

Examiners' Report/ Principal Examiner Feedback

Summer 2010

GCE

GCE Accounting 7011 Paper (01)

Edexcel is one of the leading examining and awarding bodies in the UK and throughout the world. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers.

Through a network of UK and overseas offices, Edexcel's centres receive the support they need to help them deliver their education and training programmes to learners.

For further information, please call our GCE line on 0844 576 0025, our GCSE team on 0844 576 0027, or visit our website at www.edexcel.com.

If you have any subject specific questions about the content of this Examiners' Report that require the help of a subject specialist, you may find our Ask the Expert email service helpful.

Ask the Expert can be accessed online at the following link:

<http://www.edexcel.com/Aboutus/contact-us/>

Alternatively, you can speak directly to a subject specialist at Edexcel on our dedicated Business and Economics telephone line: 0844 372 2187. From outside the UK: +44 (0)1204 770696

Summer 2010

All the material in this publication is copyright
© Edexcel Ltd 2010

PE Report on Examination Paper 7011/01

General Comments

Introduction

Overall there was a noticeable improvement in the standard of scripts with clear evidence of centres and candidates being better prepared for the requirements of the examination. However there are still some candidates who are struggling with some of the more complex nature of the examination tasks and consequently did not achieve a satisfactory standard. 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.

Comments on Individual Questions

Question 1

As in previous years this question provided an opportunity for all candidates to demonstrate their knowledge of books of original entry and the preparation of ledger accounts. Overall the standard was variable with weaker candidates struggling to identify the correct book for the correct transaction.

Part (a)

Candidates were required to produce day books from given data. While candidates experienced few difficulties with the purchases book there were a significant number who omitted to take account of the trade discount in the sales and/or sales returns books. The incorrect calculation of Vat was also evident. A large number of candidates failed to understand that the purpose of the journal and included all their entries here whereas it should have only contained the entry for purchase of a fixed asset on credit.

Part (b)

Candidates were required to produce a bank account from given data. Overall this was reasonably well done with the main error being the incorrect calculation of settlement discount. As in several areas of the paper presentation was poor in many instances.

Part (c)

Candidates were required to produce ledger accounts from given data. This task produced mixed responses with the most common errors being incorrect narratives and reversed entries. Many candidates lost marks by listing items individually in the Vat account whereas they should have included only the totals from the day books.

Part (d)

Candidates were required to demonstrate their knowledge of capital and revenue expenditure which in the majority of cases they were able to do quite well.

Question 2

The second question focussed on the preparation of a set of final accounts for a partnership. This question produced very mixed responses.

Part (a)

Candidates were required to produce a profit and loss account for the partnership from given data. On the whole this was well done, however some candidates experienced difficulties with the nature of the business and were unable to calculate correctly the net cost of cleaning materials. The majority of the expenses were calculated correctly with the main area of difficulty being the calculation of the increase in provision for doubtful debts.

Part (b)

Candidates were required to produce an appropriation account for the partnership from given data. The majority of candidates were able to complete this task with little difficulty and score full marks in some cases using their own incorrect net profit from part (a).

Part (c)

Candidates were asked to prepare the balance sheet for the partnership from given data. This was generally well done with weaker candidates struggling with the presentation of the final section of the balance sheet and the calculation of the closing balances for the current accounts.

Question 3

The first two parts of this question required candidates to demonstrate their knowledge of bank statements which on the whole was badly received. The final task required candidates to evaluate the usefulness of a double entry accounting system. Like other narrative style questions the standard of response was variable.

Part (a)

Candidates were required to complete a bank statement from given data stating clearly whether the balance was debit or credit. This question was not well done with candidates failing to understand the requirements of the task or where they were able to understand the requirements omitting to indicate whether the balance was debit or credit.

Part (b)

Candidates were required to identify the nature of the transactions on the bank statement. Although the requirements of the question were clearly stated a large number of candidates were unable to adequately state the three main requirements, i.e. whether the client had received or paid money; the amount; and how the transaction was carried out.

Part (c)

Candidates were required to evaluate the usefulness of maintaining a full set of double entry accounting records. While many candidates were able to state the advantages of this many did not go on to identify the disadvantages or present any conclusion to their findings.

Part (d)

Candidates were asked to clearly state the method for calculating opening capital. Overall this was well done with most candidates able to score full marks.

Question 4

The focus of this question was the preparation of a set of final accounts for a manufacturer. The responses to this question were generally of a good standard with a significant number of candidates scoring full or nearly full marks. Only the poorly prepared candidates failed to achieve a high score. It was pleasing to note that candidates were able to produce statements in the vertical format. Several candidates did experience difficulties with the nature of the numeracy in this question confusing units with 000's.

Part (a)

Candidates were required to produce a manufacturing account from given data. Candidates experienced few problems with this task, however several candidates omitted to include the depreciation of factory machinery as an overhead.

Part (b)

Candidates were required to produce a trading account from given data. While many were able to calculate the correct gross profit weaker candidates struggled to deal correctly with the warehouse costs and sales returns.

Part (c)

Candidates were required to define the term variable costs. Well prepared candidates were able to score full marks here whereas weaker candidates stated that they were costs that varied which attracted no marks.

Question 5

In this question candidates were required to demonstrate their knowledge of the final accounts of limited companies.

Part (a)

Candidates were required to calculate the profit and loss account balance after making several adjustments. Candidates were well prepared for this task and consequently scored highly, with the most common errors being in the calculation of the dividends.

Part (b)

Candidates were required to prepare a balance sheet for a limited company from given data and their own figure from the earlier task. As with other similar questions this was well done with the most common error being to include the long term loan in the shareholders funds.

Question 6

This question was concerned with the activities of a club which many candidates failed to recognise. Consequently their evaluation of the clubs activities often referred to the club as a business and its members as shareholders.

Part (a)

This question required candidates to identify the changes in asset and liability values over the preceding year. Most candidates were able to score some marks here but less able candidates failed to identify the correct direction of change.

Part (b)

Candidates were required to calculate the surplus/deficit as a percentage of the accumulated fund and the current ratio for each of the two years. The candidates were well prepared for this task and consequently scored highly.

Part (c)

Candidates were required to evaluate the changes in the clubs financial position over the year. There were many well structured solutions to this question but weaker candidates were unable to fully evaluate their findings. Many candidates simply provided a list of the statistics for the two years with little or no analysis or conclusion. Some made a good case for improvement on both profitability and liquidity bases and thus gained some marks. Fewer managed to make a convincing argument for deterioration apart from mentioning the overdraft.

Grade Boundaries - June 2010

Statistics

Grade	A	B	C	D	E
Grade Boundaries	145	123	102	92	65

Further copies of this publication are available from
International Regional Offices at www.edexcel.com/international

For more information on Edexcel qualifications, please visit www.edexcel.com
Alternatively, you can contact Customer Services at www.edexcel.com/ask or on + 44 1204 770 696

Edexcel Limited. Registered in England and Wales no.4496750
Registered Office: One90 High Holborn, London, WC1V 7BH