

**PRINCIPLES OF ACCOUNTING – PAPER 1****1.0 General Performance**

- Overall performance was average although the pass rate declined by 4.75% from 62.79% in the previous sitting to 58.04%.
- Candidates were on average well prepared for the examination.

**2.0 PERFORMANCE IN INDIVIDUAL QUESTIONS****2.1 Question 1:**

This consisted of a set of 20 multiple-choice questions covering the entire syllabus.

- Performance in this question was generally good.
- No major weaknesses were observed.

**2.2 Question 2:**

- This was a compulsory question which required candidates to: (a) explain the following terms as used in accounting: (i) accounting, (ii) financial accounting (iii) cost accounting; and (iv) management accounting; (b) prepare a trial balance from a list of balances as at 31 May 2011.
- It was well attempted.
- However, whereas the preparation of the trial balance was well attempted, candidates could not properly explain the above accounting terms, let alone differentiate them. For instance, most candidates failed to distinguish between accounting and financial accounting.

**2.3 Question 3:**

- Required candidates to prepare a statements comprehensive income, and financial position.
- It was popular and performance was good.
- Candidates displayed sufficient knowledge of preparation of the financial statements.

**2.4 Question 4:**

- Required candidates to: (a) explain why organisations open bank accounts, (b) state four advantages of bank reconciliation, and (c) prepare an adjusted cash book and a bank reconciliation statement
- This question was hardly attempted. The few candidates who attempted it displayed inadequate knowledge of the subject area. Specifically, candidates displayed insufficient knowledge on advantages of bank reconciliation and consequently very low marks indeed. Candidates exhibited of lack of knowledge of preparation of adjusted cash book. This was demonstrated by failure to make correct postings.

**2.5 Question 5:**

- Required candidates to: (a) state four characteristics which must exist if a partnership is to be formed, (b) prepare (i) an appropriation account, (ii) current accounts, and (iii) statement of financial position for a partnership.
- The question was well answered. Candidates displayed adequate knowledge of partnership accounts and consequently scored good marks.
- However, the major weakness was on the section that required the candidates to state the characteristics which must exist if a partnership is to be formed. Whereas some candidates gambled their way through, others skipped this section altogether.

**2.6 Question 6:**

- Required candidates to list and explain any five types of errors which cannot be detected by the trial balance.
- This was a popularly attempted question with the majority of candidates scoring more than half the marks allocated. Candidates exhibited knowledge of the subject area.
- However, it is a general observation that candidates tend to give one sentence statements without examples as 'short notes' and expect full marks!

**2.7 Question 7:**

- Required candidates to explain any five methods of depreciation.
- This question was the least attempted, even then the few who attempted did not answer it well.
- It was abundantly clear that most candidates had not covered this area of the syllabus.