



External Assessment Report 2011

Subject	Accounting and Finance
Level	Standard Grade

The statistics used in this report are pre-appeal.

This report provides information on the performance of candidates which it is hoped will be useful to teachers/lecturers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding. It would be helpful to read this report in conjunction with the published question papers and marking instructions for the Examination.

Comments on candidate performance

General comments

The number of presentations fell once again to 1,505 (1,633 in 2010), a further drop of 8% (5% drop last year). This drop was mainly in the General/Credit presentations with the number of presentations at Foundation/General basically remaining the same.

On the whole, candidates were presented at the appropriate levels; however, there was a large increase in the number of candidates presented at General/Credit when they should have been presented at Foundation/General. It is also the case that large numbers of candidates in the Foundation/General group were purely Foundation candidates and should perhaps not have been presented at General level.

The Knowledge and Understanding content of the Credit paper was seen as testing but appropriate for Credit candidates. The performance of candidates in this element at this level was poor. Both Markers and the Examination Team felt this was due to a less able group of candidates than previous years and this was backed-up by the percentage of candidates that teachers estimated as a Grade 1. The Handling Information element at General level was again less accessible to the Foundation/General group as many again left whole questions blank.

Overall, candidates performed much in line with the estimates provided by their teachers. However, there are a number of areas which, although highlighted in previous years, still need to be addressed.

Areas in which candidates performed well

Foundation

Knowledge and Understanding

- Question 1 (b) — ledger accounts
- Question 1 (c) — return of goods
- Question 1 (d) — types of business organisation
- Question 1 (e) — sources of finance
- Question 5 (d) — naming a ratio
- Question 5 (e) — identifying drawings

General

Knowledge and Understanding

- Question 1 (b) — ledger accounts
- Question 1 (c) — trade discount
- Question 3 (d) — explaining limited liability
- Question 4 (c) — explaining bank charges and
- Question 4 (e) — AGM and Honorarium
- Question 5 (d) — naming ratios

Question 6 (c) — examples of capital/revenue expenditure
Question 6 (d) — explaining bad debts and creditors

Credit

Knowledge and Understanding

Question 1 (b) — cash discount
Question 1 (c) — Credit Note
Question 1 (d) — advantages/disadvantages of becoming a plc
Question 6 (b) — ratios
Question 6 (e) — bank services

Handling Information

Question 1 (a) — document at General and Foundation levels
Question 3 (a) — Cash Budget at General level
Question 4 (a) — Trading, Profit and Loss Accounts at Foundation level
Question 6 (a) and (b) — Break Even at Foundation level

Areas which candidates found demanding

Foundation

Knowledge and Understanding

Question 2 (d) — Markers felt that the vast majority of candidates lacked knowledge of Petty Cash.

Question 3 (c) — The majority of candidates failed to identify a 'Cash Budget' being used to plan for the future.

Question 3 (d) — Markers felt that the vast majority of candidates lacked knowledge of Capital and Revenue Expenditure.

Question 4 (b) — The majority of candidates showed a lack of knowledge of plcs.

Question 5 (d) — Many candidates named one of the ratios given in parts (a) or (c).

Question 6 (e) — There are still many candidates who think that the 'public' own a 'not-for-profit' organisation.

Handling Information

Question 2 (a) — Many candidates had difficulty with handling the entries required for discount.

Question 4 (a) — Although this question was very well done, very large numbers of candidates were unable to label the Gross and Net Profits correctly.

General

Knowledge and Understanding

Question 1 (e) — Large numbers of candidates failed to read the question and gave benefits of buying goods for 'cash' instead of 'on credit'.

Question 2 (b) — Large numbers of candidates failed to explain the meaning of 'double entry' to gain both marks.

Question 3 (b) — The majority of candidates failed to read the question which asked for sources available to a plc and failed to gain the marks for 'debentures'.

Question 3 (c) — Large numbers of candidates failed to explain the meaning of 'dividend' to gain both marks.

Question 5 (b) — The majority of candidates failed to use the word 'purchases' in explaining 'carriage in' to gain both marks.

Question 6 (c) — Although candidates were very good at giving examples of 'capital and revenue expenditure' they were very poor at explaining the terms.

Question 6 (d) — Large numbers of candidates used the words 'item' and 'fixed' when explaining depreciation.

Handling Information

Question 2 (a) — A large number of candidates did not understand into whose ledger the accounts were being entered. As a result, they had a 'Wholesale DIY Account'. Many candidates also identified the transactions as Purchases instead of Sales.

Question 3 (a) — Many candidates had difficulty with identifying the correct amounts for the Credit Sales.

Question 4 (a) and (b) — The majority of candidates attempted the updating of the Bank Account but a large number of candidates either left the Reconciliation Statement blank or made a very poor attempt.

Question 5 (a) — Although the Gross and Net Profit Ratios were well attempted, the rate of Stock turnover was very poorly attempted by the majority of candidates.

Question 6 (a) and (b) — Once again, the candidates' responses to a Partnership Appropriation Account were disappointing. The large majority entered 'Capital, Current Accounts and Drawings'. In many cases this question was left blank. In general, the majority of candidates attempted the Current Account; however, large numbers had it the wrong way round, ie debiting instead of crediting and vice versa.

Credit

Knowledge and Understanding

Question 2 (c) — Large numbers of candidates did not read the question correctly and gave costs and benefits of operating on a 'cash' basis instead of 'credit' basis. Many candidates also gave their answers from the 'customers' side' when it was from the 'supplier's side'.

Question 3 (d) — The majority of candidates were able to identify the 'effect' on the break-even point but were unable to explain 'why' it would have this effect.

Question 3 (e) — Large numbers of candidates did not read the question 'sources of finance available to a plc'. Those who did gave 'shares' as the answer but as it is already a plc the answer required 'more shares'.

Question 4 (b) — Candidates often failed to write enough to gain full marks for their answers for 'carriage in and out, debtors and creditors'. Although candidates gained marks for 'bad debts' they often did not explain 'provision for bad debts' at all well. A large number of candidates used the words 'money set aside'.

Question 5 (d) — Large numbers of candidates only named the errors, they did not describe them.

Question 6 (c) — Large numbers of candidates failed to identify the type of business organisation of both of the firms. Many stated two different types.

Question 6 (d) — Many candidates only gave one reason when the question required two reasons. 'Drawings' was a common answer when the answer required was 'more drawings than profit'. Drawings would have only got 2 marks if they had indicated that there had also been a loss.

Handling Information

Question 1 (a) — There are still many candidates having difficulty with a Statement of Account, particularly the VAT calculation on the entry for 7 March.

Question 2 (a) and (b) — A large number of candidates failed to identify the transactions referring to the purchase of an Asset and made entries for Purchases. The vast majority of candidates failed to record VAT on the Drawings.

Question 3 (a), (b) and (c) — The vast majority of candidates lacked an understanding of how to calculate 'unit contribution' and failed to gain many marks in part (a). However, they showed sufficient understanding of 'break even' to gain consequential marks in parts (b) and (c).

Question 4 (a) — The vast majority of candidates failed to calculate the 'Depreciation' and 'Provision for Bad Debts' amounts correctly.

Question 6 (a) — Although the question asked candidates to 'calculate appropriate ratios', large numbers of candidates only calculated one ratio for both firms.

Advice to centres for preparation of future candidates

In addition to comments regarding areas where candidates had difficulty, centres are again reminded of the need to address the following:

Knowledge and Understanding

- ◆ Candidates need to develop better skills in explaining the terminology used in Accounting and Finance. Markers are finding that candidate answers do not warrant full marks due to lack of proper/full explanations.

Handling Information

- ◆ Preparation of Partnership Appropriation Account and Bank Reconciliation Statements.
- ◆ A greater understanding of the calculation of the Rate of Stock Turnover, Unit Contribution, Depreciation and Provision for Bad Debts.

General

- ◆ Reading questions fully to ensure that they are answering what is being asked and not what they think is being asked. Many candidates often misread a question thinking it is the same as a past paper question that they are familiar with and answering accordingly. Whereas the question being asked required a different answer.

Statistical information: update on Courses

Standard Grade

Number of resulted entries in 2010	1,630
------------------------------------	-------

Number of resulted entries in 2011	1,601
------------------------------------	-------

Statistical information: performance of candidates

Distribution of overall awards

Grade 1	11.9%
Grade 2	25.7%
Grade 3	17.6%
Grade 4	17.1%
Grade 5	17.7%
Grade 6	7.1%
Grade 7	0.5%
No award	2.5%

Grade boundaries for each assessable element in the subject included in the report

Assessable Element	Credit Max Mark	Grade Boundaries		General Max Mark	Grade Boundaries		Foundation Max Mark	Grade Boundaries	
		1	2		3	4		5	6
KU	80	57	42	80	53	39	80	50	38
HI	80	59	40	80	56	40	80	56	40