

# Examiners' Report Summer 2009

GCE

## GCE O level Accounting (7011)

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## Contents

1.	Examiners' report 7011	5
2.	Statistics	8



## 7011 Examiners' Report

### General Comments

Overall the standard of scripts produced were good , however there were some obvious gaps in knowledge. It was noted that several candidates who were otherwise doing well were getting very few, if any, marks for questions 4 and 5. This would indicate that possibly they had not met those topics in their studies. The standard of presentation is still an issue and centres need to address this and ensure that candidates are made aware of the necessity to be clear in their answers and to provide a higher standard of legibility, especially in the preparation of ledger accounts and final accounts.

### Question 1

- a) The majority of candidates made a reasonable attempt at completing the sales day book but of those who got that fully correct many failed to take the cash discount into consideration in the Sales Returns book.
- b) This was attempted with varying degrees of success. All but the weakest candidates seem to know what they were doing but few managed the correct value of the returned cheque.
- c) Many answered this correctly but equally many seemed to think that the reason for cash discount was to encourage sales or to keep customers loyal or happy.
- d) A reasonable attempt was seen from most candidates with the most common errors being the omission of the opening balance on the debit side and to have £400 as the bank figure. Also many put VAT where it should not have been. Not calculating the totals was also an expensive omission for many candidates.
- e) There were many candidates who made appropriate responses but equally there were quite a few candidates who seem to think the answer was to set up a suspense account, or control account.

### Question 2

- (a + b) The responses to this question were generally of a good standard with a significant number of candidates scoring full or nearly full marks. It was pleasing to note that candidates were able to produce statements in the vertical format. The most common errors were confusing sales returns with purchases returns and Income from delivery appearing in a variety of places. Predictably accrued and prepaid expenses were mishandled, depreciations were not always correctly calculated and provision for doubtful debts was frequently omitted.
- (c) The most common response from candidates was that drawings were high but often without further development or making any comparison with capital or profit.

### Question 3

- a) There was a variable standard of answers to this part of the task with poor presentation contributing to the low scores. Where candidates were able to calculate the figures correctly there were many instances of them being incorrectly presented, especially the current ratio.
- b) As in previous years some candidates were able to state the formula correctly but fewer were able to produce a full and relevant evaluation of the resultant ratios.
- c) There does seem to be confusion, even amongst the good candidates, about what the ratios convey about a business. Many times conflicting conclusions were drawn. For example when discussing the current ratio there was a knowledge that 2:1 was the ideal and that 3:1 maybe had some assets idle that should be put to better use. However these same students took the ratio 1.19:1 as being approximately 1:1 and that it was just as close to 2:1 as 3:1 and less wasteful and therefore much better without any implication on liquidity, ie that it might be difficult to pay creditors when required.
- d) The responses to this task were generally poor with few suggestions as to how to increase working capital. The main error seemed to be due to confusion as to what working capital was.

### Question 4

- a) Well prepared candidates made a good attempt at this part of the question with several including the correction of bank error.
- b) This part was less well done. There was confusion about which items should be added and which subtracted and some items that should have been put in (a) appeared also.
- c) While there were some reasonable attempts at this there were few which gave two limitations and a conclusion.

#### Question 5

- a) This was generally poorly answered with many candidates unable to include appropriate narratives or omitting dates.
- b) As in (a) the standard was poor. The most common faults were the calculation of the accumulated depreciation and confusion between the disposal account and the profit & loss account.
- c) Even when the provision for depreciation figure was correct few candidates got this completely correct. Bank was sometimes 430, Tony Rom being omitted, or profit & loss amount being used to balance the account.
- d) There was a variety of responses seen, but many were unable to show a clear understanding of the two methods of depreciation with their advantages.

#### Question 6

- a) The calculation of sales in particular and also purchases predictably caused difficulties here. Rent and rates on the other hand was more often correct. Candidates who showed their calculations were rewarded accordingly. However where there were no workings then no credit could be given.
- b) This was well answered with the main error being the incorrect bank figure.



## Statistics

Grade	A	B	C	D	E
Grade Boundaries	134	112	90	80	60





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