

# **Accounting**

Advanced GCE **A2 H401**

Advanced Subsidiary GCE **AS H001**

## **Report on the Units**

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**January 2007**

**H001/H401/MS/R/07J**

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All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

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### **Chief Examiner's Report**

This was the first examination for the new specification and the examiners were pleased with the response from candidates for unit F001. The standards varied from excellent to very poor. For some candidates it is expected that, with academic maturity and development, there will be an improvement in subsequent examinations.

In the previous specification, comment was frequently made about the need for an understanding of double entry accounting principles and this was also evident for this specification. Ledger layout was sometimes to a poor format, particularly for narration of entries, balancing and ruling off. Candidates also frequently reversed entries in ledger accounts.

There was one entry for unit F002 and it is anticipated that candidates will usually sit this unit for the first time at the end of the first year of study.

## **F001: Accounting Principles**

### **General Comments:**

Most candidates were able to complete the paper in the allocated time. The standards achieved varied from excellent to very poor. Frequently, candidates gained high marks on Question 1, the preparation of the Trading and Profit and Loss Account and the Balance Sheet; however, responses to Question 2 were more limited.

### **Comments on Individual Questions:**

- 1) (a) Many candidates completed a good set of accounts, although few were able to present a completely correct set of final accounts. Many however, gained marks. Some candidates did not provide correct titles, omitting names and dates. Within the Trading section, some candidates added sales returns to sales rather than deducting them; others failed to show the calculation of the net figure. Purchase returns were also added to purchases rather than being deducted. In the Profit and Loss Account many candidates could not correctly distinguish the discounts allowed and received figures and reversed the entries in the accounts. The adjustment for commission received was often deducted rather than being added; and many candidates could not correctly calculate the reduction in the provision for doubtful debts. In the expenses section the majority of candidates were able to adjust for the accruals and prepayments; although some did fail to adjust the loan expenses and some failed to recognise that one fifth of the motor expenses should be adjusted for drawings. Many candidates were able to correctly calculate the depreciation of premises and office equipment using the straight line method, but were unable to calculate the depreciation on the motor vehicles using the reducing balance method. Weaker candidates transferred the accumulated balance on the depreciation account from the trial balance and failed to calculate this year's depreciation.

On the Balance Sheet most candidates adjusted the fixed assets for depreciation, although some failed to provide a sub total. In the current assets a number of candidates included the opening stock figure rather than the closing stock, and many candidates failed to deduct the provision for doubtful debts from the debtors figure. The loan repayments caused problems for many candidates who failed to enter one quarter of the figure in current liabilities and three quarters in long term liabilities. Many candidates also failed to calculate the correct drawings figure.

The presentation of the above accounts was often in good format but many candidates failed to underline titles and headings.

Quality of written communication marks were awarded to candidates in this question presenting answers to good accounting format, including appropriate use of column and sub totals.

- 2) (a) Few candidates were able to provide a correct set of ledger accounts for fixed assets, depreciation and disposals as requested. Many candidates were able to make the opening entries in the fixed asset accounts although a number failed to use the correct narrative. Candidates were often unable to make correct entries in fixed asset accounts for the purchase or disposal

of a fixed asset, and were unsure as to what figures or what narratives to use. The depreciation accounts were often reversed and the majority of candidates were unable to calculate depreciation where part year depreciation had to be calculated. The disposal accounts were completed to a better standard but again incorrect narratives were often used.

- (b) Many candidates gained marks on this section as the majority understood the difference between straight line and reducing balance and the type of assets for which each should be used.
  - (c) A large number of candidates identified that this statement was incorrect, but there were also many misconceptions that it did provide a fund for the replacement of the fixed asset.
- 3) (a) A number of candidates were able to provide a correct set of ledger accounts for expenses and revenues, but many were unable to identify whether the opening balances were debit or credit balances, and many entered the bank on the wrong side in the commission received account. Candidates again had problems with correct narratives. Frequently candidates did not show the closing entries to the Profit and Loss Account for the year.
- (b) While there were some well developed responses as to the reasons for accounting for accruals and prepayments, too frequently candidates focused on definitions or related their answers to the effect on future cash flows.

Quality of written communication marks were awarded in this question to candidates presenting answers in a clear and fluent style with good spelling, punctuation and grammar.

**F002 Financial Accounting**

As there were no entries for this unit for the January 2007 series a report will not be available.



**Advanced GCE Accounting H401  
January 2007 Assessment Series**

**Unit Threshold Marks**

<b>Unit</b>		<b>Maximum Mark</b>	<b>a</b>	<b>b</b>	<b>c</b>	<b>d</b>	<b>e</b>	<b>u</b>
<b>F001</b>	Raw	100	80	69	58	47	37	0
	UMS	100	80	70	60	50	40	0
<b>F001</b>	Raw	100	80	70	60	50	40	0
	UMS	100	80	70	60	50	40	0

**Specification Aggregation Results**

Overall threshold marks in UMS (i.e. after conversion of raw marks to uniform marks)

	<b>Maximum Mark</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>U</b>
<b>H001</b>	200	160	140	120	100	80	0
<b>H401</b>	400	320	280	240	200	160	0

The cumulative percentage of candidates awarded each grade was as follows:

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>U</b>	<b>Total Number of Candidates</b>
<b>H001</b>	-	-	-	-	-	-	-
<b>7808</b>	-	-	-	-	-	-	-

**0 candidates aggregated this series**

For a description of how UMS marks are calculated see;  
[http://www.ocr.org.uk/exam\\_system/understand\\_ums.html](http://www.ocr.org.uk/exam_system/understand_ums.html)

Statistics are correct at the time of publication

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