



**General Certificate of Education (A-level)  
June 2012**

**Accounting**

**ACCN3**

**(Specification 2120)**

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

***Report on the Examination***

---

Further copies of this Report on the Examination are available from: [aqa.org.uk](http://aqa.org.uk)

Copyright © 2012 AQA and its licensors. All rights reserved.

**Copyright**

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the school/college.

Set and published by the Assessment and Qualifications Alliance.

The Assessment and Qualifications Alliance (AQA) is a company limited by guarantee registered in England and Wales (company number 3644723) and a registered charity (registered charity number 1073334).  
Registered address: AQA, Devas Street, Manchester M15 6EX.

## General

It was encouraging to see that the paper produced some reasonably strong responses especially to all of the computational answers and the longer prose task. However, for the responses for the prose tasks worth 2 or 4 marks each, there were some more disappointing outcomes where the tasks required more specific technical knowledge and understanding to be demonstrated. Students generally followed the question requirements and so produced outcomes to match the expectations which included, for example, commenting on both financial and non-financial considerations for a partnership.

Many students produced numerical answers which were presented using set layouts. However, some students produced a balance sheet extract instead of a schedule of non-current assets, whilst others produced partnership current accounts instead of appropriation accounts. Students need to appreciate that interest on a loan is an adjustment to and not an appropriation of profit.

Workings were generally evident and well referenced to the task outcome. However, students needed to produce a statement of affairs to independently verify the opening capital figure for an incomplete records task rather than relying on the balancing figure being correct. Moreover, students who do not use ledger accounts sometimes get confused about the direction that the amounts are being adjusted to determine the closing balances. Students who included figures in a task outcome, which were wrong and had no supporting workings, could unfortunately not be rewarded. Students should therefore be reminded that several marks could be lost in this situation. Equally, workings which do not appear in the main task outcome were not able to gain the own figure mark available in each case.

Many students produced detailed prose responses which demonstrated good knowledge and application, especially for Task 8. Some students need to think more carefully about how much is required for each written task. Whilst the marks are clearly awarded for content, nevertheless producing an extended response for a task worth only a few marks is going beyond what is expected to gain the maximum marks available.

Many students communicated their prose responses using accurate spelling, punctuation and grammar expected for the quality of written communication marks. The prose responses were also generally written in full sentence and paragraph structure which was encouraging. Students should, however, be reminded that the quality of presentation marks are quite often attached to specific descriptions or titles which must be accurate. For example, in the incomplete records balance sheet task, many students used net assets instead of net current assets or working capital, and equally did not include a sub heading for the capital or equity section.

## Task 1

- 01** Most students were able to recognise that IAS 2 related to transaction 1. However, many students were not able to identify IAS 10 as being the relevant standard for transaction 2. There were a variety of IASs suggested with IAS 1 and IAS 8 being the most commonly incorrect response.
- 02** Some students were able to calculate correctly both the amounts for closing inventory and proposed dividends. For closing inventory, many students added the conversion cost to the original cost to get a figure of £16 253.50 instead of deducting the cost from the selling price. Some students rounded the unit cost to £25 from £24.99. Rounding should only be done (if at all) when determining the monetary outcome from a calculation process, for example the conversion cost to £3749 from £3748.50.

Some students adjusted the closing inventory in the wrong direction by adding back the original cost and deducting the net realisable value. For the proposed dividends, many students used the incorrect number of shares when calculating the dividend amount. Common approaches included assuming a nominal value of £1 per share, dividing rather than multiplying the share value by 4 to convert to a nominal value of 25p per share, and dividing by 5 when adjusting for the bonus issue.

- 03** Many students were able to identify the correct treatment for closing inventory. However, in some cases, the responses needed to be more specific than merely stating that they should be included in the income statement and/or balance sheet. Some students identified how to treat the proposed dividends. However, many students commented as if the dividends had been paid and so cited inclusion in the statement of changes in equity and the statement of cash flows.

## **Task 2**

- 04** Many students were able to construct a schedule of non-current assets and some were able to compute correctly the amounts for both depreciation charge and depreciation elimination, however, many students were inaccurate in identifying the number of months of depreciation applicable both in the year of asset addition and the year asset disposal. Many students did not appreciate that for the disposed asset, the same amount of £4025 needed to be shown in both the calculation of the charged and eliminated values for depreciation. The schedule must contain an NBV for last year and this year, but many students did not show the comparison.
- 05** Many students were able to identify a relevant benefit of preparing a schedule of non-current assets. However, the limitation aspect was not identified so well with many students mentioning a limitation of the preparation as opposed to the schedule itself, and so commented on the fact that it was both time consuming and costly to produce.

## **Task 3**

- 06** Most students were able to prepare the balance sheet and many correctly identified some of the more complex closing balances for inclusion, including the closing inventory of £8356. Some students were able to calculate the trade receivables and payables amounts but did not adopt the same approach to find the expense prepaid and accrued amounts. Instead, they showed the opening balances for both. Some students attempted to calculate closing inventory by adjusting opening inventory and purchases against a gross profit and not against a cost of sales figure which gave £25 924. A minority of students included the bank overdraft as a current asset.

#### **Task 4**

- 07** Many students were able to produce appropriation accounts although some were confused about the differences between the periods before and after the partnership agreement was introduced and so calculated interest on drawings, interest on capital and salary for both periods, pre and post the agreement. Few students appreciated the fact that interest on a loan is paid at 5% when no formal partnership agreement exists. Some students did not split the profits and in these cases did not time - apportion the appropriation amounts either. Some students produced two appropriation accounts but, despite this, split both remaining profits in the new ratio of 75:25.
- 08** Many students were able to identify some detailed and relevant factors to be considered as to whether or not a new partner should be introduced. Some students produced calculations to support the argument from a financial perspective which was encouraging. Many students were also able to make a decision and justify the recommendation accordingly. Some students, however, mistakenly commented on goodwill as if it would increase the overall value of the partnership and therefore did not appreciate the fact that it was merely being used as a way to re-distribute capital between the partners.

#### **Mark Ranges and Award of Grades**

Grade boundaries and cumulative percentage grades are available on the Results statistics page of the AQA Website.

UMS conversion calculator [www.aqa.org.uk/umsconversion](http://www.aqa.org.uk/umsconversion)