



**General Certificate of Education**

**Accounting ACCN3**

**Unit 3: Further Aspects of Financial  
Accounting**

**Report on the Examination**

*2010 examination - June series*

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## **Accounting: Advanced Level**

### **Unit 3 Further Aspects of Financial Accounting (ACCN3)**

#### **General**

Centres are thanked for preparing so thoroughly their candidates to work with the new numbering system and the new style answer book. The majority of candidates responded well to the changes to the June 2010 exams, but where difficulties were experienced, centres are asked to draw candidates' attention to the comprehensive range of guidance material that is available on this subject in order that they are confident about what is required of them in future examinations. Support available on this issue includes Guides for teachers and students, and specimen question papers and mark schemes showing the changes in action. All documents published in support of the changes to exams can be accessed via notices published on all qualification homepages, all subject notice boards, and on the parent and student area of the web.

It was encouraging to see that this paper produced strong numerical answers but equally some very good written responses.

Many of the numerical responses were well presented, using conventional layouts and supporting outcomes with the necessary workings. Some candidates, however, need to carefully consider the layout used before answering the task as this may well save time and effort otherwise wasted in producing unnecessary work. Also, marks can quite often be lost where there are no supporting workings to obtain some of the marks available.

Many written responses were effectively communicated. However, candidates need to ensure that all comments are relevant to the question posed. For example merely describing a double-entry bookkeeping system or a statement of cash flows does not attract any marks. Candidates should consider how they phrase an overall assessment and use language which shows that a judgment or evaluation has been made.

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**Task 1****Question (01)**

In this question, many candidates recognised that the sales and sales returns figures needed to be reduced to cost price but some mistakenly applied a margin rather than a mark-up calculation. Many also added the repair cost to the original cost price instead of deducting it from the selling price and so ended up adding, not deducting, £20 from the stock valuation. Some candidates attempted to produce a trading account in which, for example, the £3300 was mistakenly assumed to be the total sales figure.

**Task 2****Question (02)**

Most candidates were able to calculate the correct value for stolen cash. There was generally a good understanding about the debit and credit entries and so if marks were lost it tended to be due to an omission as opposed to a mis-posting. However, some candidates attempted to combine bank and cash transactions even though the bank account summary had clearly been shown separately in the question scenario. For example, a drawings figure of £20 864 was quite often used.

**Question (03)**

Generally responses were quite poor for this question. Most candidates were able to recognise the fact that stolen cash represented an expense and in many cases quantified the value. However, there was some confusion concerning the insurance claim of £1250, and in particular the fact that this represented a debtor in the balance sheet. Some candidates did, however, include the amount correctly as either income or a reduction to the stolen cash amount.

**Question (04)**

There was evidence of some detailed and extended written prose in this question. However, many responses given concentrated on merely identifying the benefits and therefore didn't recognise that there could potentially be some negative impacts of double-entry bookkeeping. Many candidates didn't fully explain or develop each valid point mentioned and did not conclude with a clear assessment or recommendation about whether or not the system should be implemented. Some candidates stated that the system would prevent cash being stolen rather than recognising that it might help to reduce fraud.

**Task 3****Question (05)**

There were many strong responses but only a few were awarded full marks. The goodwill and revaluation amounts were combined in a variety of different ways, all of which were potentially acceptable. However, some candidates produced individual capital accounts for each partner as opposed to using a columnar layout. Whilst no marks were lost for this approach these would have been more time consuming to prepare. There seemed to be some confusion about calculating the amount of cash either to be introduced or withdrawn by each partner and no label for the amounts as cash. Some candidates used the new profit sharing ratios to split the loss on revaluation and therefore ended up with £21 000, £14 000 and £7000 respectively. Marks were sometimes lost where no workings had been produced to show the amounts for either goodwill or revaluation.

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**Question (06)**

Many candidates achieved full marks for this question. They were rewarded if they had made an assumption that the bank balance before the partners' either introducing or withdrawing cash was a bank overdraft and thus a current liability. Unfortunately, many candidates did not make any adjustments against either current assets or current liabilities and thus entered figures of £28 000 and £20 000 respectively in the balance sheet which lost them 4 out of 8 marks for the question.

**Task 4****Question (07)**

This question produced some poor responses. Despite this however, many showed understanding of the layout of a statement of cash flows in accordance with IAS7. Most candidates were able to extract the correct figures and to treat these in the correct direction in the statement. However, common mistakes were evident where profit for the year was used instead of before interest and taxation figure, and taxation for the year was used instead of the taxation paid figure. Marks were also lost for not correctly labelling the title, sub headings or cash and cash equivalent values.

**Question (08)**

Although only a small number of candidates scored high marks, there were some very well developed written responses to this question. Many candidates, however, either concentrated on discussing the general benefits of a statement of cash flows or on describing details for Ncube and Aamer plc. A balanced approach with some generic and some applied comments was expected. Some candidates interpreted the word 'shareholder' to mean stakeholder and therefore commented on a broader range of groups that might derive some benefit from examining the statement of cash flows.

**Quality of written communication**

Many candidates scored full marks for the embedded quality of written communication marks and produced some detailed written responses in continuous prose. However, marks were lost where there were numerous spelling, punctuation or grammatical errors or where full details were not provided in the statement of cash flows. In some cases, the use of language made it difficult to understand the response.

**Mark Ranges and Award of Grades**

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