

Examiners' Report/
Principal Examiner Feedback

Summer 2012

GCE Accounting (6001)
Paper 01

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Publications Code UA031570

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GCE Accounting 6001/01 June 2012

General Comments

Candidates were again very well prepared by Centres for the May 2012 Examination. Centres continue to be congratulated on their continual improvement in the preparation of candidates for the Examination.

Candidates were generally able to demonstrate the application of a wide range of accounting skills, knowledge and evaluation to the questions examined. The improvement in candidates' treatment of the costing questions in the examination was maintained.

There was again an improvement in the presentation of final and individual accounts. The improvement in narrations and balancing of accounts observed in the previous examination was continued.

The Syllabus now uses International Accounting Standards terminology throughout. Many candidates continued to use the UK (GAAP) terminology, although they were not penalised for doing so in this Examination Series. Centres should work towards the use of International Accounting Standards terminology only.

Specific Comments

Question 1

Candidates generally gave good responses to the question examined. They prepared the Statement of Comprehensive Income and Statement of Financial Position accurately and in good format. However, candidates were generally unable to explain the correct valuation of an inventory and apply it in the Statement of Comprehensive Income.

In the evaluation section, candidates tended to describe goodwill and were not generally familiar with the circumstances in which this might be retained in the accounts.

Common errors were:

- Calculation of the value of inventory in the Statement of Comprehensive Income
- Explanation of the valuation of inventory in circumstances in which values vary
- Reasons for including goodwill in the Statement of Financial Position.

Question 2

Candidates were generally able to distinguish between profitability and liquidity, this was much improved from previous examinations. The calculation of all ratios was generally accurate. The suggestions and advice on the ratios calculated was appropriate and there was evidence of good understanding by candidates. Candidates were also aware of both the strengths and short comings of the use of ratios.

Common errors were:

- Defining profitability, a minority of candidates are defining profit not profitability

Question 3

Candidates generally prepared sound answers to all parts of the Question. A minority of candidates failed to separately calculate the profit/loss on the two activities identified in the Question.

Common errors were:

- Failure to prepare a Journal entry for the transfer of the profit on the sale of equipment
- Using the narratives, 'Prepaid' and 'Accrued' instead of 'Balance' in the Subscriptions Account
- Failure to calculate the profit/loss on the two activities identified
- Inclusion of the whole value of the leasehold in the Income & Expenditure Account for the year.

Question 4

Candidates prepared generally accurate answers, but some candidates failed to prepare summarised figures in the Sales Ledger Control Account, recording each transaction separately in the Control Account.

Common errors were:

- In the Account of Fahi, failing to adjust for trade discount in the entries for sales and sales returns
- In the Sales Ledger Control Account, recording each entry and not aggregating the entries within a category together, particularly for sales and bank.

Question 5

Candidates prepared answers which were in good format and substantially accurate. A minority of candidates failed to calculate the production labour accurately.

Common errors were:

- The calculation of production labour.

Question 6

- Candidates generally prepared good answers with full workings available. Few candidates could demonstrate how the entries in the cash book, trial balance and statement of comprehensive income might vary.

Common errors were:

- An understanding of how the entries in the cash book, trial balance and statement of comprehensive income might vary.

Question 7

Candidates generally prepared good answers. They were familiar with the accounting concept of going concern, could calculate the depreciation chargeable on each vehicle and could then record this information in the vehicle accounts. Candidates had a full understanding of capital expenditure and revenue expenditure.

Common errors were:

- There were no common errors.

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