

Accounting

Advanced GCE A2 H401

Advanced Subsidiary GCE AS H001

Report on the Units

June 2007

H001/H401/MS/R/07

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This report on the Examination provides information on the performance of candidates which it is hoped will be useful to teachers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding of the syllabus content, of the operation of the scheme of assessment and of the application of assessment criteria.

Reports should be read in conjunction with the published question papers and mark schemes for the Examination.

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REPORTS THE UNITS

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Chief Examiner's Report

This was the first summer series for this new specification and the examiners were encouraged by the response given to the specification. The standards varied and some excellent scripts were presented. Most candidates were able to complete the papers in the allocated times. Lack of completion, where it occurred, appeared to be due to a lack of knowledge and ability, rather than time.

The specification necessitates an understanding of double entry principles. It was, therefore, of concern that some candidates did not demonstrate an understanding of such principles. Ledger layout was frequently to poor format, particularly narrative of entries, balancing and ruling off. Frequently, candidates reversed entries in ledger accounts.

Some candidates were unable to deal with the relationship between mark-up and margin, and this led to incorrect answers being presented.

Finally, while presentations were to a good standard for many candidates, others were unable to present to good accounting format. The use of a ruler would also improve presentation for some candidates.

F001: Accounting Principles

General Comments

There was a wide range of marks achieved by candidates, but it was pleasing to note the excellent quality of scripts from some candidates. Frequently high marks were gained for Question 1, the preparation of final accounts. The double entry on Questions 2 and 3 proved challenging for a number of candidates. Most were, however, able to complete the paper in the allotted time.

Comments on Individual Questions

- 1 (a) Whilst many candidates were able to demonstrate a good understanding of final accounts, some presentations were poor, with candidates failing to use correct titles and sub-headings and failing to underline and rule off accounts. Some candidates reversed the sales returns and purchase returns, and others omitted drawings from the Trading Account and carriage inwards was often included in the expenses. In the Profit and Loss Account most candidates added the discounts received and rent received, but a number failed to adjust the figure for the rent received. The accruals and prepayments for expenses were adjusted well, with candidates knowing how to deal with these correctly. The most common errors were the calculation of the loan interest and the correct adjustment for motor expenses. Few candidates made the correct adjustment for provision for doubtful debts, frequently omitting to take off the bad debts before calculating the provision.

On the Balance Sheet, many candidates correctly calculated the fixed assets. Within the current assets a number failed to calculate the net debtors figure, and frequently the rent receivable owing of £2, 000 was shown as a current liability rather than as a current asset. Many candidates correctly calculated the current liabilities, although a number omitted the loan interest. Most were able to correctly deal with the loan under long term liabilities. The financed by section of the Balance Sheet was well prepared by many candidates with most gaining a mark for net profit under the own figure rule. A few, however, failed to adjust the drawings ignoring the goods for own use.

- 2 (a) Many candidates were able to correctly produce a bad debts account showing the transfer to the Profit and Loss Account; however, a number reversed the entries or showed the £350 as a balance c/d. In the provision for doubtful debts account, entries were often reversed, and candidates entered the full provision in the account rather than the decrease in the provision. Candidates often failed to gain marks as narratives were incorrect or missing.
- (b) There were a number of correct answers but many candidates failed to deduct the bad debt from the debtors and the balance c/d did not correspond with the provision for doubtful debts account.
- (c) Most candidates were able to correctly identify two ways in which to reduce bad debts.
- (d) Many candidates were able to identify reasons for monitoring and controlling debtors, but then failed to develop their answers.
- (e) Some candidates explained prudence but did not relate it to a provision for doubtful debts, whilst others stated that it would affect the profit and loss account and balance sheet, but did not discuss how they would be affected.

- 3**
- (a)** While many candidates demonstrated a thorough understanding of double entry principles, few candidates were able to gain full marks for the ledger accounts. There were some poor answers; debit and credit entries were sometimes reversed and the narrative within the ledger account incorrect or omitted. Few candidates correctly calculated the depreciation for the period and frequently did not apply depreciation for the proportion of the year it was owned. The disposal account was generally well prepared but a number of candidates failed to show the correct narrative for the transfer to the Profit and Loss Account.
 - (b)** Few candidates achieved full marks here but many gained own figure marks, although some candidates' figures did not correspond to the balances c/d in their accounts.
 - (c)** Generally quite well answered, but a number of candidates only wrote about the different methods of depreciation and did not expand their answers.
 - (d)** This part of the question proved quite challenging for a number of candidates who failed to correctly identify capital and revenue expenditure, and, therefore, were unable to explain why the correct treatment was important.

F002: Accounting Applications

General Comments

There were some many good responses to this paper but a minority of candidates demonstrated a poor understanding of the topics examined. The relatively better performance achieved on the questions requiring narrative answers often improved a candidates' overall mark. Most candidates were able to complete the paper in the time allotted.

Comments on Individual Questions

- 1 Overall some good answers to this part of the question, however, some centres appeared not to have taught this topic.
 - (a) Many candidates were able to attempt this though few achieved full marks. A common error was not adjusting back to cost price where appropriate. The layout of some candidates' work was poor with no indication as to whether their adjustments were to be added or subtracted.
 - (b)
 - (i) Many candidates were unable to clearly explain the principle of 'lower of cost and net realisable value'.
 - (ii) Many candidates failed to appreciate that cleaning materials do not constitute stock for resale.
 - (c) There were some good answers to this part of the question which showed a clear appreciation of the problems associated with inadequate record keeping.
- 2
 - (a) There were some correct solutions to the Bar Trading Account, but most candidates were not able to convert the profit margin to a mark up.
 - (b) A simple calculation was all that was required for this part of the question, yet many candidates failed to provide a correct answer.
 - (c) There were, once again, some good answers to this part of the question.
 - (d) Most candidates could attempt this part of the question with many achieving good results. Common errors included not showing the net profit on fund raising activities and/or failing to adjust for accruals and prepayments.
 - (e) This part of the question was generally well answered.
- 3
 - (a), (b), (c) Many candidates provided good answers to these three parts of the question. These questions were the ones with which most candidates were most confident and layout was generally good.
 - (d) Many candidates could not clearly explain an 'error of principle'.
 - (e) There were some very good analytical answers to this part of the question.

**Advanced Subsidiary GCE (Accounting) (H001))
Summer 2007 Assessment Series**

Unit Threshold Marks

Unit		Maximum Mark	a	b	c	d	e	u
F001	Raw	100	72	63	54	45	36	0
	UMS	100	80	70	60	50	40	0
F002	Raw	100	63	54	45	36	27	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)

	Maximum Mark	A	B	C	D	E	U
H001	200	160	140	120	100	80	0
H401	400	360	280	240	200	160	0

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

	A	B	C	D	E	U	Total Number of Candidates
H001	11.4	23.8	38.4	56.8	74.0	100.0	1902

1902 candidates aggregated this series

For a description of how UMS marks are calculated see;
http://www.ocr.org.uk/exam_system/understand_ums.html

Statistics are correct at the time of publication

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