

# PRINCIPLES OF ACCOUNTS

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## GCE Ordinary Level

<b>Paper 7110/01</b> <b>Multiple Choice</b>
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<i>Question Number</i>	<i>Key</i>	<i>Question Number</i>	<i>Key</i>
1	<b>B</b>	21	<b>B</b>
2	<b>C</b>	22	<b>C</b>
3	<b>A</b>	23	<b>D</b>
4	<b>B</b>	24	<b>B</b>
5	<b>A</b>	25	<b>A</b>
6	<b>D</b>	26	<b>C</b>
7	<b>C</b>	27	<b>B</b>
8	<b>B</b>	28	<b>D</b>
9	<b>C</b>	29	<b>B</b>
10	<b>B</b>	30	<b>C</b>
11	<b>A</b>	31	<b>B</b>
12	<b>B</b>	32	<b>B</b>
13	<b>C</b>	33	<b>C</b>
14	<b>A</b>	34	<b>B</b>
15	<b>C</b>	35	<b>C</b>
16	<b>B</b>	36	<b>D</b>
17	<b>A</b>	37	<b>C</b>
18	<b>B</b>	38	<b>B</b>
19	<b>C</b>	39	<b>B</b>
20	<b>A</b>	40	<b>A</b>

### General comments

15 982 candidates took this paper and the mean mark was 18.6 out of 40.

All items were within the scope of the syllabus and there were no syllabus areas which showed particular strengths or weaknesses on the part of the candidates.

**Questions 5, 12, 18, 19, 21** and **27** proved more difficult than expected, with fewer than 25% of candidates answering them correctly, whilst **Question 25** was easier than expected.

### Comments on specific questions

#### **Question 5**

72% of candidates wrongly treated the trade discount as a cash discount in the cash book.

## Question 12

Only 14% of candidates selected the correct key. This could only be obtained by noting that the purchaser was a trader in office machines and was buying for stock.

## Questions 18 and 19

Candidates experienced a problem with relating payments and receipts to a firm's financial year.

## Question 21

With hindsight, a rephrasing of the stem would have been helpful.

## Question 25

83% of candidates correctly identified the answer.

## Question 27

The wording of the stem possibly created some difficulty for candidates, although 22% correctly identified the answer as **B**.

<p><b>Paper 7110/02</b> <b>Paper 2 (Structured)</b></p>
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## General comments

In general, performance was good and, in many cases, excellent. However, performance was spoilt in a number of instances by a very careless approach to arithmetical accuracy and, in particular, to faithful numerical reproduction, e.g. the dropping of one or more zeros in large amounts such as raw materials purchases \$265 500. If candidates checked their answers for reasonableness, lost marks could be saved.

As usual, candidates were happier dealing with straightforward accounting/bookkeeping questions as opposed to those calling for comments or explanations. There was no evidence of inability to complete the paper in the allowed time.

## Comments on specific questions

### Question 1

- (a) This was a standard Manufacturing Account question, albeit with some non-applicable expenses which required exclusion, e.g. selling expenses and bad debts. Nearly all candidates identified the distractors. There was some confusion, however, as to which items were classified as prime cost and which were factory overheads. More worrying was the propensity to deduct these expenses from the cost of sales. The Manufacturing Account is a summary of all the manufacturing costs.

A pro-forma layout was included in the question paper but for some candidates it did not provide the desired help. However, no candidate was penalised for drawing up a correct layout of their own choosing.

- (b) Some strange proposals were made in this part regarding sources of cash. To propose that cash should be taken from the depreciation provision and the proprietor's capital account displayed a fundamental lack of accounting principles. That said, answers gained some marks although the requested explanations would have been given extra marks.

## Question 2

- (a)(b) In general, the opening and closing statements of affairs were quite well done. The most common mistakes were the inclusion of drawings and depreciation in both. The responses to part (b) were either good or nil understanding. Completely correct responses to part (a) appeared to have little effect in the calculation of the profit of \$21 600 in part (b). No specific layouts were required.
- (c) There were no absolute answers for this part in the marking scheme. The Examiner was looking for candidates' ability to show understanding of working capital, not just how to calculate its amount. Weaker candidates often based part of their answers on speculation regarding increasing or decreasing profitability of Yeo, although it was not possible to judge from the information in the question.

## Question 3

- (a) Unlike the previous question, ledger accounts were required. Lists of calculations did not gain marks. This control accounts question was straightforward and generally was well answered, although there was the usual mixing of sales and purchases items.
- (b) This part gave marks for two reasons for keeping control accounts, and most candidates did well.

## Question 4

This was a question which should have been well answered, and generally it was, with many all correct scores seen. The most common errors were purchases returns deducted from sales, the incorrect calculation of the insurance prepayment and the incorrect calculation of the doubtful debts provision.

The bank charges were often omitted completely and with no adjustment to the bank account in the Balance Sheet.