



General Certificate of Education

Accounting ACCN1

**Unit 1: Further Aspects of Financial
Accounting**

Report on the Examination

2010 examination - June series

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Accounting: Advanced Subsidiary Level

Unit 1: Introduction to Financial Accounting

General

This examination paper followed a tried and trusted format and whilst there were some excellent responses from well prepared candidates, it is once again disappointing to note that candidates still struggle with the requirements of narrative style questions where they are required to provide explanations of either accounting terms or uses of accounting records.

Most candidates appeared to be reasonably confident when required to prepare a balance sheet, but much less confident when required to adjust the profit figure for additional items.

Candidates' attention should be drawn to the need to show workings on computational questions. Many candidates lost valuable marks by neglecting to do this.

Most of the scripts showed a small improvement in presentation, especially from the perspective of spelling and grammar. However, there were still instances of candidates using inappropriate abbreviations.

Question 1

The question dealt with the reasons why businesses keep accounting records and the interest that external stakeholders have in those records. This topic has been covered in previous series and a large number of candidates were well prepared.

Part (a)

Whilst the majority of candidates were able to explain why it is necessary to keep accounting records, the development of some reasons did not go far enough to gain full marks. A typical response to this task was that accounting records would help to prevent fraud, but many candidates did not state how this would be achieved.

Part (b)

The second part of the question required candidates to identify external stakeholders. However some candidates failed to realise this and provided examples of internal stakeholders, including employees and managers. Well prepared candidates did provide some comprehensive answers, although in some cases they did not state clearly the interest that stakeholders would have in the accounting records.

Part (c)

The majority of candidates were able to score full marks on this task with appropriate explanations of the two terms. However, weaker candidates provided responses which indicated a lack of knowledge of the terms standing order and direct debit. A common response was that a standing order was a regular order for stock.

Question 2

The second question focused on the preparation of a purchase ledger control account and its relationship to individual creditor accounts, as well as its uses and limitations. This question produced very mixed responses.

Part (a)

Candidates were asked to prepare a purchase ledger control account from the data provided. Most candidates achieved good marks for this part, but many included cash purchases and other extraneous items in their account and were penalised accordingly. It was once again noticeable that many candidates remained unsure of how to close off an account and carry down the correct balance.

Part (b)

While a number of candidates were able to explain how the purchase ledger control account can be used to verify the balances in the purchases ledger, there was an equal number who responded by repeating the question and not providing any development that answered the question.

Part (c)

Responses to this question were very varied. Well prepared candidates were given ample opportunity to gain full marks. However, the less well prepared could identify a type of error but could not clearly state the limitation of the purchase ledger control account. Several candidates thought that a limitation was that you could not identify the value of sales from the purchases ledger.

Question 3

Candidates appear to have been well prepared for the preparation of a balance sheet, and consequently were rewarded with good marks. Some lost marks for being unable to calculate the adjusted profit figure. Whilst there was a definite improvement in the presentation of work, several candidates again failed to provide workings for their answers and, as a result, were often unnecessarily penalised.

Part (a)

Most candidates were able to deal with the adjustments for inventory (stock), accruals and prepayments correctly, but many included adjustments which did not affect the profit figure such as the loan repayment. Weaker candidates struggled with the requirements of the question and did not state clearly the effect on the profit as required.

Part (b)

Candidates were required to produce a standard balance sheet for a sole trader incorporating adjustments. Those candidates who were well prepared and understood the need to show full workings were able to gain marks that were unavailable to those who failed to show their workings. A common error was to include the bank loan as a long term liability, whereas the question stated quite clearly that it was due to be repaid within twelve months and should therefore be a current liability. Some candidates also experienced difficulty with calculating the bank figure due to the fact that there was an overdraft.

Question 4

Many candidates performed well in this final question.

Part (a)

The majority of candidates were able to gain two marks in this part by correctly identifying the first two source documents. However, there were many who erroneously thought the source document for the cheque sent by Joe Shaw would be the cheque counterfoil.

Part (b)

This basic double entry question gave an opportunity for the well prepared candidate to gain six marks, which many candidates were able to do. There were several instances of candidates reversing some, or in some cases, all the entries. Overall presentation of ledger accounts was poor with many candidates either omitting dates or using inappropriate narratives. It was once again noticeable that many candidates remain unsure of how to close off an account and carry down the correct balance.

Part (c)

This final part required candidates to produce a simple suspense account and to calculate the opening balance. It was pleasing to note that several candidates were able to score full marks in this question although there were others who had calculated the opening figure correctly but were penalised for then carrying this figure forward into next year. As in part (b) there were several instances of candidates providing a full reversal of the account.

Mark Ranges and Award of Grades

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