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FOREWORD

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

General comments

17 856 candidates took this paper and the mean mark was 18.0 out of 40.

All questions were within the scope of the syllabus. Those syllabus areas where candidates had particular difficulties are identified in the comments on specific questions.

It is expected that each question will be answered correctly by between twenty-five percent and eighty percent of the candidates.

Comments on specific questions**Questions 3, 23 and 24**

These questions were accessible to three quarters of the candidates, giving a sound foundation to the overall scores.

Question 5

There was a high degree of guessing the answer to this bank reconciliation question.

Question 9

The relationship between purchases journal entries and the trial balance total was not fully understood by three quarters of candidates.

Question 10

There was also difficulty concerning misposted items and the trial balance. The overall effect of the errors had to be followed through to arrive at the correct trial balance total.

Question 26

The poor answers showed that the apportionment and application of goodwill was not well known.

Question 31

An apparently simple question which disclosed uncertainty by candidates over club accounts and their relationship to members' rights. The accumulated fund belongs to its members, being the equivalent of its capital.

Paper 7110/02

Paper 2

General comment

Overall the paper was accessible to the majority of candidates. However, it was evident that while some Centres benefited from excellent teaching other Centres need to re-think their approach to the teaching of this subject.

It was evident certain Centres simply coached candidates in how to prepare final accounts without necessarily knowing the accounting principles behind the procedures, as evidenced by a poor response to those questions which did require accounting knowledge.

The following comments highlight the weaknesses of some of the candidates.

Comments on specific questions**Question 1**

This was a straightforward double entry question, but was not well answered. The main weaknesses were as follows:

- A weak appreciation of double-entry principles, i.e. the reversal of items.
- Poor layout of information, e.g. dates omitted.
- The use of inappropriate abbreviations, e.g. R.O.W. is not satisfactory for Returns Outwards.
- An inability to complete transfers to profit and loss account.

Question 2

- (a) Reasonable answers overall. Some candidates showed an evident lack of knowledge preparing ledger accounts in **Question 1**, but a correct identification of debit and requirements in **Question 2**. The narrations provided were often poor.
- (b) Again the suspense account evidenced a weakness in the essential understanding of double entry by many candidates. Having correctly identified the debit/credit requirement in (a), they incorrectly entered a required value in the suspense account. A reversal of entries was a common fault.

Question 3

This question was not well answered. Candidates often dealt with the items as transactions rather than as year-end balances, the meaning of which was required to be defined.

Question 4

The common errors in the question were as follows:

- (a)(i) The treatment of jars and lids as work in progress.
- (ii) Misallocation of direct wages, or overheads.
- (iii) The subtraction of overheads from the prime cost figure.
- (b)(i) The duplication of manufacturing account items in the trading account, e.g. stocks.
- (ii) The deduction of overhead from gross profit to provide, in error, a net profit. (A profit and loss account was not requested by the question).

Question 5

In parts (a) and (b) the calculations were answered well. The only problem for some candidates being the correct identification of net profit as a percentage of capital.

- (c) This section was not well answered. The need for interpretative skills, in addition to ratio calculation expertise, needs to be practised and developed.

Question 6

It is evident that many candidates depend on this type of question to gain marks. It is worth repeating that Centres should not encourage their candidates to rely on the final accounts question to provide the bulk of their marks, as the question represented only thirty-four marks out of the total available. Candidates need to be able to demonstrate their understanding of accounting principles as well as applying those principles.

The main points of weakness were as follows:

- (a)(i) The effective treatment of goods for own use, i.e., drawings £3 000.
- (ii) The correct treatment of carriage, i.e. deducted not added by many candidates.
- (iii) The calculation of an accurate depreciation charge due to the acquisition of a new vehicle, i.e. £7 200.
- (iv) The calculation of the disposal profit, i.e. £3 000.
- (v) Difficulty with the treatment of decrease in provision for doubtful debts, £400, i.e. often treated as an increase, or the new provision, £800, being shown as a reduction.