
| Net profit | | 213,650 | ½ | Application |

Part B – Appropriation of Profit Account (6 marks)

Appropriation of Profit for the year ended 31st March 2016

| | € | € | Mark | Cognitive skill |
|-----------------------------|---|----------|------|-----------------|
| Net profit | | 213,650 | | |
| Retained earnings | | 185,000 | 1 | Analysis |
| | | 398,650 | | |
| Transfer to general reserve | | (25,000) | 1 | Analysis |

| | | | | |
|----------------------------------|--|----------|---|--------------------------|
| | | 373,650 | | |
| Interim dividend | | (64,000) | 3 | Synthesis and evaluation |
| Retained profits carried forward | | 309,650 | 1 | Analysis |

Part C – Statement of Financial Position (8 marks)

Statement of Financial Position as at 31st March 2016

| | € | € | € | Mark | Cognitive skill |
|--|-----------|-----------|-----------|------|-------------------------|
| <u>Non-current assets</u> | | | | | |
| Property | 1,000,000 | 0 | 1,000,000 | | |
| Machinery | 400,000 | (137,500) | 262,500 | | |
| | 1,400,000 | (137,500) | 1,262,500 | | |
| | ½ | ½ | | | Application Analysis |
| <u>Current assets</u> | | | | | |
| Closing inventory | | 151,000 | | ½ | Application |
| Trade receivables | | 142,150 | | ½ | Application |
| Other receivables | | 1,000 | | ½ | Analysis |
| | | | 294,150 | | |
| Total assets | | | 1,556,650 | | |
| | | | | | |
| Authorised share capital | | | 1,000,000 | ½ | Application |
| | | | | | |
| <u>Shareholders' funds and liabilities</u> | | | | | |
| <u>Issued share capital</u> | | | | | |
| Ordinary share capital | | | 800,000 | 1 | Analysis |
| <u>Reserves</u> | | | | | |
| Share premium | | 50,000 | | ½ | Application |
| General reserves | | 25,000 | | ½ | Application |
| Retained profit | | 309,650 | | ½ | Application |

| | | | | | |
|-------------------------------------|--------|---------|-----------|---|-------------|
| | | | 384,650 | | |
| Total shareholder funds | | | 1,184,650 | | |
| <u>Non-current liabilities</u> | | | | | |
| 6% Debentures | | 200,000 | | ½ | Application |
| <u>Current liabilities</u> | | | | | |
| Trade payables | 45,000 | | | ½ | Application |
| Other payables | 52,000 | | | 1 | Analysis |
| Bank overdraft | 75,000 | | | ½ | Application |
| | | 172,000 | | | |
| Total liabilities | | | 372,000 | | |
| Shareholders' funds and liabilities | | | 1,556,650 | | |

Accounting Past Paper 2016 – Paper 2B

Question 1 – Incomplete Records

Part A – Sales Ledger Control Account and Purchases Ledger Control Account

Sales Ledger Control Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|--------------------------|---------------------------------|-----------------------|------|-----------------|
| ½ | Application | 1 Apr Bal b/d 15,500 | Apr-Mar Bank 310,100 | ½ | Application |
| 1 ½ | Synthesis and evaluation | 31 Mar Income statement 321,800 | 31 Mar Bal c/d 27,200 | ½ | Application |
| | | <u>337,300</u> | <u>337,300</u> | | |

Purchases Ledger Control Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|----------------------|---------------------|------|-----------------|
| ½ | Application | Apr-Mar Bank 198,200 | 1 Apr Bal b/d 9,600 | ½ | Application |

| | | | | | | | | | |
|---|-------------|--------|---------|----------------|--------|------------------|----------------|-----|--------------------------|
| ½ | Application | 31 Mar | Bal c/d | 16,500 | 31 Mar | Income statement | 205,100 | 1 ½ | Synthesis and evaluation |
| | | | | <u>214,700</u> | | | <u>214,700</u> | | |

Part B – Statement of Profit or Loss (14 marks)

Statement of Profit or Loss for the year ended 31 March 2016

| | € | € | Mark | Cognitive skill |
|------------------------------|----------|-----------------|------|--------------------------|
| Sales | | 321,800 | 1 | Analysis |
| <u>Cost of sales</u> | | | | |
| Opening inventory | 35,000 | | ½ | Application |
| Purchases | 205,100 | | 1 | Analysis |
| | | <u>240,100</u> | | |
| Closing inventory | (37,500) | | ½ | Application |
| Cost of sales | | (202,600) | | |
| Gross profit | | <u>119,200</u> | ½ | Application |
| <u>Expenses</u> | | | | |
| Selling expenses | 11,900 | | 2 | Analysis |
| Insurance | 15,200 | | 2 | Analysis |
| Depreciation | 4,000 | | 1 ½ | Application |
| Allowance for doubtful debts | 400 | | 1 ½ | Synthesis and evaluation |
| Communication | 8,200 | | ½ | Application |
| Water and electricity | 2,300 | | ½ | Application |
| Rent | 6,000 | | ½ | Application |
| Wages | 26,500 | | ½ | Application |
| General expenses | 12,800 | | ½ | Application |
| | | <u>(87,300)</u> | | |
| Net profit | | <u>31,900</u> | 1 | Application |

Question 2 – Accounting for depreciation

Part A – Machinery account

Machinery Account

| Mark | Cognitive skill | € | | € | | Mark | Cognitive skill | | |
|------|-----------------|-------|---------|---------------|--------|---------|-----------------|---|-------------|
| 1 | Application | 1 Jan | Bal b/d | 60,000 | 31 Dec | Bal c/d | 75,000 | 1 | Application |
| 1 | Application | 1 Jul | Bank | 15,000 | | | | | |
| | | | | <u>75,000</u> | | | <u>75,000</u> | | |

Part B – Machinery allowance for depreciation account

Allowance for Depreciation of Machinery Account

| Mark | Cognitive skill | € | | € | | Mark | Cognitive skill | | |
|------|-----------------|--------|---------|---------------|--------|------------------|-----------------|---|--------------------------|
| ½ | Application | 31 Dec | Bal c/d | 37,500 | 1 Jan | bal b/d | 25,000 | ½ | Application |
| | | | | | 31 Dec | Income statement | 12,500 | 3 | Synthesis and evaluation |
| | | | | <u>37,500</u> | | | <u>37,500</u> | | |

Part C – Equipment account

Equipment Account

| Mark | Cognitive skill | € | | € | | Mark | Cognitive skill | | |
|------|-----------------|-------|---------|---------------|--------|----------|-----------------|---|-------------|
| 1 | Application | 1 Jan | Bal b/d | 50,000 | 1 Apr | Disposal | 20,000 | 1 | Application |
| | | | | | 31 Dec | Bal c/d | 30,000 | 1 | Application |
| | | | | <u>50,000</u> | | | <u>50,000</u> | | |

Part D – Equipment allowance for depreciation account (6 marks)

Allowance for Depreciation of Equipment Account

| Mark | Cognitive skill | € | | | € | | | Mark | Cognitive skill |
|------|--------------------------|--------|----------|---------------|--------|------------------|---------------|------|--------------------------|
| 3 | Synthesis and evaluation | 1 Apr | Disposal | 16,000 | 1 Jan | Bal b/d | 28,000 | ½ | Application |
| ½ | Application | 31 Dec | Bal c/d | 22,000 | 31 Dec | Income statement | 10,000 | 2 | Synthesis and evaluation |
| | | | | <u>38,000</u> | | | <u>38,000</u> | | |
| | | | | 0 | | | | | |

Part E – Disposal of equipment account

Disposal of Equipment Account

| Mark | Cognitive skill | € | | | € | | | Mark | Cognitive skill |
|------|--------------------------|--------|-----------|---------------|-------|----------------------------|---------------|------|-----------------|
| 1 | Application | 1 Apr | Equipment | 20,000 | 1 Apr | Allowance for depreciation | 16,000 | 1 | Analysis |
| 1 | Synthesis and Evaluation | 31 Dec | | 1,000 | 1 Apr | Cash | 5,000 | 1 | Application |
| | | | | <u>21,000</u> | | | <u>21,000</u> | | |

Question 3 – Correction of errors

The Journal

| | Dr | Cr |
|----------------|----|----|
| | € | € |
| Trade Payables | 80 | |
| Returns Out | | 80 |

| | | |
|----------------|-------|-------|
| Purchases | 200 | |
| Suspense | | 200 |
| Trade payables | 800 | |
| Suspense | | 800 |
| Suspense | 3,200 | |
| Bank | | 3,200 |
| Suspense | 400 | |
| Purchases | | 400 |

Suspense account

| | | | |
|-----------|--------------|-----------------------------|--------------|
| | € | | € |
| Bank | 3,200 | Difference in trial balance | 2,600 |
| Purchases | 400 | Purchases | 200 |
| | | Trade payables | 800 |
| | <u>3,600</u> | | <u>3,600</u> |

Question 4 – Accounting for accruals and prepayments

Part A – Subscriptions Account

Subscriptions account

| Mark | Cognitive skill | | € | | € | Mark | Cognitive skill | | |
|------|--------------------------|--------|------------------------|--------|-----------|-----------------------|-----------------|---|-------------|
| 1 | Analysis | 1 Jan | Bal b/d | 260 | 1 Jan | Bal b/d | 100 | 1 | Analysis |
| 2 | Synthesis and evaluation | 31 Dec | Income and expenditure | 12,640 | Jan - Dec | Receipts and payments | 12,600 | 1 | Application |
| 1 | Analysis | 31 Dec | Bal b/d | 120 | 31 Dec | Bal b/d | 320 | 1 | Analysis |

| | | | | |
|--|--|--------|--------|--|
| | | 13,020 | 13,020 | |
|--|--|--------|--------|--|

Part B – Wages account

Wages account

| Mark | Cognitive skill | | € | | € | Mark | Cognitive skill | |
|------|-----------------|-------------|-----------------------------|--------|------------------|------------------------------|-----------------|--------------------------------|
| 1 | Application | Jan- Dec | Receipts and payments | 22,300 | 1 Jan Bal b/d | 1,600 | 1 | Analysis |
| 1 | Analysis | 31- Dec | Bal c/d | 2,100 | 31 Dec | Income and expenditure | 1 | Synthesis and evaluation |
| | | | | 24,400 | | | | 24,400 |

Part C – Insurance account

Insurance account

| Mark | Cognitive skill | | € | | € | Mark | Cognitive skill | |
|------|-----------------|-------------|-----------------------------|-------|-----------|---------------------------|-----------------|--------------------------------|
| 1 | Analysis | 1 Jan | Bal b/d | 200 | 31 Dec | Income and expenditure | 1 | Synthesis and evaluation |
| 1 | Application | Jan- Dec | Receipts and payments | 2,150 | 31 Dec | Bal c/d | 1 | Analysis |
| | | | | 3,350 | | | | 3,350 |

Question 5 – Post the transactions

Purchases Account

| Mark | Cognitive skill | | € | | € |
|------|-----------------|-------|------------------|--------|---|
| 1 | Application | 1 Feb | Easy Buy Ltd. | 16,000 | |

Easy Buy Ltd Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|-----------------------------|------------------------|------|-----------------|
| ½ | Application | 1 Feb Cashbook 2,000 | 1 Feb Purchases 16,000 | 1 | Application |
| 1 | Application | 3 Feb Cashbook 13,300 | | | |
| 1 | Application | 3 Feb Discount received 700 | | | |

Cashbook

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|-----------------------|---------------------------|------|-----------------|
| ½ | Application | 2 Feb Sales 2,400 | 1 Feb Easy Buy Ltd 2,000 | ½ | Application |
| 1 | Application | 4 Feb Style Ltd 3,800 | 3 Feb Easy Buy Ltd 13,300 | 1 | Application |

Sales Account

| € | € | Mark | Cognitive skill |
|------------------------|---|------|-----------------|
| 2 Feb Style Ltd. 8,500 | | ½ | Application |
| 2 Feb Cashbook 2,400 | | ½ | Application |

Style Ltd Account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill |
|------|-----------------|-------------------|----------------------------|------|-----------------|
| ½ | Application | 2 Feb Sales 8,500 | 2 Feb Ret In 500 | 1 | Application |
| | | | 4 Feb Cashbook 3,800 | 1 | Application |
| | | | 4 Feb Discount allowed 200 | 1 | Application |

Returns Inwards Account

| Mark | Cognitive skill | € | € |
|------|-----------------|----------------------|---|
| 1 | Application | 2 Feb Style Ltd. 500 | |

Discount Received Account

| € | € | Mark | Cognitive skill |
|---|------------------------|------|-----------------|
| | 3 Feb Easy Buy Ltd 700 | 1 | Application |

Discount Allowed Account

| Mark | Cognitive skill | € | € |
|------|-----------------|---------------------|---|
| 1 | Application | 4 Feb Style Ltd 200 | |

Question 6 – Accounting for Limited Companies

Part A – Appropriation account

Appropriation Account for the year ended 31st March 2014

| | € | € | Mark | Cognitive skill |
|----------------------------------|---|----------|------|-----------------|
| Net profit for the year | | 137,000 | ½ | Application |
| Retained profits | | 185,000 | 1 | Application |
| | | 322,000 | | |
| Interim dividend | | (48,000) | 1 | Application |
| Retained profits carried forward | | 274,000 | ½ | Application |

Part B – Statement of Financial Position

Statement of Financial Position as at 31st March 2016

| | € | € | € | Mark | Cognitive skill |
|---------------------------|---|---|---|------|-----------------|
| <u>Non-current assets</u> | | | | | |

| | | | | | |
|--|---------|---------|-----------|---|-------------------------|
| Property | 550,000 | 0 | 550,000 | | |
| Machinery | 400,000 | 80,000 | 320,000 | | |
| | 950,000 | 80,000 | 870,000 | | |
| | ½ | 1 | ½ | | Analysis Application |
| <u>Current assets</u> | | | | | |
| Closing inventory | | 151,000 | | ½ | Application |
| Trade receivables | | 51,000 | | ½ | Application |
| | | | 202,000 | | |
| Total assets | | | 1,072,000 | 1 | Application |
| <u>Authorised share capital</u> | | | | | |
| Ordinary shares (500,000 at €1 each) | | | 500,000 | 1 | Application |
| <u>Shareholders' funds and liabilities</u> | | | | | |
| <u>Issued share capital</u> | | | | | |
| Ordinary share capital | | | 400,000 | 1 | Application |
| <u>Reserves</u> | | | | | |
| Share premium | | 50,000 | | ½ | Application |
| General reserve | | 32,000 | | ½ | Application |
| Retained profit | | 274,000 | | 1 | Application |
| | | | 356,000 | | |
| Shareholders' funds | | | 756,000 | | |
| <u>Non-current liabilities</u> | | | | | |
| 6% Debentures | | 200,000 | | 1 | Application |
| <u>Current liabilities</u> | | | | | |
| Trade payables | 45,000 | | | ½ | Application |
| Other payables | 6,000 | | | ½ | Application |
| Bank overdraft | 65,000 | | | 1 | Application |
| | | 116,000 | | | |
| Total liabilities | | | 316,000 | | |
| Shareholders' funds and liabilities | | | 1,072,000 | 1 | Application |

Question 7 – Petty Cashbook

Petty Cashbook

| Receipts | Date | Details | Payment | Analysis Columns | | | | Mark | Cognitive skill |
|----------|---------|-------------------------|---------|------------------|------------------------|------------|----------------|------|-----------------|
| | | | | Cleaning | Postage and stationery | Travelling | Motor Expenses | | |
| € | € | € | € | € | € | € | € | | |
| 200 | 1 Mar | Cash | | | | | | 1 | Application |
| | 2 Mar | Postage | 17 | | 17 | | | 1 | Application |
| | 3 Mar | Cleaning | 24 | 24 | | | | 1 | Application |
| | 4 Mar | Travelling | 21 | | | 21 | | 1 | Application |
| | 7 Mar | Stationery | 26 | | 26 | | | 1 | Application |
| | 8 Mar | Diesel for delivery van | 25 | | | | 25 | 1 | Application |
| | 10 Mar | Cleaning | 24 | 24 | | | | 1 | Application |
| | 12 Mar | Travelling | 10 | | | 10 | | 1 | Application |
| | 13 Mar | Postage | 12 | | 12 | | | 1 | Application |
| | 14 Mar | Delivery Van | 30 | | | | 30 | 1 | Application |
| | | | | 189 | 48 | 55 | 31 | 55 | |
| 31 Mar | Bal c/d | 11 | | | | | | 1 | Application |

| | | | | | | | | |
|-----|-------|---------|-----|--|--|---|-------------|--|
| 200 | | | 200 | | | | | |
| 11 | 1 Apr | Bal b/d | | | | 1 | Application | |
| 189 | 1 Apr | Cash | | | | 3 | Application | |

Accounting Past Paper 2018 – Paper 1

Questions 1 – 10

| Question | Answer | Marks | Cognitive Skills |
|-----------------|---------------|--------------|-----------------------------|
| 1 | B | 2 | Knowledge and comprehension |
| 2 | A | 2 | Application |
| 3 | B | 2 | Analysis |
| 4 | D | 2 | Analysis |
| 5 | A | 2 | Knowledge and comprehension |
| 6 | C | 2 | Application |
| 7 | B | 2 | Analysis |
| 8 | D | 2 | Knowledge and comprehension |
| 9 | C | 2 | Knowledge and comprehension |
| 10 | D | 2 | Synthesis and evaluation |

Question 11

Theoretical Questions

| Letter | Question | Marks | Cognitive Skills |
|---------------|--|--------------|--|
| A | Which aspect of the financial statements is of main concern to the trade payables? Explain the reason for your answer. | 3 | Knowledge and comprehension |
| B | Name and explain the accounting concept applied in the annual transfer to the statement of profit or loss to account for an increase or decrease in the allowance for trade receivables. | 3 | 1 mark - Knowledge and comprehension 2 marks - Analysis |
| C | Distinguish between variable costs and fixed costs, giving one example of each cost classification. | 2 | 1 mark – Knowledge and comprehension 1 mark - Application |

Part D – Complete the Bank Statement

| | | | | | | Marks | Cognitive Skill |
|------|-------|-----------------------------------|-------|--------|---------|-------|-----------------|
| | | | Debit | Credit | Balance | | |
| 2018 | | | € | € | € | | |
| 1 | March | Balance | | | 50 | CR | |
| 8 | March | V Valletta | 60 | | 10 | DR | ½ Application |
| 21 | March | Credit Transfer - C Ellul | | 100 | 90 | CR | ½ Application |
| 27 | March | Standing order - loan interest | 70 | | 20 | CR | ½ Application |
| 31 | March | Bank charges | 10 | | 10 | CR | ½ Application |

Part E – Prepare the Manufacturing Account

Manufacturing account for Cliff Dingli

| | € | € | Marks | Cognitive Skill |
|---|----------|-----------|-------|-----------------|
| <u>Raw material</u> | | | | |
| Opening inventory of raw materials | 65,000 | | ½ | Application |
| Purchases of raw materials | 600,000 | | ½ | Application |
| Carriage inwards on raw materials | 16,000 | | ½ | Application |
| | 681,000 | | | |
| Closing inventory of raw materials | (70,000) | | ½ | Application |
| Cost of raw material used | | 611,000 | ½ | Application |
| Direct wages | | 531,500 | ½ | Application |
| Royalties | | 13,750 | ½ | Application |
| Prime cost | | 1,156,250 | 1 | Application |
| <u>Factory overheads</u> | | | | |
| Indirect wages | 206,500 | | ½ | Application |
| Rent of factory | 30,000 | | ½ | Application |
| Insurance of factory building and machinery | 15,500 | | ½ | Application |
| Fuel and power | 56,250 | | ½ | Application |
| General factory expenses | 11,750 | | ½ | Application |
| Repairs and maintenance of factory machinery | 38,750 | | ½ | Application |
| Depreciation of factory machinery | 57,500 | | ½ | Application |
| | | 416,250 | | |

| | | | | |
|---------------------------------------|--|-----------|---|-------------|
| | | 1,572,500 | | |
| <u>Work in progress</u> | | | | |
| Opening inventory of work in progress | | 30,500 | ½ | Application |
| Closing inventory of work in progress | | (28,000) | ½ | Application |
| Cost of finished goods produced | | 1,575,000 | 1 | Application |

Question 12

Theoretical Questions

| Letter | Question | Marks | Cognitive Skills |
|--------|--|-------|---|
| A | Distinguish between the allocation and apportionment of expenses | 2 | Knowledge and comprehension |
| B | Give two reasons why a business would want to calculate the profit and loss of each of its different departments. | 2 | Knowledge and comprehension |
| C | The trial balance shows a credit VAT balance. Explain how a credit balance arises and state where the VAT credit balance is entered in the financial statements. | 2 | 1 mark – Analysis 1 mark – Knowledge and comprehension |
| D | Which accounting concept determines the different accounting treatment for revenue expenditure and capital expenditure? Explain the reasons for your answer. | 2 | 1 mark – Knowledge and comprehension 1 mark - Analysis |

Part E – Prepare the: wages, insurance, and rent receivable account

Part I – Wages Account

Wages account

| | | | | | |
|------|-----------------|---|---|------|-----------------|
| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|-----------------|---|---|------|-----------------|

| | | | | | | | | | |
|---|-------------|-------------|---------|---------------|-----------|-----------------------------------|---------------|---|--------------------------------|
| 1 | Application | Jan- Dec | Bank | 17,800 | 1 Jan | Bal b/d | 1,400 | 1 | Analysis |
| 1 | Analysis | 31 Dec | Bal c/d | 1,600 | 31 Dec | Statement of profit or loss | 18,000 | 1 | Synthesis and evaluation |
| | | | | <u>19,400</u> | | | <u>19,400</u> | | |

Part II – Insurance Account

Insurance account

| Mark | Cognitive Skill | | € | | € | Mark | Cognitive Skill | | |
|------|-----------------|-------------|---------|--------------|-----------|-----------------------------------|-----------------|---|-------------------------------------|
| 1 | Analysis | 1 Jan | Bal b/d | 1,100 | 31 Dec | Statement of Profit or Loss | 3,400 | 1 | Synthesis and evaluation n |
| 1 | Application | Jan- Dec | Bank | 3,200 | 31 Dec | Bal c/d | 900 | 1 | Analysis |
| | | | | <u>4,300</u> | | | <u>4,300</u> | | |

Part III – Rent Receivable Account

Rent Receivable account

| Mark | Cognitive Skill | | € | | € | Mark | Cognitive Skill | | |
|------|--------------------------------|-----------|-----------------------------------|---------------|-----------|------|-----------------|---|-------------|
| 1 | Analysis | 1 Jan | Bal b/d | 3,000 | 31 Dec | Bank | 22,500 | 1 | Application |
| 1 | Synthesis and evaluation | 31 Dec | Statement of Profit or Loss | 18,000 | | | | | |
| 1 | Analysis | 31 Dec | Bal c/d | 1,500 | | | | | |
| | | | | <u>22,500</u> | | | <u>22,500</u> | | |

Question 13

Theoretical Questions

| Letter | Question | Marks | Cognitive Skills |
|--------|--|-------|-----------------------------|
| A | What is a sales ledger control account and what is its purpose? | 2 | Knowledge and comprehension |
| B | Invoices issued, credit notes received, cheque counterfoils and an invoice for the purchase of a machine are source documents used to complete the books of original entry. For each of these documents, state the book for which the document is the source document. | 2 | Knowledge and comprehension |
| C | How does the money measurement concept effect the preparation of the financial statements? | 2 | Synthesis and evaluation |
| D | Which accounting profitability ratio provides the best evaluation of performance? Explain why. | 2 | Synthesis and evaluation |

Part E – Incomplete records

Part A - Trade Receivables Control Account

Trade Receivables Control account

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|--------------------------|---------------------------|--|------|-----------------|
| 1 | Synthesis and evaluation | Apr- Mar Sales 132,200 | Recei pts and 119,000 Paym ents 31 Bal 13,200 Mar c/d | 1 | Application |
| | | 132,200 | 132,200 | 1 | Application |

Part B - Trade Payables Control Account

Trade Payables Control account

| | | | |
|-----|--|---|---|
| Ai | Calculate the annual interest that is payable to the debenture holders. | 1 | Application |
| Aii | Calculate the number of ordinary shares issued by the company to date. | 1 | Analysis |
| Bi | A dividend of €0.30 per share was paid. Calculate the total dividend paid. | 2 | Synthesis and evaluation |
| Bii | Distinguish between the nominal value and the market value of shares. | 2 | Knowledge and comprehension |
| C | Mention two advantages of limited liability companies in contrast to unlimited liability business organisations. | 2 | 1 mark – Knowledge and comprehension 1 mark - Analysis |
| Di | What is the price paid for each share issued at a premium? | 1 | Synthesis and evaluation |
| Dii | What is the total amount of shareholders' funds? | 1 | Synthesis and evaluation |

Part E – Partnership Accounting

Profit or Loss Appropriation Account for the year ended 31 December 2017

| | € | € | Marks | Cognitive Skill |
|--------------------------------------|--------|----------|-------|-----------------|
| Net profit | | 51,500 | | |
| <u>Interest on capital</u> | | | | |
| Amber | 6,000 | | 1 | Application |
| Bella | 4,750 | | 1 | Analysis |
| | | (10,750) | | |
| Salary - Bella | | (8,400) | 1 | Application |
| Profit to be shared amongst partners | | 32,350 | | |
| <u>Share of profit</u> | | | | |
| Amber | 16,175 | | 1 | Analysis |
| Bella | 16,175 | | 1 | Analysis |
| Profit | | 32,350 | | |

Partners Current Account

| Mark | Cognitive Skill | | Amber | Bella | | Amber | Bella | Mark | Cognitive Skill |
|------|-----------------|----------|---------------|---------------|---------------------|---------------|---------------|------|-----------------|
| | | | € | € | | € | € | | |
| ½ | Application | Bal b/d | 800 | | Bal b/d | | 300 | ½ | Application |
| ½ | Application | Drawings | 21,375 | 30,000 | Interest on capital | 6,000 | 4,750 | 1 | Application |
| | | | | | Salary | | 8,400 | ½ | Application |
| | | | | | Profit | 16,175 | 16,175 | 1 | Application |
| | | | | | Bal c/d | 0 | 375 | 1 | Application |
| | | | <u>22,175</u> | <u>30,000</u> | | <u>22,175</u> | <u>30,000</u> | | |

Accounting Past Paper 2018 – Paper 2A

Question 1 – Preparation of Financial Statements

Part A – Statement of Profit or Loss

Statement of Profit or Loss Account for the year ended 31st March 2018

| | € | € | Mark | Cognitive Skill |
|----------------------|----------------|------------------|------|-----------------|
| Sales | | 535,500 | ½ | Analysis |
| Returns in | | (5,100) | ½ | Analysis |
| Net sales | | <u>530,400</u> | | |
| <u>Cost of sales</u> | | | | |
| Opening inventory | 32,450 | | ½ | Application |
| Purchases | 387,100 | | ½ | Analysis |
| Returns outwards | (3,500) | | ½ | Analysis |
| Carriage inwards | 8,400 | | ½ | Analysis |
| | <u>424,450</u> | | | |
| Closing inventory | (36,500) | | ½ | Application |
| Cost of sales | | <u>(387,950)</u> | | |

| | | | | |
|--|--------|-----------|---|--------------------------|
| Gross profit | | 142,450 | ½ | Application |
| <u>Other income</u> | | | | |
| Rent receivable | | 12,000 | 1 | Analysis |
| Decrease in allowance for doubtful debts | | 800 | 2 | Synthesis and evaluation |
| Discount received | | 3,100 | ½ | Analysis |
| | | 158,350 | | |
| <u>Expenses</u> | | | | |
| Loan interest | 2,500 | | 1 | Synthesis and evaluation |
| Wages and salaries | 56,575 | | 1 | Synthesis and evaluation |
| Carriage outwards | 1,650 | | ¼ | Analysis |
| Insurance | 3,950 | | 1 | Synthesis and evaluation |
| Irrecoverable debts | 5,300 | | ½ | Analysis |
| General administrative expenses | 4,450 | | 2 | Analysis |
| Depreciation: | | | | |
| Buildings | 5,200 | | 1 | Application |
| Motor vehicles | 4,720 | | 1 | Application |
| Equipment | 8,500 | | 1 | Application |
| Discount allowed | 2,300 | | ½ | Analysis |
| Water and electricity | 6,450 | | ¼ | Application |
| Communication expenses | 5,250 | | ¼ | Application |
| Delivery expenses | 3,400 | | ¼ | Application |
| | | (110,245) | | |
| Net profit | | 48,105 | ½ | Application |

Part B – Statement of Financial Position

Statement of Financial Position as at 31st March 2018

| | € | € | € | Mark | Cognitive Skill |
|---------------------------|---------|----------|---------|------|-----------------|
| <u>Non-current assets</u> | | | | | |
| Buildings | 260,000 | (35,200) | 224,800 | | |

| | | | | | |
|--------------------------------|---------|----------|----------|---|--|
| Equipment | 85,000 | (13,220) | 71,780 | | |
| Motor vehicles | 38,000 | (22,900) | 15,100 | | |
| | 383,000 | (71,320) | 311,680 | | |
| | 1 | 1 | 1 | | Analysis Application |
| <u>Current assets</u> | | | | | |
| Closing inventory | | 36,500 | | ½ | Application |
| Trade receivables | 38,800 | | | 1 | Analysis Synthesis and evaluation |
| Allowance for doubtful debts | (2,400) | | | 1 | |
| | | 36,400 | | | |
| Other receivables | | 2,900 | | 1 | Analysis |
| Bank | | 8,250 | | ½ | Application |
| | | | 84,050 | | |
| Total assets | | | 395,730 | | |
| <u>Capital and liabilities</u> | | | | | |
| Capital at beginning | | | 295,000 | ½ | Application |
| Net profit | | | 48,105 | 1 | Application |
| Drawings | | | (37,500) | ½ | Application |
| Capital at end | | | 305,605 | | |
| <u>Non-current liabilities</u> | | | | | |
| 5% Loan | | 50,000 | | ½ | Application |
| <u>Current liabilities</u> | | | | | |
| Trade payables | 35,500 | | | ½ | Application |
| Other payables | 4,625 | | | 1 | Analysis |
| | | 40,125 | | | |
| Total liabilities | | | 90,125 | ½ | Application |
| Capital and liabilities | | | 395,730 | ½ | Application |

Question 2 – Correction of Errors (30 marks)

Part A – The Journal

The Journal

| | Dr | Cr |
|--------------------|-------|-------|
| | € | € |
| Sales | 950 | |
| Suspense | | 950 |
| Purchases | 950 | |
| Suspense | | 950 |
| Bank | 1,200 | |
| Suspense | | 1,200 |
| Discounts received | 400 | |
| Suspense | | 400 |
| Discounts allowed | 400 | |
| Suspense | | 400 |
| Suspense | 850 | |
| Purchases | | 850 |
| Returns in | 200 | |
| Suspense | | 200 |
| Trade receivables | 110 | |
| Sales | | 110 |

Part B – The Suspense Account

Suspense Account

| | | | |
|--------------------------|-------|---------------|-------|
| Purchases | 850 | Sales | 950 |
| Trial balance difference | 3,250 | Purchases | 950 |
| | | Bank | 1,200 |
| | | Disc received | 400 |
| | | Disc allowed | 400 |

| | | |
|--|------------|-----|
| | Returns in | 200 |
|--|------------|-----|

Part C – The Disposal Account

Disposal Account

| Mark | Cognitive skill | | € | | € | Mark | Cognitive skill |
|------|-----------------|-----|---------------------|-----|--|------|----------------------------|
| ½ | Application | Apr | Machinery 12,000 | Apr | Depreciation 9,408 | 2 | 2 Synthesis and evaluation |
| | | | | Apr | Cash 1,600 | ½ | Application |
| | | | | 31 | Statement of profit or loss 992 | 1 | Analysis |
| | | | 12,000 | | 12,000 | | |

Part D – Statement to Correct Net Profit

Statement to Correct Net Profit

| | + | - | Profit | Mark | Cognitive Skill |
|---------------------|---|-----|--------|------|--------------------------|
| | € | € | € | | |
| Draft profit | | | 37,000 | | |
| Sales overcast | | 950 | | 1 | Synthesis and evaluation |
| Purchases undercast | | 950 | | 1 | Synthesis and evaluation |
| Discount received | | 400 | | 1 | Synthesis and evaluation |

| | | | | | |
|----------------------|-----|-------|---------|---|--------------------------|
| Discount allowed | | 400 | | 1 | Synthesis and evaluation |
| Drawings | 850 | | | 1 | Synthesis and evaluation |
| Returns in undercast | | 200 | | 1 | Synthesis and evaluation |
| Sales undercast | 110 | | | 1 | Synthesis and evaluation |
| Loss on disposal | | 992 | | 1 | Synthesis and evaluation |
| | 960 | 3,892 | (2,932) | | |
| | | | 34,068 | | |

Question 3 – Bank Reconciliation (20 marks)

Part A – Updated Cashbook

Updated Cashbook

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|-----------------|------------------|----------------------|------|-----------------|
| 2 | Application | 31 Balance | 31 Journal | 2 | Analysis |
| | | Mar b/d 870 | Mar subscription 120 | | |
| 2 | Analysis | 31 Credit | 31 Dishonored | 2 | Analysis |
| | | Mar transfer 225 | Mar cheque 550 | | |
| | | | 31 | 2 | Application |
| | | | Mar Bank charges 35 | | |
| | | | 31 Discount | 2 | Application |
| | | | Mar allowed 12 | | |
| | | | 31 | 1 | Application |
| | | | Mar Bal c/d 378 | | |

| | | | | |
|--|--|-------|-------|--|
| | | 1,095 | 1,095 | |
|--|--|-------|-------|--|

Part B – Bank Reconciliation Statement

Bank Reconciliation statement as at 31 March 2018

| | | Mark | Cognitive Skill |
|-------------------------------|-------|------|-----------------|
| Updated cashbook balance | 378 | 2 | Application |
| Unpresented cheques | 910 | 2 | Synthesis |
| | 1,288 | | |
| Bank lodgements | (547) | 2 | Synthesis |
| Balance as per bank statement | 741 | 1 | Application |

Question 4 – Accounting Ratios (20 marks)

Part A – Calculate specific accounting ratios for two firms (14 marks)

| Number | Ratio | Marks | Cognitive Skill |
|--------|----------------------------|-------|---|
| i | Gross profit margin | 2 | ½ mark – Knowledge and comprehension 1½ mark - Application ½ mark – Knowledge and comprehension |
| ii | Net profit margin | 2 | ½ mark – Knowledge and comprehension 1½ mark - Application |
| iii | Return on capital employed | 3 | ½ mark – Knowledge and comprehension 2½ mark - Application ½ mark – Knowledge and comprehension |
| iv | Current ratio | 3 | ½ mark – Knowledge and comprehension 2½ mark - Application ½ mark – Knowledge and comprehension |
| v | Quick ratio | 3 | ½ mark – Knowledge and comprehension 2½ mark - Application |

Part B – Theoretical Question

| Question | Marks | Cognitive Skill |
|----------|-------|-----------------|
|----------|-------|-----------------|

Evaluate the performance and liquidity position of the business and suggest one possible reason for the difference between the business's ratios and the industry averages.

Synthesis and evaluation

Question 5 – Accounting for Non-Profit Organisations (20 marks)

Part A – Subscriptions Account (7 marks)

Subscriptions account

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|--------------------------|--------------------------------------|--------------------------------------|------|-----------------|
| 1 | Analysis | 1 Jan Bal b/d 900 | 1 Jan Bal b/d 300 | 1 | Analysis |
| 1 | Synthesis and evaluation | 31 Dec Income and expenditure 14,700 | Jan-Dec Receipts and payments 13,900 | 1 | Application |
| 1 | Analysis | 31 Dec Bal c/d 200 | Jan-Dec Bad subscriptions 400 | 1 | Analysis |
| | | 31 Dec Bal c/d 1,200 | 31 Dec Bal c/d 1,200 | 1 | Analysis |
| | | <u>15,800</u> | <u>15,800</u> | | |

Part B – Bar Trading Account (5 marks)

Bar Payables Control Account

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|--------------------------|-------------------------------------|---------------------|------|-----------------|
| 2 | Synthesis and evaluation | Jan-Dec Receipts and payments 9,400 | 1 Jan Bal b/d 2,400 | | |

| | | | | | | | |
|--|-----------|---------|---------------|-------------|-----------------------------|---------------|--|
| | 31 Dec | Bal c/d | 1,400 | Jan- Dec | Receipts and payments | 8,400 | |
| | | | <u>10,800</u> | | | <u>10,800</u> | |

Bar trading account for the year ended 31st December 2017

| | € | € | Mark | Cognitive Skill |
|----------------------|---------|---------|------|-----------------|
| Sales | | 12,600 | ½ | Application |
| <u>Cost of sales</u> | | | | |
| Opening inventory | 1,200 | | ½ | Application |
| Purchases | 8,400 | | ½ | Application |
| | | 9,600 | | |
| Closing inventory | (1,350) | | ½ | Application |
| Cost of sales | | (8,250) | ½ | Application |
| Gross profit | | 4,350 | ½ | Application |

Part E – Income and Expenditure (8 marks)

Income and Expenditure account for the year ended 31st December 2017

| | € | € | Mark | Cognitive skill |
|--------------------|-------|----------|------|-----------------|
| <u>Income</u> | | | | |
| Subscriptions | | 14,700 | ½ | Analysis |
| Bar profit | | 4,350 | ½ | Analysis |
| Social activities | | 1,850 | ½ | Application |
| | | 20,900 | | |
| <u>Expenditure</u> | | | | |
| Bad subscriptions | 400 | | 1 | Analysis |
| Depreciation | 2,500 | | 1 | Analysis |
| General expenses | 8,250 | | ½ | Application |
| Rent | 4,000 | | ½ | Application |
| Insurance | 750 | | 1½ | Analysis |
| Electricity | 1,000 | | 1½ | Analysis |
| | | (16,900) | | |
| Surplus | | 4,000 | ½ | Application |

Accounting Past Paper 2018 – Paper 2B

Question 1 – Preparation of Financial Statements

Part A – Statement of profit or loss

Statement of profit or loss for the year ended 31st March 2018

| | € | € | Mark | Skill |
|------------------------------|----------|----------|------|--------------------------|
| Sales | | 153,300 | ½ | Application |
| <u>Cost of sales</u> | | | | |
| Opening inventory | 23,000 | | ½ | Application |
| Purchases | 87,600 | | ½ | Application |
| Closing inventory | (24,500) | | ½ | Application |
| Cost of sales | | (86,100) | | |
| Gross profit | | 67,200 | ½ | Application |
| <u>Expenses</u> | | | | |
| Wages and salaries | 21,350 | | 1 | Analysis |
| Administrative expenses | 6,900 | | 1 | Analysis |
| Van repairs and maintenance | 2,900 | | 2 ½ | Analysis |
| Irrecoverable debts | 600 | | 1 | Application |
| Allowance for doubtful debts | 500 | | 1 | Synthesis and evaluation |
| Distribution expenses | 9,220 | | ½ | Application |
| Depreciation: | | | | |
| Delivery vans | 4,740 | | 1 | Application |
| Equipment | 1,390 | | 1 | Application |
| | | (47,600) | | |
| Net profit | | 19,600 | ½ | Application |

Part B – Statement of financial position

Statement of Financial Position as at 31st March 2018

| | € | € | € | Mark | Cognitive skill |
|---------------------------|--------|---------|--------|------|-----------------|
| <u>Non-current assets</u> | | | | | |
| Office equipment | 13,900 | (3,390) | 10,510 | | |
| Delivery vans | 23,700 | (9,740) | 13,960 | | |

| | | | | | |
|--------------------------------|--------|----------|----------|---|-------------------------|
| | 37,600 | (13,130) | 24,470 | | |
| | 1 ¼ | 1 ¼ | | | Application Analysis |
| <u>Current assets</u> | | | | | |
| Closing inventory | | 24,500 | | ½ | Application |
| Trade receivables | 35,500 | | | | |
| Allowance for doubtful debts | (500) | | | | |
| | | 35,000 | | 1 | Analysis |
| Other receivables | | 600 | | ½ | Analysis |
| Bank | | 10,480 | | ½ | Application |
| | | | 70,580 | | |
| Total assets | | | 95,050 | | |
| <u>Capital and liabilities</u> | | | | | |
| Capital at beginning | | | 77,000 | ½ | Application |
| Net profit | | | 19,600 | ½ | Application |
| Drawings | | | (22,200) | ½ | Application |
| Capital at end | | | 74,400 | ½ | Application |
| <u>Current liabilities</u> | | | | | |
| Trade payables | | 19,300 | | ½ | Application |
| Other payables | | 1,350 | | ½ | Analysis |
| Total liabilities | | | 20,650 | | |
| Capital and liabilities | | | 95,050 | | |

Question 2 – Correction of Errors (20 marks – all analysis)

The Journal

| | Dr | Cr |
|------------|-----|-----|
| | € | € |
| Suspense | 300 | |
| S. Mangion | | 300 |
| Suspense | 25 | |
| Purchases | | 25 |

| | | |
|-------------------|-----|-----|
| Suspense | 50 | |
| D. Palmier | | 50 |
| Trade receivables | 27 | |
| Sales | | 27 |
| Returns inwards | 120 | |
| Returns outwards | | 120 |
| C. Cauchi | 20 | |
| C. Cachia | | 20 |

Suspense Account

| | | | |
|------------|-----|--------------------------|-----|
| | € | | € |
| S. Mangion | 300 | Trial balance difference | 393 |
| Purchases | 25 | | |
| D. Palmier | 50 | | |

Question 3 – Accounting for depreciation

Part A – Motor Car Account

Motor Car Account

| Mark | Cognitive Skill | | € | | € | Mark | Cognitive Skill |
|------|-----------------|-------------|---------------|--------|-------------|------|-----------------|
| ½ | Application | <u>2014</u> | | | <u>2014</u> | ½ | Application |
| | | 1 Jan | New Cars Ltd. | 15,200 | 31 Dec | | |
| ¼ | Application | <u>2015</u> | | | <u>2015</u> | ¼ | Application |
| | | 1 Jan | Bal b/d | 15,200 | 31 Dec | | |
| ¼ | Application | <u>2016</u> | | | <u>2016</u> | ¼ | Application |
| | | 1 Jan | Bal b/d | 15,200 | 31 Dec | | |
| 1 | Analysis | <u>2017</u> | | | <u>2017</u> | 1 | Analysis |
| | | 1 Jan | Bal b/d | 15,200 | 1 Jan | | |

| | | | | | | | | | |
|---|-------------|-------|------|---------------|--------|---------|---------------|---|-------------|
| ½ | Application | 1 Jan | Bank | 18,600 | 31 Dec | Bal c/d | 18,600 | ½ | Application |
| | | | | <u>33,800</u> | | | <u>33,800</u> | | |

Part B – Motor car allowance for depreciation account

Allowance for Depreciation of Motor Car Account

| Mark | Cognitive Skill | | € | | € | Mark | Cognitive Skill | | |
|------|-----------------|-------------|----------|---------------|--------|-----------------------------|-----------------|---|----------|
| | | <u>2014</u> | | <u>2014</u> | | | | | |
| | | 31 Dec | Bal c/d | 3,040 | 31 Dec | Statement of Profit or Loss | 3,040 | 1 | Analysis |
| | | <u>2015</u> | | <u>2015</u> | | | | | |
| | | 31 Dec | Bal c/d | 5,472 | 1 Jan | Bal b/d | 3,040 | | |
| | | | | | 31 Dec | Statement of Profit or Loss | 2,432 | 1 | Analysis |
| | | | | <u>5,472</u> | | | <u>5,472</u> | | |
| | | <u>2016</u> | | <u>2016</u> | | | | | |
| | | 31 Dec | Bal c/d | 7,418 | 1 Jan | Bal b/d | 5,472 | | |
| | | | | | 31 Dec | Statement of Profit or Loss | 1,946 | 1 | Analysis |
| | | | | <u>7,418</u> | | | <u>7,418</u> | | |
| | | <u>2017</u> | | <u>2017</u> | | | | | |
| ½ | Analysis | 1 Jan | Disposal | 7,418 | 1 Jan | Bal b/d | 7,418 | ½ | Analysis |
| | | 31 Dec | Bal c/d | 3,720 | 31 Dec | Statement of Profit or Loss | 3,720 | 1 | Analysis |
| | | | | <u>11,138</u> | | | <u>11,138</u> | | |

Part C – Motor car disposal account

Motor car disposal account

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill | | |
|------|-----------------|------------------------|--|------|-----------------|---|-------------|
| 1 | Application | 1 Jan Motor Car 15,200 | 1 Jan Allowance for depreciation 7,418 | 1 | Application | | |
| | | | 1 Jan Cash 7,000 | | | 1 | Application |
| | | | 31 Dec Statement of Profit or Loss 782 | | | | |
| | 15,200 | 15,200 | | | | | |

Part D – Statement of financial position extract

Statement of Financial Position (extract) as at 31st December 2017

| | € | € | € | Mark | Cognitive skill |
|---------------------------|--------|---------|--------|------|-----------------|
| <u>Non-Current Assets</u> | | | | | |
| Motor Car | 18,600 | (3,720) | 14,880 | | |
| | ½ | | ½ | | Application |
| | | 1 | | | Analysis |

Question 4 – Double Entry Accounting (15 marks)

Cashbook

| Mar k | Cognitive Skill | € | € | Mark | Cognitive Skill |
|-------|-----------------|----------------------|----------------------|------|-----------------|
| ½ | Application | 1 Jan Bal b/d 5,500 | 7 Jan J. Borg 873 | ½ | Application |
| ½ | Application | 6 Jan R. Bonnici 160 | 31 Jan Bal c/d 4,787 | | |

Purchases Ledger

J. Borg Account

| Mar k | Cognitive Skill | € | € | Mark | Cognitive Skill |
|-------|-----------------|---|---|------|-----------------|
| | | | | | |

| | | | | | | | | | |
|---|-------------|-------|------------------|------------|-------|---------|------------|---|-------------|
| ½ | Application | 7 Jan | Bank | 873 | 1 Jan | Bal b/d | 900 | ¼ | Application |
| ½ | Application | 7 Jan | Discount allowed | 27 | | | | | |
| | | | | <u>900</u> | | | <u>900</u> | | |

R. Mangion Account

| Mark | Cognitive Skill | | € | | € | Mark | Cognitive Skill | | |
|------|-----------------|--------|------------|--------------|--------|-----------|-----------------|---|-------------|
| ½ | Application | 15 Jan | Ret out | 150 | 1 Jan | Bal b/d | 420 | ¼ | Application |
| ½ | Application | 30 Jan | R. Mangion | 1,600 | 12 Jan | Purchases | 2,400 | ½ | Application |
| 1 | Application | 31 Jan | Bal c/d | 1,070 | | | | | |
| | | | | <u>2,820</u> | | | <u>2,820</u> | | |

Sales Ledger

R. Bonnici Account

| Mark | Cognitive Skill | | € | | € | Mark | Cognitive Skill | | |
|------|-----------------|-------|---------|------------|--------|---------|-----------------|---|-------------|
| ¼ | Application | 1 Jan | Bal b/d | 160 | 6 Jan | Bank | 160 | ½ | Application |
| ½ | Application | 9 Jan | Sales | 800 | 31 Jan | Bal c/d | 800 | 1 | Application |
| | | | | <u>960</u> | | | <u>960</u> | | |

D. Privitelli Account

| Mark | Cognitive Skill | | € | | € | Mark | Cognitive Skill | | |
|------|-----------------|--------|---------|------------|--------|---------|-----------------|---|-------------|
| ¼ | Application | 1 Jan | Bal b/d | 940 | 31 Jan | Bal c/d | 1,540 | 1 | Application |
| ½ | Application | 14 Jan | Sales | 600 | | | | | |
| | | | | <u>600</u> | | | | | |

| | | | | |
|--|--|-------|-------|--|
| | | 1,540 | 1,540 | |
|--|--|-------|-------|--|

R. Mangion Account

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|-----------------|--------------------|-------------------------|------|-----------------|
| ½ | Application | 24 Jan Sales 1,600 | 30 Jan R. Mangion 1,600 | ½ | Application |

General Ledger

Sales Account

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|-----------------|---|--------------------------|------|-----------------|
| | | | 1 Jan Bal b/d 15,000 | ½ | Application |
| | | | 9 Jan R. Bonnici 800 | ½ | Application |
| | | | 14 Jan D. Privitelli 600 | ½ | Application |
| | | | 24 Jan R. Mangion 1,600 | ½ | Application |

Purchases Account

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|-----------------|-------------------------|---|------|-----------------|
| ½ | Application | 1 Jan Bal b/d 8,350 | | | |
| ½ | Application | 12 Jan R. Mangion 2,400 | | | |

Returns Outwards Account

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|-----------------|---|-----------------------|------|-----------------|
| | | | 1 Jan Bal b/d 400 | ½ | Application |
| | | | 15 Jan R. Mangion 150 | ½ | Application |

Discount Received Account

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|-----------------|---|------------------|------|-----------------|
| | | | Jan 7 J. Borg 27 | ½ | Application |

Question 5 – Bank Reconciliation Statement

Part A – Update the cashbook

Updated Cashbook

| Mark | Cognitive Skill | € | € | Mark | Cognitive Skill |
|------|-----------------|------------------|-------------------|------|-----------------|
| 1 | Application | 28 Balance 2,160 | 28 Advertising 50 | 2 | Analysis |
| | | Feb b/d | Feb Ltd | | |
| 2 | Analysis | 28 A. 125 | 28 Bank 12 | 2 | Application |
| | | Feb Cassar | Feb charges | | |
| | | | 28 Bal c/d 2,223 | | |
| | | | Feb | | |
| | | <u>2,285</u> | <u>2,285</u> | | |

Part B and C – Calculate the Missing Bank Balance and Prepare a Bank Reconciliation Statement

Bank Reconciliation statement as at 31 March 2018

| | | Mark | Cognitive Skill |
|-------------------------------|--------------|------|--------------------------|
| Updated cashbook balance | 2,223 | 1 | Application |
| Unpresented cheques | 600 | 2 | Synthesis and evaluation |
| | <u>2,823</u> | | |
| Bank lodgements | (560) | 2 | Synthesis and evaluation |
| Balance as per bank statement | <u>2,263</u> | 3 | Application |

Question 6 – Departmental Accounting

Part A – Statement of Profit or Loss for each department

Statement of Profit or Loss account for the year ended 31st December 2017

| | Stationery | | Sweets | | Mark | Cognitive skill |
|-----------------------|------------|----------|---------|----------|------|-----------------|
| | € | € | € | € | | |
| Sales | | 45,000 | | 75,000 | ½ | Application |
| <u>Cost of sales</u> | | | | | | |
| Opening inventory | 1,800 | | 4,200 | | ½ | Application |
| Purchases | 35,200 | | 48,800 | | ½ | Application |
| Closing inventory | (1,000) | | (3,000) | | ½ | Application |
| Cost of sales | | (36,000) | | (50,000) | | |
| Gross profit | | 9,000 | | 25,000 | 1 | Application |
| <u>Expenses</u> | | | | | | |
| Salaries | 4,350 | | 4,700 | | 1 | Application |
| Rent | 1,200 | | 1,800 | | 3 | Analysis |
| Water and electricity | 960 | | 1,440 | | 2 | Analysis |
| Advertising | 1,200 | | 2,000 | | 1 ½ | Application |
| | | -7,710 | | -9,940 | | |
| Net profit | | 1,290 | | 15,060 | ½ | Application |

Part B – Accounting Ratios

| Number | Question | Marks | Cognitive skill |
|--------|---------------------|-------|---|
| 1 | Gross Profit Margin | 2 | ½ mark – Knowledge and comprehension 1 ½ marks – Application |
| 2 | Net Profit Margin | 2 | ½ mark – Knowledge and comprehension 1 ½ marks - Application |

Question 7 – Accounting for Non-Profit Organisations

Part A – Subscriptions Account

Subscriptions account

| Mark | Cognitive skill | € | € | Mark | Cognitive skill | | |
|------|--------------------------|-------------------------------|-------|-------------------------------|-----------------|---|-------------|
| 1 | Analysis | 1 Jan Bal b/d | 280 | 1 Jan Bal b/d | 60 | 1 | Analysis |
| 1 | Synthesis and evaluation | 31 Dec Income and expenditure | 5,285 | Jan-Dec Receipts and payments | 5,600 | 1 | Application |

| | | | | | | | | | |
|---|----------|-----------|---------|--------------|-----------|---------|--------------|---|----------|
| ½ | Analysis | 31 Dec | Bal c/d | 160 | 31 Dec | Bal c/d | 65 | ½ | Analysis |
| | | | | <u>5,725</u> | | | <u>5,725</u> | | |

Part B – Bar Trading Profit and Loss

Bar Trading and Profit and Loss Account for the year ended 31st December 2017

| | € | € | Mark | Cognitive skill |
|----------------------|---------|---------|------|-----------------|
| Sales | | 9,850 | ½ | Application |
| <u>Cost of sales</u> | | | | |
| Purchases | 6,400 | | ½ | Application |
| Closing inventory | (1,330) | | ½ | Application |
| Cost of sales | | (5,070) | | |
| Gross profit | | 4,780 | ½ | Application |
| <u>Expenses</u> | | | | |
| Bar wages | | (6,400) | ½ | Application |
| Bar loss | | (1,620) | ½ | Application |

Part C – Income and Expenditure Account

Income and Expenditure account for the year ended 31st December 2018

| | € | € | Mark | Cognitive skill |
|-------------------------|-------|---------|------|-----------------|
| <u>Income</u> | | | | |
| Subscriptions | | 5,285 | 1 | Analysis |
| Donations | | 700 | ½ | Application |
| Fund raising activities | | 365 | ½ | Application |
| | | 6,350 | | |
| <u>Expenditure</u> | | | | |
| Bar Loss | 1,620 | | 1 | Analysis |
| Wages for security | 1,200 | | ½ | Application |
| Rent | 450 | | ½ | Application |
| Communication | 250 | | ½ | Application |
| Water and electricity | 980 | | ½ | Application |
| Dance expenses | 575 | | ½ | Application |
| Maintenance | 365 | | ½ | Application |
| | | (5,440) | | |

| | | | |
|---------|-----|---|-------------|
| Surplus | 910 | 1 | Application |
|---------|-----|---|-------------|