



**General Certificate of Education**

**Accounting ACCN2**

**Unit 2: Financial and Management  
Accounting**

**Report on the Examination**

*2009 examination - June series*

Further copies of this Report are available to download from the AQA Website: [www.aqa.org.uk](http://www.aqa.org.uk)

Copyright © 2009 AQA and its licensors. All rights reserved.

#### COPYRIGHT

AQA retains the copyright on all its publications. However, registered centres for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to centres to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

---

## Accounting: Advanced Subsidiary Level

### Unit 2 Financial and Management Accounting (ACCN2)

#### General

This examination tested a wide range of subject matter contained in this unit: preparation of accounts, types of business ownership, cash budgets, use of ICT in accounting, limited company accounts and ratios. It also included topics new to the AS specification this year: bonus issues and the gearing ratio. Given the breadth of knowledge required, it is pleasing to report that most candidates were able to meet this challenge and showed their understanding across the range of topics examined.

It is also pleasing to report that the answers to the written questions were often well structured, reasonably extensive and developed with the use of examples. The numerical questions were also well presented.

However, a significant number of candidates did not read the questions and, as a result, answered the question they thought they were being asked rather than the actual question (see comments on question 2).

It is also vital that candidates take particular note of the command words in the questions. Command words state what the examiner is looking for in the response. For example, the command word **Discuss** was used in two questions in the examination. This requires candidates to present a balanced argument **and** to **summarise** or come to some form of **conclusion**. Whilst many candidates presented balanced arguments, very few drew any conclusion and therefore were unable to gain the full marks awarded for these questions.

#### Question 1

This question focused on stock valuation and the calculation of the provision for doubtful debts.

##### Part (a)

The majority of candidates were able to calculate the net realisable value and were aware that this figure should be included in the trading account. A number worked out the change in value, which was not required, and thus did not gain full marks.

##### Part (b)

The vast majority of candidates were able to calculate the provision for doubtful debts, again it was disappointing that a number went on to work out the change in provision in question 1(c). This was not required and sometimes resulted in candidates losing marks as it was not clear if they knew the value of the provision.

---

## Question 2

This question proved difficult for a number of candidates for two main reasons.

- (1) As stated previously the command word 'Discuss' should lead candidates to a conclusion or summary and very few candidates provided a conclusion. It is vital that candidates are aware of the command words and their expectations e.g. the assessment objective being tested.
- (2) The question stated that Jim and Jemima were intending to set up a business, the implication of this is that they either start as a partnership or private limited company. A number suggested that given the amount of finance needed they should set up as a plc, which is not a realistic suggestion. Many candidates clearly did not read the question and gave reasons for setting up as a private limited company. Others clearly did not understand the concept of limited liability and stated that in a private limited company the owners would have unlimited liability.

However, it was pleasing that candidates were able to write a well structured answer, with many good examples of development.

## Question 3

### Part (a)

The cash budget was well answered with many candidates scoring maximum marks. It was disappointing that many very good answers included depreciation thus losing marks. Another common mistake was to include the overdraft facility within the budget, showing a lack of understanding.

### Part (b)

In part (b) candidates were able to give advice regarding the need for additional finance and related this to their budget, which is good practice. However they were less willing to use the actual numbers to state how much would be needed. Candidates should be encouraged to quantify answers wherever possible.

### Part (c)

In part (c) most candidates were aware of the implications of installing a new computer system for the business. However, a significant number focused on the impact on staff and this was not what the question was asking. Again candidates should be encouraged to make sure they read the question carefully and ensure their answers address the question directly. It was evident here, as in question 2, that candidates did not realise that they needed to provide a summary or conclusion and therefore could not gain full marks for this part question.

---

**Question 4**

This was the most poorly answered question. Candidates were able to calculate the book value of shares issued in question (a), but were less comfortable with the more conventional parts of the AS specification: namely the appropriation account and balance sheet extract.

**Please note:**

*From June 2010 onwards appropriation accounts will no longer be assessed in ACCN2 and they will be replaced by the International Accounting Standard approach of showing the appropriations of profit and shares issues using the Statement of Changes in Equity.*

Most disappointing of all were the problems candidates had calculating the gearing ratio. Many did not know the formula, some knew the formula but could not apply this to the question, and only a few candidates were able to score full marks on this section.

**Mark Ranges and Award of Grades**

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

---