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## FOREWORD

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This booklet contains reports written by Examiners on the work of candidates in certain papers. **Its contents are primarily for the information of the subject teachers concerned.**

# PRINCIPLES OF ACCOUNTS

## GCE Ordinary Level

Paper 7110/01

Multiple Choice

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

### General comments

3234 candidates took this Paper and the mean score was 21.3 out of an available 40.

All items were within the scope of the syllabus. Those syllabus areas which showed particular weaknesses by candidates are identified in the **Comments on specific questions**.

It is expected that each item will be answered correctly by between 25% and 80% of the candidates. The number of items falling outside this parameter and the possible reasons are taken into account when setting the grade thresholds.

### Comments on specific questions

#### **Item 1**

The highest scoring item on the Paper. It proved the understanding of simple double-entry.

#### **Item 2**

This item identified confusion over the roles of ledgers/journals and ledger accounts.

**Items 5 and 6**

70%+ of candidates had a satisfactory understanding of cash and trade discounts.

**Item 14**

Although 60% of candidates correctly gave answer **C**, a significant number believed that additional capital was capital expenditure.

**Items 15, 16 and 17**

The results of these items indicated a deeper knowledge of depreciation workings was required.

**Item 19**

Prepayment calculations were tested and the results left much to be desired.

**Item 27**

The need to provide for discounts allowed and the effect on trade debtors was often not known or appreciated.

**Item 33**

The frequent wrong choice of option **C** was based on the erroneous belief that proprietor's drawings were a loss.

**Paper 7110/02**

**Paper 2**

**General comments**

Overall the standard of response to the questions was very good. The majority of candidates were well prepared and all questions were attempted. The only qualification to this comment is that in certain Centres there appeared to be a tendency by candidates to reply on **Question 5**, final accounts, with only a minimal effort with regard to the other four questions.

**Comments on specific questions*****Section A*****Question 1**

- (a) A good response. The main reason for a loss of marks was the failure to use an appropriate narrative, for example in item 3, Sales or Cash Sales was an appropriate narrative whereas the word 'omitted' was not.
- (b) The above comment applies. Marks were awarded for a calculation and narrative. Failure to date the heading of the statement was a common error.

**Question 2**

- (a) This was well done, the majority of candidates being awarded full marks.
- (b) The response to this part varied between Centres, i.e. either recognised or nil response. The teaching of a basic conceptual appreciation is a requirement of the Syllabus.
- (c) Well done overall. Full marks being gained by the majority of candidates.

- (d) In contrast to (c) the response to this part was poor. The main failure was that candidates did not directly answer the question set but went off at a tangent, e.g. rates of turnover, compared to jewellers and greengrocers. Where the use of the ratio was addressed candidates confused its use with a profitability analysis, little being seen with regard to the need to focus on stock levels or taking remedial action. Candidates must be encouraged to read each question carefully and to answer the requirements as they are set out in the Question Paper.

### Question 3

- (a) The response to this question was varied. A common failure was not showing preference dividends on the face of the appropriation account, although shown in workings. Some candidates confused this topic with partnerships and assumed the percentages given related to profit sharing ratios.
- (b) This was generally well done with many candidates gaining the maximum marks.

### Question 4

- (a)(i) This section was well done.
- (ii) Many candidates failed to recognise that the figure, \$48,800, was simply picked up from the summarised balance sheet.
- (iii) The response to this requirement varied between Centres. It was evident that the term capital employed was not recognised by many candidates.
- (b) Generally well done with ratios given and suitable comments. Answers were not always restricted to comments on current assets and current liabilities, but brought in profit and drawings, which were more suited to part (c).
- (c) Overall this was well done, the key points being identified by many candidates.

### Question 5

The response to this question was excellent. Many candidates were awarded full marks. The most common mistakes were the calculation of loan interest and incorporating the loan into current liabilities.