

Accounting

Advanced GCE A2 H411

Advanced Subsidiary GCE AS H011

Report on the Units

January 2009

H011/H411/MS/R/09J

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This report on the Examination provides information on the performance of candidates which it is hoped will be useful to teachers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding of the syllabus content, of the operation of the scheme of assessment and of the application of assessment criteria.

Reports should be read in conjunction with the published question papers and mark schemes for the Examination.

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Chief Examiner's Report

This was the first examination for the new specification and the examiners were encouraged by the responses given. Standards varied and some excellent scripts were presented and the full range of marks achieved.

As in previous reports for specifications 3808/7808 and H001/H401, comment is made on the need for the correct narrative within ledger accounts to be provided and, again, there is need for this to be reiterated. Frequently, marks in ledger accounts are for the correct narrative and value.

F011 Accounting Principles

General Comments

Many candidates were well prepared for the first question although the overall presentation and layout was not as precise as expected after the revision and practice candidates would be expected to have undertaken. The use of a ruler would have improved the presentation in many cases and clarity would have been enhanced by crossing out errors and writing the correct figure clearly rather than overwriting figures (this latter practice meant some figures were illegible). Some adjustments caused difficulties but, in general, candidates had a good understanding of the constituents of each of the final accounts and the balance sheet.

Many candidates experienced difficulties with the second question either because of lack of thorough preparation or possibly because too much time was spent answering the first question. Lack of understanding seemed to be the main problem. Some confusion was evident in calculations between the straight-line and reducing balance methods of depreciation and in the constituents of the disposal account. The straightforward Office Equipment account was exceptionally well answered.

A number of candidates did not tackle some parts of question 2. Simply including opening balances would have added to their marks. This indicates the need for some further thought about exam technique.

Comments on Individual Questions

Question 1

The trading account was well understood by the majority of candidates although there was some confusion in the order of items, particularly closing stock. Some candidates added purchases returns and deducted carriage inwards.

The profit and loss account contained a number of adjustments. Adjustments for accruals and prepayments were generally well made. The main difficulties were in correctly calculating loan interest, depreciation of the shop fittings and the calculation of the increase in provision for bad debts. A number of candidates included the full provision in the profit and loss account rather than just the increase. Commission received was sometimes seen to be treated as an expense rather than a source of income. The inclusion of carriage inwards and carriage outwards in the question provided some confusion about the placing of each expense in the answers and some candidates attempted to treat one element of the carriage as income.

The balance sheet was generally well presented. The main difficulty was in the treatment of the loan which was often seen as a long-term instead of a current liability. Commission receivable was sometimes included as a current liability instead of a current asset. Repairs and loan interest were often left out of current liabilities. Some candidates amended their net profit figure so that the final total of capital matched the total of net assets. Better technique would be to demonstrate consistency and use their own figure for net profit calculated in the profit and loss account in the balance sheet.

Question 2

- (a) Although there were some excellent answers provided by well-prepared candidates, there were a considerable number of scripts where candidates were unclear in terms of both presentation and content. A number of candidates did not attempt all parts of the question.

Common misconceptions and errors seen were:

- in the narrative/detail provided within the ledger accounts, for example 'bank' or 'creditor' instead of 'Rock Machinery Ltd' in the Machinery account; 'b/d', 'bal' or 'bbd' instead of 'balance b/d' and other shortened versions of the correct narrative,
- omission of the transfer to profit and loss on the depreciation accounts or incorrect details,
- confusing debit and credit entries, for example including 800 (the adjustment to profit and loss on the disposal account on the credit side),
- incorrect calculations, for example calculating the profit and loss transfer in the provision for depreciation of equipment account as 10% of the balance b/d of £66,000.

- (b) There was a wide range of answers. Some were excellent and focussed well on the question. Others, unfortunately, did not concentrate on the question. Instead of evaluating the policy, many explained what depreciation was, what caused it, and gave definitions of the concepts of consistency, prudence and matching.

There was a common assumption that office equipment does not need maintenance and repairs.

In providing an evaluation, a reasoned argument is needed and some answers were contradictory and others were not developed. Short, structured sentences leading from one to another were often seen in the clearest and most successful answers.

Grade Thresholds

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Unit Threshold Marks

Unit		Maximum Mark	A	B	C	D	E	U
F011	Raw	80	69	61	53	45	37	0
	UMS	80	64	56	48	40	32	0

For a description of how UMS marks are calculated see:

http://www.ocr.org.uk/learners/ums_results.html

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