



**General Certificate of Education (A-level)  
January 2011**

**Accounting**

**ACCN1**

**(Specification 2120)**

**Unit 1: Introduction to Financial Accounting**

***Report on the Examination***

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## ACCN1 Introduction to Financial Accounting

### General

Overall, the standard of work produced by candidates showed encouraging signs of improvement on previous sittings of the examination. Well prepared candidates were able to demonstrate a good solid understanding of the principles of accounting. Candidates appear to have taken note of the need to show workings in computational questions, thus making the most of opportunities to accumulate marks. This paper did, however, highlight the need for candidates to improve their use of accounting language and terminology, rather than using general terms such as long term/short term.

Although the overall standard of presentation has improved, there are still many candidates who need to take greater care with their presentation and communication in order to improve their marks.

### Question 1

- (a) Most candidates were able to gain good marks on this question, although the goods returned to the supplier proved difficult for less well prepared candidates. Some candidates confused source documents with books of original entry.
- (b) The second part of this question which required candidates to complete a sales ledger account, offered the well-prepared candidate the opportunity to gain high marks by applying their knowledge of double entry bookkeeping. Whilst most candidates gained good marks, only a small minority were able to deal correctly with the discount allowed aspect of the dishonoured cheque. Once again, candidates were often unable to use correct or appropriate narratives in the account and this is a recurring weakness.

### Question 2

- (a) Most candidates performed well on this question, which required the completion of the cash book. However, a significant number of candidates entered the outstanding lodgement and unpresented cheque back into the cash book and a number still had difficulty balancing off an account correctly.
- (b) Candidates who gained high marks in the first part of this question were generally able to prepare a correct bank reconciliation. The most common error was the failure to correctly label the two balances. A number of candidates carried the original balance of £912 into the reconciliation while some used the correct figures with no narratives whatsoever. No marks were awarded for this.
- (c) In general, responses were poor, mainly due to a lack of focus and a lack of development of comments. A significant number of candidates' responses referred to the final accounts or simply stated the reconciliation balanced the two.

### Question 3

- (a) Candidates are clearly being well prepared for a question requiring the production of an income statement and, as a result, most gained good marks. A common area of weakness was the incorrect calculation of depreciation, often introducing the provision brought forward into the income statement. Very few candidates were able to correctly calculate the adjustment for rent and rates. On a positive note, fewer candidates lost marks for abbreviations in the income statement heading and it was pleasing to note that candidates were increasingly showing workings to support their figures.
- (b) The majority of candidates gained good marks for the production of the balance sheet. Most problems surrounded the introduction of £5000 capital. A number of candidates did not adjust the bank overdraft to take account of this, and a significant number deducted the amount from drawings. Despite the fact that the question clearly indicated that the bank loan was repayable nine months after the year end, a significant number of candidates assumed that this was a non-current liability.

### Question 4

- (a) Whilst most candidates were probably aware of what non-current and current assets are, they had difficulty expressing their knowledge in a coherent manner. Disappointingly, most candidates felt that quoting an example met the requirements of a definition.
- (b) Weaker candidates produced answers that failed to address the question whereas well-prepared candidates recognised that the question required a discussion concerning errors that do and do not affect the trial balance. These candidates often produced good, well-developed answers and were consequently rewarded with high marks.

### Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results statistics](#) page of the AQA Website.