



**General Certificate of Education**

**Accounting ACCN1**

**Unit 1: Financial Accounting:  
Introduction to Financial  
Accounting**

**Report on the Examination**

*2009 examination - January series*

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## **Accounting: Advanced Subsidiary Level**

### **Unit 1: Financial Accounting: Introduction to Financial Accounting**

#### **General**

This was the first sitting under the new specification and it is pleasing to report that candidates generally adapted very well. As was the case with previous examinations, candidates once again demonstrated a good understanding of the most commonly examined areas of the specification involving the preparation of a trading and profit and loss account and balance sheet extracts. However, the less commonly examined areas of the specification continue to cause problems, suggesting that candidates are relying too heavily on past examination questions rather than gaining a thorough knowledge and understanding of basic principles. It was noticeable that well prepared candidates presented financial statements in a structured and clear manner, showing relevant workings where required. This enabled those candidates to score very high marks. Less well prepared candidates tended to produce statements in a very haphazard and jumbled way, showing no workings whatsoever. Consequently, those candidates tended to score very low marks.

#### **Question 1**

This question received very mixed responses.

##### **Part (a)**

With the exception of the most obvious transactions, a number of candidates showed very little knowledge of which source documents were involved and, in certain instances, what constituted a source document.

##### **Part (b)**

Application of the rules of double entry caused difficulty for a number of candidates. In particular, few candidates identified the capital account as the account to be credited with the £50 000 paid into the business bank account from Eifion's savings. There was also evidence of uncertainty by some candidates who entered two different accounts in one box. Such answers cannot be awarded marks.

The rule applied to this question was that the account must be an acceptably named correct account and this was not the case in a number of responses.

#### **Question 2**

Most candidates scored well on this question.

##### **Part (a)**

The sales ledger control account was generally well attempted by a large number of candidates. The most common error was an inability to deal with the incorrect balance brought down on the account. A significant number of candidates merely crossed out the incorrect balance and inserted the correct figure. This is clearly not an acceptable double entry practice and was not rewarded. It is of concern to note again that a large number of candidates do not know how to balance off an account correctly.

**Part (b)**

Whilst most candidates were able to state some benefits of preparing a sales ledger control account, a lack of precision in the way they were expressed often restricted the marks awarded. For example, a sales ledger control account helps identify errors in the ledger, it does not correct those errors.

**Part (c)**

There were a number of very good answers to this part of the question, the majority of candidates stating and giving good explanations for an error of commission and an error of original entry or an error of omission.

**Question 3**

This question required candidates to prepare a trading and profit and loss account together with balance sheet extracts for capital and current assets and was generally very well done by the majority of candidates. Under the new specification, candidates had to make adjustments for accrued expenses, prepaid expense and depreciation. There was a noticeable improvement in presentation compared to previous examinations.

**Part (a)**

It was particularly pleasing that a large number of candidates were able to make correct adjustments for the accrued wages and the general expenses paid in advance, together with the depreciation adjustment. However, a number of candidates showed no workings for their adjustments and thus restricted the marks that could have been earned.

The most common errors in the trading and profit and loss account were an inability to differentiate between returns inwards / returns outwards and discounts received / discounts allowed.

**Part (b)**

Most candidates were able to gain full marks by presenting a correct capital account.

**Part (c)**

A significant number of candidates lost marks on this part by including the bank overdraft as a current asset.

**Part (d)**

Part (d) required candidates to write a memorandum. The majority of responses were poor, with many candidates not able to clearly identify stakeholders that would be appropriate to this type of business. The heading was frequently inappropriate due to either abbreviations or lack of clarity in the subject line. The standard of report writing overall was disappointing.

#### **Question 4**

The question required candidates to enter transactions into a three column cash book. Candidates had difficulty dealing with a number of the transactions. Only a relatively small minority of candidates were able to correctly calculate the discounts allowed and received. Transactions between the bank account and the cash account were often incorrectly reversed in the cash book and once again, weaker candidates in particular were unable to correctly balance off the cash book. A large number of candidates balanced the discount columns.

#### **Mark Ranges and Award of Grades**

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