



The Association of Taxation Technicians

## NOVEMBER 2007 EXAMINATION

### PAPER 1 – PERSONAL TAXATION

#### EXAMINER'S REPORT

##### Part 1

- Q1 Generally well answered. Errors generally revolved around the correct rate at which to gross up the receipt from the trust and the rate at which that gross amount should then be taxed.
- Q2 Most candidates were aware of the potential for a £100 penalty if the Return was filed late, but few realised this was reduced to £Nil if all the necessary tax was paid by 31 January.
- Q3 Parts (1) and (3) were generally answered better than part (2). Even when answers were conceptually correct, there was not enough use of the terms “proper law” and “lex situs”.
- Q4 Generally well answered. The only common error was the failure to omit the first £300 of interest from the calculation of the couple's income.
- Q5 Poorly answered. Very few candidates realised that, following a transfer of shares between civil partners, the business asset rate of taper relief applies only to that part of the combined period of ownership during which the recipient partner satisfies the conditions for the business asset rate. Where the gain before taper was split between business and non-business periods this was often incorrectly done, with a common mistake being to consider the period from 6 February 2008 rather than 6 April 2008.
- Q6 Candidates often got confused between EIS income tax relief and EIS CGT reinvestment relief. Often, having correctly calculated the IT relief available, candidates would then use this to reduce the capital gain, usually after taper, in the previous year. Few candidates stated that the held-over gain would crystallise on the sale of the EIS shares.

- Q7 Badly answered. Although some candidates made vague references to the requirement for the shares to be of minimal value, very few recognised that this also needed to be the case in 2005/2006. A handful got the date correct.
- Q8 Very rare for any candidates to score more than 1½ marks on this question. These marks were earned by those who realised the loss could be set against both income and gains and that the former was preferable due to the availability of BATR. Few said that the loss could also be set against the previous year's income and that this would be preferable due to the enhanced repayment supplement.
- Q9 Too many candidates went down the route of calculating the taxable interest on an accruals basis, thereby not recognising that interest is taxed on a receipts basis.
- Q10 Generally very well answered.
- Q11 Generally well answered although many candidates referred to there being a requirement that no room be let to any one individual for more than 31 days at a time. This is not a requirement – it is merely the case that any such lettings are not included within the required count of 70 let days and that, throughout the year, such lettings must not amount to more than 155 days in total.
- Q12 Generally a high-scoring question.
- Q13 Adequately answered.

## Part II

### General comments

The papers were well attempted and, in most cases, there was no obvious sign of candidates having insufficient time to complete the paper.

There were various areas where only the strongest candidates scored highly. These were the whole of Q3, and the REIT/ non domiciled elements of Q1.

## Comments on the answers given

Q1)

This question was generally well answered.

Part 1: Very few candidates correctly identified the tax treatment of both the REIT and the offshore pension income in part 1, although many correctly dealt with one of those elements.

Part 2: A bonus mark was awarded for extending the basic rate band for capital gains tax purposes, and approximately half of the candidates did so. Many candidates referred to CAs in the second part of the answer, but still applied wear & tear in the computation; they were not penalised for this.

Part 3: Candidates did not score so highly on this part. Many outlined the rules to qualify for Furnished Holiday Letting status, despite the fact that they were specifically told not to do so. Most achieved 3 or 4 marks.

Q2)

This question was generally well answered with many candidates achieving full marks. Where marks were lost this was primarily due to (i) incorrect calculation of the share pool in part 1, and (ii) applying the wrong rule to the chattels calculation in part 4. Many candidates also applied loss offset and taper relief in the wrong order.

Q3)

Candidates were more polarised on this question. Many candidates discussed domicile issues, which were not required. This question most clearly identified the stronger candidates.

Marks were awarded where answers were given in the wrong section (for example, the temporary non resident point may have been raised by a candidate in an earlier section) provided that the principle was correctly explained.

Almost all candidates correctly identified the residence issues and PPR issues to discuss; candidates achieving lower marks generally confused residency and domicile issues. In many cases there was a lack of understanding of the residency rules and, combined with the low number of candidates correctly identifying the treatment of the pension in Q1, this suggests that candidates did not have a detailed understanding of the rules concerning offshore issues.

Q4)

The first part of Q4 was generally well answered with most candidates correctly identifying the tax treatment of most of the payments or benefits provided. Many candidates did not attempt the second part of the question and, of those who did, a substantial number calculated penalties and additional tax due. This was not required by the question and no marks were available for this.

The other common incorrect answer appearing was to advise HMRC of the issue without speaking with the client first; this may have been due to confusion with the money laundering rules regarding tipping off.

## **PAPER 2 – BUSINESS TAXATION & ACCOUNTING PRINCIPLES**

### **EXAMINER'S REPORT**

#### Part I

#### Question 1

When candidates had accountancy knowledge they found this question relatively straightforward. Unfortunately, many candidates did not have the knowledge and found the debits and credits difficult to manage. As the topic and situations were taken from the accounting manual this should not have been a problem.

#### Question 2

On the whole this question was well answered with many candidates knowing relevant examples of the different supplies.

### Question 3

Again most candidates seemed to know the rules. A few candidates got confused and thought that this question was asking for the rules on registration.

### Question 4

This question was straightforward and generally correctly answered with many candidates gaining full marks. The main error seemed to be including taper relief before losses brought forward.

### Question 5

Most candidates had no problem with the rules, although some candidates had difficulty in applying the rules in practice.

### Question 6

This proved to be the most difficult question on the short form paper. Some candidates said that they had no idea what the question related to. Other candidates guessed and offered the rules about the taxation of individuals or the deduction of the interest in the company's CT computation.

### Question 7

The main problem with student answers related to the calculation of the Class 1A NIC, for example deducting personal allowances. Many candidates included all benefits.

### Question 8

Although this question referred to UITF 40, it was really matching the accounting of income with the work done. Most candidates gave a competent answer to the question. Again some candidates demonstrated a lack of accounts knowledge.

### Question 9

Where candidates had a good grasp of the syllabus this question was straightforward. Student errors included no taper relief and incorrect calculation of the gain to rollover.

#### Question 10

This question was generally well answered with most candidates getting full marks.

#### Question 11

The information required for this question was straightforward as it was taken directly from the law manual. Most candidates managed to score some marks

#### Question 12

Many candidates found this question difficult and gave up to a page outlining only PAYE obligations. Candidates were given credit for other points not specifically in the answer, such as Health and Safety requirements.

#### Question 13

Where candidates knew their ethics manual this was again straightforward. If candidates had not looked at the ethics manual then they struggled to know what was “relevant training”.

### Part II

#### Question 1

This was a very straight forward question testing basic knowledge and the majority of candidates did very well. The most common errors related to the adjustment for the goods taken for own use, restriction of the capital allowances for private use of the lawnmower and treatment of the gift aid donation. Several candidates were also confused over the calculation of the class 4 NIC due, deducting the lower limit from the total charged.

#### Question 2

This question required the preparation of a cashflow forecast and candidates either did very well or very poorly, with several not attempting it. For those who knew what to do, this was an easy question and many gained very high marks. Many candidates could not produce a cashflow which reconciled, but still gained marks from using correct figures. The problem with many answers was adding a figure that should have been subtracted (or vice versa) which resulted in a total which would not reconcile.

### Question 3

There were many good answers to this question, although even the better candidates did not explain the industrial buildings allowances due very well. However, there were also many poor answers, which was disappointing as many of the marks were for basic principles. Many candidates stated that a first year allowance was not due on a van or an asset treated as a short life asset. They also failed to explain the writing down allowances due in subsequent years. For the car with low CO<sub>2</sub> emissions, the majority of candidates either treated it as an expensive car and gave restricted writing down allowance, or gave 100% first year allowance as a low emissions car; very few realised the significance of it not being purchased new.

### Question 4

The majority of candidates appear to understand the principles of loss relief. However, in many cases they failed to gain marks due to a lack of explanation regarding the different options and the consequences of each option. Failure to state dates for making the necessary claims was also common.

## **PAPER 3 – BUSINESS TAXATION: HIGHER SKILLS**

### **EXAMINER'S REPORT**

It was evident that the paper presented little problem to the well prepared student. The less prepared student struggled.

### Short form questions

Question 1 - A reasonably well answered question. The majority of candidates calculated incorporation relief correctly and applied the correct rate of taper relief.

Question 2 - The answers varied greatly in standard on a fairly easy topic. A good number of candidates could not calculate the employer's national insurance element of the payment.

Question 3 - A reasonably well answered question. Candidates successfully differentiated between full averaging and marginal averaging.

Question 4 - A good set of answers with the majority of answers also being presented in the correct manner.

Question 5 - A poorly answered question. Very few candidates made reference to permanent differences or timing differences. Many candidates could not even calculate the actual corporation tax charge for the year, a very simple part of the question.

Question 6 - A very well answered question. The majority of candidates correctly stated taxable profits together with overlap profits.

Question 7 - A fairly well answered question, although some candidates thought VAT was calculated on the level of profits rather than taxable supplies.

Question 8 - A well answered question, although some candidates were unaware that pension contributions are only allowable if they are paid in the period.

Question 9 - Many candidates did not give the actual dates that s419 tax would be paid or repaid even though the information was given in the question.

Question 10 - Many candidates failed to read the question which asked candidates to state how and when post cessation receipts are taxed. As a consequence marks were not as high as they should have been given the simplicity of the question.

Question 11 - A relatively easy question that was not that well answered. Many candidates could only give two situations.



Question 12 - A reasonably well answered question although many candidates stated that restrictive covenants were signed after employment was terminated.

Questions 13 - In order to answer this question well, candidates would have to give the definition of 'control' - very few candidates stated this definition. In fact the majority of candidates failed to state the concept of 'control' at all.

Question 14 - A poorly answered question. Many candidates could not give the correct definition of limited liability and many thought a company benefited from limited liability rather than the shareholders. Virtually no candidates could identify that a company limited by guarantee has no share capital.

Question 15 - A reasonably well answered question.

## Part II

### Question 1

Part 1 of this question was answered very well by the majority of candidates. There seemed to be some confusion in the capital allowances computations as to whether the private use of the car should be adjusted for.

Apart from that, candidates displayed a good knowledge of profit sharing arrangements and this part did not present too much difficulty.

Part 2 was answered very poorly. A lot of candidates seemed to ignore the requirement altogether and did not even attempt this part. For those candidates who did attempt it, a severe lack of understanding was conveyed. Poor one line answers were produced and quite obviously, candidates were ill prepared for the law part of the paper.

### Question 2

Part 1 of this question presented major problems for some candidates. Answers did not display a good understanding of overseas issues. Instead, candidates discussed the fact that dividends from associated companies should not be included in the tax computation and produced irrelevant

examples of calculations of FII. There was no acknowledgement that the question requested a discussion of double tax relief.

Well prepared candidates did have a good attempt at the question, but overall, the answers to this part were very disappointing. Overseas issues are contained in the syllabus, but obviously candidates had not prepared for the requirement.

Part 2 of this question was answered very well. Most candidates presented correct answers.

Part 3 of the question was not completed by a lot of candidates. The stronger answers did display a good grasp of the principles of professional privilege, with the stronger candidates producing in depth answers, which discussed professional and litigation privilege. Again, this is part of the syllabus and is something which candidates in general practice should be aware of. The answers overall were very disappointing.

Part 4 of the question was very straightforward and most candidates were able to produce coherent answers which explained that tax evasion was illegal and avoidance was legal. Some answers did, however, lack substance and the development of points would have enabled candidates to score full marks.

### Question 3

In summary, a disappointing set of answers and I would have expected a better performance. The question was relatively challenging, but a candidate with good exam technique taking the straightforward marks should have been more than capable of achieving a pass mark..

### Well answered sections

The majority of the candidates:

- Correctly calculated the gain arising on the disposal of the property owned by Owl Limited.
- Correctly identified the number of associates ignoring the dormant holding company.
- Correctly identified that only 70% of the expenditure incurred by Buzzard could be used for roll-over.

- Correctly calculated the rate bands for corporation tax
- Correctly grossed up dividend for basic profits v profits

### Badly answered sections

Few candidates:

- Understood the rules for goodwill amortisation and how to calculate the amount taxable on sale.
- Calculated the wasting asset rules for lease costs
- Calculated and described the effects of roll-over relief on the base cost of the replacement assets
- Understood the interaction between the various companies of bands, etc

### Summary

This question required an ordered and organised approach and many candidates failed to show an ability to deal with the question in this way.

### Question 4

In summary, a disappointing set of answers and I would have expected a better performance. The first part of the question simply required an apportionment of various income (rents) and expenses (interest, etc) plus the identification of non-allowable items. This part was very badly answered.

The second part of the question asked for the implications of interest/dividend extraction and certain conditions. This part was answered to a much better standard.

### Part 1 – Adjusted Loss Calculation.

The most common mistakes were:

1. Failure to add back company formation costs
2. Failure to correctly calculate/time apportion rent/interest
3. Failure to identify that the arrangement fees should be spread over the term of the loans
4. Failure to correctly calculate capital allowances.

### Part 2 – Interest/Dividends

A reasonably well answered part that helped improve the average mark, with most candidates putting forward good sets of answers.

## PAPER 4 – IHT, TRUSTS & ESTATES

### EXAMINER'S REPORT

#### Part I

#### Question 1

- i) Most candidates were able to identify that the gift to an ex-wife would not be covered by the spouse exemption and therefore would be treated as a PET. Some candidates forgot the taper relief that would be due on the gift.
- ii) Most candidates recognised the 100% Business Property Relief
- iii) Many candidates thought the gift to the overseas charity would be exempt.

These issues would have been easy to check using the legislation and it was therefore surprising how many candidates clearly did not use theirs.

#### Question 2

It was encouraging how well the candidates did in this question. This information is difficult to learn without reference and therefore the fact that there were many answers sufficient for the 3 marks means they probably referred to their legislation.

A good proportion of candidates got 3 marks for this question.

#### Question 3

Again, most candidates received 2 out of the 2 available marks for this question. Answered very well, and clearly.

#### Question 4

The majority of candidates gained the mark for knowing that overseas property is excluded from IHT if the owner is not UK domiciled, but very few candidates remembered the reversionary interest point.

### Question 5

This question was nearly always attempted. About half of the candidates completed the question correctly.

### Question 6

This part of the linked question was also nearly always attempted, with better results than question 5.

### Question 7

Most candidates got the full 2 marks for this question. Those who didn't get the full 2 marks usually received 1 mark for recognising the related property aspect of the shares being worth £75 each, but then fell down on multiplying this amount by the wrong number of shares.

### Question 8

Very good answers for this question. QSR is not an easy topic to look up in the legislation and therefore many candidates had learned the topic well. Where some candidates did not receive the full 3 marks, working marks were awarded for method.

### Question 9

This question was answered fairly badly. Many candidates recognised the point that the trust value was in the death estate for IHT purposes. However, this was often the only point that was gained. Many candidates thought there would be exit charges and CGT charges on the event. Few advised that Joan would acquire the asset at probate value.

### Question 10

This question was broadly attempted as though there was a gift with reservation of benefit. However, it was good to see some candidates recognising the pre-owned assets issue and doing calculations.

### Question 11

All but a few candidates received the full 3 marks for this question and the answers were generally very well presented.

### Question 12

Mixed answers for the appropriate investments. It was a little disappointing that most thought the premium bonds were an appropriate investment, but the reasoning tended to be that the investment was safe as none of the investment would be lost.

Very few thought the lottery was appropriate, which was good.

Many also missed the quoted property group shares.

### Question 13

Most candidates could explain the meaning of the breach of a trust

Fewer examples of a breach were given.

### Question 14

Poor answers to this question. A minority of candidates knew what a resulting trust was.

This, together with the answers for question 13, suggests that candidates are neglecting the law manual.

### Question 15

Very few candidates managed to score any marks on this question.

These few usually only obtained a mark for saying the PII had to run for 6 years.

### Part II

Overall, candidates seemed to find this a more challenging paper than that set in May 2007.

Time allocation did not appear to be an issue, most candidates attempting all parts of the paper; the following technical points should be noted.

### Question 1

The computational parts of this question were generally tackled well, although some candidates seemed to be confused about how to translate into sterling a value expressed in an overseas currency. It was concerning to see a substantial minority computing a CGT liability on Mrs Honeychurch's death.

### Question 2

A small number ignored the clearly indicated requirement to produce the answer in letter format. Most covered the Trust's IHT charges (decennial, exit etc) well, and most made a reasonable attempt at the disclosure to HMRC point, even if some of those answers could be expressed better e.g "if you tell HMRC, they will be fairer on you".

Fewer than half the candidates displayed any awareness that the Trustees might claim any PPR relief for occupying beneficiaries, and of that minority who realised they could do so, even fewer included lettings relief in their computation.

### Question 3

As with Q1, not all candidates seemed able to deal confidently with the foreign currency conversion; and a substantial minority appeared to be unaware of the rules for settlor interested trusts. The income tax computation was generally done well, and most candidates scored well on the intestacy part of the question.

## **PAPER 5 – VAT**

### **EXAMINER'S REPORT**

#### Part I

#### In General

The majority of candidates attempted most questions, however, the answers displayed a mixed level of preparation for the exam with a wide variation in total marks awarded.

## Commentary

Q1 – Most candidates answered this question well, although there was some confusion over whether the £10k was tax inclusive or not (credit was given for either assumption).

Q2 – There was a wide variety of answers to this question with many candidates showing confusion on the treatment of the input tax on fuel.

Q3 – Most candidates obtained full marks for this question.

Q4 – A reasonably well answered question, but a significant number of candidates failed to recognise that copyright was a schedule 5 service.

Q5 – Generally well answered with marks given for all relevant inclusions.

Q6 – Many candidates failed to notice that the question indicated £1,000 of input tax on the capital item and worked on the basis that £1,000 was the cost of the capital item and therefore incorrectly excluded the amount from the calculations.

Q7– The liability in respect of the buildings was generally well answered, but marks were lost for incorrect OTT application and effect.

Q8 – Generally a well answered question.

Q9 – Once again generally well answered, but the requirement to Opt to Tax the building on or before transfer was commonly missed.

Q10 – Generally well answered but the mark for default interest was commonly missed.

Q11– Most candidates scored full marks for this straightforward question.

Q12 – Generally this question was not answered well and in a significant number of cases not attempted at all, but credit was given where possible for all relevant answers.



Q13 – This question was either answered very well or very badly, clearly showing those candidates who had prepared fully across the syllabus for the exam and those that had not.

## Part II

### Question 1

Part 1 in general was answered fairly well – credit was given to candidates on all relevant points that were raised

Parts 2 and 3 – In general these parts were extremely poorly answered – candidates seemed ill prepared and the majority gained few points for these sections.

### Question 2

This question was either completed to a very high standard (a number of candidates achieved 100%) or gained nil marks. This proved that those candidates who were well prepared could score well.

It was disappointing to see that a number of candidates did not even understand the basics of partial exemption and therefore could not even be given any credit for the basis of the computations even where the answers differed.

### Question 3

In general this question was well attempted. However, I was surprised at the significant number of candidates stated that domestic accommodation was subject to the option to tax!

## **PAPER 6 – BUSINESS COMPLIANCE**

### **EXAMINER'S REPORT**

#### **Part I**

Overall the standard was high with most candidates scoring highly. The most common errors/omissions were:

Question 3: Most candidates did not explain Class 4 NIC deferral.

Question 6: No candidate gained the ½ mark for knowing that payroll gifts are given to a government approved payroll giving agency.

Question 9: Overall the capital gains tax computation was explained badly.

Question 10: Many candidates stated that input tax previously claimed on goods held at deregistration must be repaid. Very few candidates understood that output tax is accounted for on a deemed supply at this point.

Question 13: Many candidates stated that two types of limited company are private and public limited companies.

## Part II

Overall the standard was good. However, many clearly knowledgeable candidates lost marks because they failed to read the question sufficiently closely and, rather than answer the question asked, wrote everything they knew on a particular topic.

Question 1: Most candidates lost marks for failing to be specific enough, e.g knowing there was a turnover test but not how it operated or knowing the questions to ask regarding employment status but not commenting on the significance of the answers.

Question 2: Most candidates scored highly, the statutory sick pay element caused most difficulty with many candidates not stating the basics. No candidate scored a mark for stating that statutory sick pay is subject to tax and NIC.

Question 3: Overall the worst answered question. Many candidates did not read the question properly and gave long detailed descriptions of the definitions of residence and ordinary residence which was not part of the question. Many candidates were unable to explain the significance of domicile in relation to tax.

Question 4: As with question 3 many candidates gave lots of extraneous information not relevant to the question, e.g the non application of flat rate

scheme to margin scheme sales is not relevant when writing to a bed and breakfast owner. Only 1 or 2 candidates scored the mark for knowing the 7 day extension to the deadline for submission and payment of VAT returns for electronic payments.

## PAPER 7 – PRACTICE ADMINISTRATION & ETHICS

### EXAMINER'S REPORT

#### Part I

1. Generally well done.
2. Many candidates did not answer the question and wrote largely irrelevant answers.
3. Disappointingly many candidates think that legislation is totally different from statute.
4. Very poorly answered by candidates.
5. Generally well answered.
6. Generally poorly answered.
7. It was depressing to note how few candidates actually knew the correct designatory titles.

Overall, candidates seem to have a very poor knowledge of law. They often confuse case law with actual legislation and many answers contained significant amounts of irrelevant material.

8. This question was generally well answered by most candidates.
9. This question was generally well answered by most candidates.
10. This question was not answered particularly well. The majority of candidates went into detail about CPD point requirements, rather than staff supervision, which was not part of the question. Candidates gave the impression that they were answering the

question that they would have liked to have seen or answered the question about CPD in the May exam.

11. This question was not particularly well answered. Most candidates scored marks for mentioning the acceptance of goods. However, some candidates assumed that the question was talking about holding client money and so gave virtually the same answer for question 12.
12. This question was generally well answered by most candidates.
13. Candidates were polarised into two camps. Those that clearly knew the money laundering crimes scored full marks, but many candidates listed “fraud” or “making false repayment claims” or “drug trafficking” or “terrorism” and so scored no marks.

## Part II

1. Generally well done. Several candidates confused CT payment dates with those for income tax/CGT.
2. Candidates either seemed to have a good grasp of the issues – or wrote answers with very little actual content. Many believed that the Commissioners are part of HMRC. Many also believed that an appeal from the General Commissioners was needed to proceed to a hearing before the Special Commissioners.
3. This question was not answered particularly well, although the majority of candidates achieved a pass mark. Most candidates scored good marks in part 2, but many wasted time in part 1 by talking in great detail about matters that were not really relevant to the question, such as:
  - How to calculate net rental income.
  - Time limits for submitting returns, even though the client was clearly late.
  - Surcharges.

Those candidates who laid out their answer in a structured manner achieved better marks than those who just trotted out everything they knew about penalties, interest, surcharges and filing deadlines.

4. This question was answered fairly well by those candidates who took time to structure their answer. For example, detailing the rules for calculating the due dates for IHT and then giving the specific answer applicable to the question scored good marks. However, those candidates who merely gave the date, with no explanation, scored low marks, as they tended to forget that it is “six months from the end of the month”, rather than just “six months”

## **PRINCIPLES OF LAW**

### **EXAMINER’S REPORT**

#### Question 1

This question was answered well and the marks were very good, some candidates getting nearly full marks. Also it was a very popular question, only a few chose not to answer it.

The first part was occasionally misinterpreted but only by a very few, it was common for candidates to get the basic 3 or 4 marks out of 5 and a lot got 5.

For the second part most candidates got about half marks or more. Most picked up the point about a written statement but did not get the 2 months. Although it was not in the written answer marks were given for restrictive covenants and confidentiality clauses.

#### Question 2

The format of the letter was generally good, which has not been the case in past years. Unfortunately this question was answered by many as a comparison of sole trader versus company which was not what the question was asking. Some candidates just wrote everything they could think of in relation to companies talking about resolutions, limited liability etc.

The answer was quite a compact and short answer but candidates chose to write a lot for this question.

It was not badly answered on the whole.

### Question 3

Quite a few candidates attempted this question. However they did not score very highly. It was common for the types of trusts to be described without any advantages being mentioned and very few examples given which was asked for in the question. No marks were lost or given really for the format here.

### Question 4

Only a handful of candidates attempted this question and those that did generally answered it well considering it was a less well known topic.

### Question 5

Surprisingly the format of a memorandum was probably the worst part of this question. It often ended as a letter would. However a large number of candidates got full marks and this was the most popular question. This question was answered well by virtually all who attempted it. This was a pleasure to mark and was very impressive.

It was not necessary to discuss the agency/liability of partners and this was not marked as full marks were obtained just including the points in the model answer by most.

### Question 6

This was a popular question too and was one that a lot of candidates scored well on. Although some did not get the order right for part d and missed off issue. There was no confusion that some parts reiterated that there was no will, all the candidates picked up that this was solely an intestacy question.

## **PRINCIPLES OF ACCOUNTING**

### **EXAMINER'S REPORT**

### Question 1

A popular question among candidates. Overall it was very well answered.

### Question 2

Overall a poorly answered question. Candidates had difficulty with the 'T' accounts for the interest element of the question.

### Question 3

This question was attempted by all of the candidates and was generally well answered, although all candidates failed to correctly calculate the closing stock figure for product X.

### Question 4

A well answered question.