



**General Certificate of Education**

**Accounting ACCN2**

**Unit 2: Financial and Management  
Accounting**

**Report on the Examination**

*2009 examination - January series*

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**Accounting: Advanced Subsidiary Level****Unit 2 (ACCN2)****General**

There was a very small entry for this examination, so it is difficult to make general comments on candidate performance.

**Question 1**

This question involved the preparation of a cash budget for one month. Most candidates taking the exam were able to prepare a cash budget and were able to advise on whether or not the equipment was affordable. The most common error was to include depreciation and candidates should be aware that this is a non-cash expense. The layouts of the budget were varied but could be followed.

**Question 2**

The rights issue is new to AS and the majority of candidates were able to prepare the capital and reserves section of the balance sheet correctly. The most common error was the incorrect calculation of the share premium. However it is pleasing to report that candidates added the new shares to the issued shares and increased the share premium account rather than show the rights issue separately which has happened in previous examinations.

The weakest parts of this question were the definitions of capital reserves and revenue reserves. Candidates were often able to give examples but not give a clear definition.

**Question 3**

Candidates were well prepared for the trading and profit and loss account. The presentation of the account was good with many candidates achieving the 2 marks for quality of presentation (these were awarded to a correct and full title, including the owner's name and the date in full; and the main headings in the trading and profit and loss account).

The adjustments to the figures in the trial balance were made correctly with workings being shown. Most candidates were able to calculate the closing provision for doubtful debts, but not all showed the change in the provision in the profit and loss account. A significant number of very good candidates prepared a perfect account except for the calculation of the reducing balance method of depreciation. They knew the method, but could not calculate  $33\frac{1}{3}\%$  and so lost a mark.

#### Question 4

The information presented in the question was extracted from the final accounts and this proved difficult for a number of candidates, who knew the formulae for the ratios but did not select the correct information for the calculation. One of the skills candidates are expected to demonstrate is the ability to select information which can be presented in familiar and unfamiliar ways. Candidates need to be aware of this and make sure that they really understand the concepts and techniques to be applied.

A number of candidates lost marks for rounding down the debtor collection and creditor payment periods. These should always be rounded up to the next day.

The written parts of the question 4(e) showed that candidates were able to express themselves clearly and use appropriate terminology. The major weakness in this section was the assessment of the ratios. A significant number of candidates believed that there are “correct” current and acid test ratios. This is not the case and meant that these candidates did not gain marks on this section. Also many candidates having correctly calculated the current and acid test ratios compared them with the industry average and concluded that they were “better” as they were higher, again this was not rewarded.

#### Mark Ranges and Award of Grades

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