



**General Certificate of Education (A-level)
June 2012**

Accounting

ACCN1

(Specification 2120)

Unit 1: Introduction to Financial Accounting

Report on the Examination

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General

The examination covered a wide range of the specification content and it is pleasing to report that most students appeared to cope well with the demands, demonstrating good knowledge and understanding, and in most cases being able to apply this to a particular problem. Whilst most students were able to undertake standard computational questions, responses to written questions continue to be sketchy in places.

As usual, I would stress the importance of two issues that disadvantaged students:

- failure to show full and detailed workings in computational questions
- failure to read the question properly and relate answers to data provided.

Question 1

- (a) This question required students to explain three reasons why it is important to keep accurate accounting records. Many students struggled to give more than two reasons and only the better students were able to develop their reasons well enough to earn the second mark. The biggest problem was that despite discussing a start-up situation for a sole trader, a number of students referred to shareholders and potential investors.
- (b) Students were required to explain the interest that suppliers and employees would have in financial statements. Whilst most students were able to give good superficial answers, many responses lacked sufficient development to gain full marks. Although the question specifically related to the business under review, less well prepared students clearly did not read the question fully and gave a generic answer not relating to the two interest groups.

Question 2

- (a) The preparation of a control account is a common question in ACCN1 and most students scored good marks. As is often the case, some students insist on using all of the information provided rather than be selective - the data included supplier information that had no relevance to the sales ledger control account. A significant number of students were unable to deal correctly with the adjustment for the dishonoured cheque that had been subject to discount allowed. Presentation of the control account was poor in a number of cases, especially with regard to balancing the account.
- (b) This question produced a variety of answers. A number of students erroneously thought that the control account identifies and corrects errors – this is not the case. The verification is undertaken by comparing the total sales ledger balances with the balance on the control account - this in turn identifies the presence or otherwise of errors.

- (c) The question specifically requested two other ways (other than identifying errors) in which the sales ledger control account can act as an aid to managing the business. A majority of students went on to discuss the identification of errors which was not rewarded.

A number of students discussed how management could improve sales or profitability which did not answer the question. Well prepared students understood that the control account was not only a checking device, but also preparatory in producing the financial statements and a useful tool in preparing management information. These students were well rewarded.

Generally, the quality of written communication again showed signs of improvement.

Question 3

- (a) Students were required to prepare an extract from the income statement, starting with the given gross profit. Despite this and despite the fact that there was insufficient information, some students attempted to prepare the trading section of the income statement.

Most students were able to gain good marks, although as is often the case, the adjustments for accruals and prepayments cause problems when these have to be calculated rather than the actual figures given. I would once again stress the importance of showing full workings in these circumstances – marks will be awarded for correct workings even where the end result is incorrect.

- (b) Following on from the income statement, students were required to produce a full balance sheet. The presentation of the balance sheet was of varied quality and once again, some students suffered by not showing complete workings for the adjustments. A large number of students failed to notice that the bank loan was due for repayment fifteen months after the year-end and as such was a non-current liability, not a current liability.

Question 4

- (a) This question required students to prepare a suspense account in order to ascertain the difference on the trial balance. Well prepared students were able to gain good marks, although a common weakness was to carry the balance on the account down rather than designate it as the opening balance on the account, ie the difference on the trial balance. Weaker students showed little understanding of the topic, with a number posting a debit and credit entry to the suspense account for each transaction. No marks were awarded in these circumstances.
- (b) Having prepared the suspense account, students were required to indicate the effect of the corrections on the profit for the year. A significant number of students clearly did not read the instruction and completed the table with ticks rather than amounts thus losing virtually all of the marks.
- (c) Most students were well prepared for a question on errors and gained good marks, but a number were able to describe an error but failed to identify which error they were describing, thus losing marks.

Summary

Overall, there were encouraging signs in students' performance. Much of the written work was undertaken in a more professional manner than of late, a trend that centres must continue to encourage. Centres must ensure that students remain focussed to the task in hand in this respect and learn to develop their answers. However, the perennial weakness of failing to show full workings in computational questions must be addressed to avoid the needless dropping of marks.

Mark Ranges and Award of Grades

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