



**General Certificate of Education (A-level)  
June 2011**

**Accounting**

**ACCN1**

**(Specification 2120)**

**Unit 1: Introduction to Financial Accounting**

***Report on the Examination***

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### **General comments**

Once again, it is pleasing to report that the general standard of scripts continued the recent trend of improvement. Well prepared candidates clearly demonstrated a good, fundamental knowledge of the principles of accounting. However, weaker candidates struggled to familiarise themselves with basic presentational issues, such as an income statement and balance sheet.

It is also pleasing to report that the majority of candidates are now showing workings in the computational questions, and are being duly rewarded. A continuing weakness appears to be a general inability amongst candidates to grasp appropriate accounting terminology.

### **Question 1**

- (a) Whilst a number of candidates were able to gain full marks for this task, it was disappointing to note the large number of candidates stating that George should keep a sales day book. The question specifically stated that all sales were to be on a cash basis. Explanations of the purpose of the books were very superficial at times, demonstrating a lack of real understanding.
- (b) The second part of the question should have been a comparatively straightforward task requiring candidates to demonstrate their basic understanding of the rules of double entry. Whilst well prepared candidates scored very well, weaker candidates were unable to deal correctly with any of the entries. A recurring error concerned the transfer from George's personal savings account, with many candidates crediting personal savings account rather than the capital account.
- (c) The last part of this question required candidates to explain the interest that George and the bank would have in George's financial statements. It was disappointing to note that few candidates focussed their answer on the given scenario. Answers tended to be very general, standard answers from previous mark schemes. A surprisingly large number of candidates appeared to confuse the financial statements with the bank statements.

### **Question 2**

As is often the case, candidates seemed well prepared to answer a question requiring the production of an income statement, and many gained full marks. The majority of candidates were familiar with which items belonged in the income statement and which did not, but there was still evidence of confusion between discount allowed and discount received, and also where carriage outwards should be placed. The main weakness was an inability of many candidates to make correct adjustments for depreciation, prepayments and accruals.

As was referred to earlier in this report, it was pleasing to note that the majority of candidates are now providing workings for their adjustments and are being rewarded for this. On a less positive note, some candidates need to improve their style of presentation and could make good use of a ruler to draw up columns.

### Question 3

- (a) There were very mixed responses to this task which involved the production of both a sales ledger control account and a purchase ledger control account. Whilst many candidates scored excellent marks, it was particularly disappointing to note the large number of candidates who persisted in including cash sales and cash purchases in the control accounts. This error invalidated the mark for each of the closing balances. The adjustment for the returned cheque on a discounted amount caused a particular problem for a large number of candidates.
- (b) The memorandum regarding the treatment of a bad debt produced some very good responses with a number of candidates scoring full marks. Weaker candidates appeared capable of detailing the treatment in the income statement, but omitted to state how the balance sheet would be affected. There were unfortunately many instances of poor spelling and grammar resulting in candidates losing valuable quality of written communication marks.

### Question 4

The majority of candidates were able to cope well with the demands of correcting an incorrect balance sheet, with a number scoring very high marks. A significant number of candidates lost the mark for the heading by stating that the balance sheet was for the year ended 31 March 2011 rather than **at** 31 March 2011. A common error was the inclusion of the bank loan as a non-current liability despite the fact that it was repayable nine months after the year end. The calculation of the revised profit for the year in particular required clear workings, and it is pleasing to note again that in the main, this was the case. Centres must stress the importance of this issue to candidates.

### Mark Ranges and Award of Grades

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