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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

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## GCE Ordinary Level

<p><b>Paper 7110/01</b> <b>Multiple Choice</b></p>
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<i>Question Number</i>	<i>Key</i>	<i>Question Number</i>	<i>Key</i>
1	<b>A</b>	21	<b>A</b>
2	<b>B</b>	22	<b>D</b>
3	<b>B</b>	23	<b>B</b>
4	<b>B</b>	24	<b>A</b>
5	<b>B</b>	25	<b>C</b>
6	<b>B</b>	26	<b>B</b>
7	<b>C</b>	27	<b>B</b>
8	<b>D</b>	28	<b>D</b>
9	<b>B</b>	29	<b>B</b>
10	<b>D</b>	30	<b>D</b>
11	<b>D</b>	31	<b>B</b>
12	<b>A</b>	32	<b>B</b>
13	<b>C</b>	33	<b>D</b>
14	<b>D</b>	34	<b>A</b>
15	<b>C</b>	35	<b>B</b>
16	<b>B</b>	36	<b>D</b>
17	<b>A</b>	37	<b>C</b>
18	<b>C</b>	38	<b>C</b>
19	<b>B</b>	39	<b>A</b>
20	<b>B</b>	40	<b>D</b>

### General comments

3692 candidates took this paper and the mean mark was 25 out of 40.

All items were within the scope of the syllabus. Those syllabus areas which showed particular weaknesses on the part of the 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 these parameters and the possible reasons are taken into account when setting the grade thresholds.

**Comments on specific questions**

Items 9, 10, 19, 21, 23, 24, 28 and 35 proved to be the easiest items on the paper and their incidence broadly reflected their ranking order in the syllabus.

Items 3, 8, 26 and 33 were found to be the questions least satisfactorily answered and to some degree related to their position in the syllabus as would be expected.

Item 26 revealed some misunderstanding on stock valuation. Whilst it is commonly calculated as being at cost, there is the alternative valuation of net realisable value if it is lower than cost, as in this case.

Item 3 exposed some confusion as to when cash discount is applied.

<p><b>Paper 7110/02</b></p>
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<p><b>Paper 2</b></p>
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**General comments**

Overall candidates produced a good standard of answers to the paper. In accordance with the syllabus specifications, the questions were inclusive of a range of skills requiring the application of principles, analysis, and evaluation. It was evident from the scripts that candidates in some Centres had not been provided with an adequate conceptual underpinning of knowledge to respond to questions which required evaluation. This was particularly evident in **Question 4 (c)**.

**Comments on specific questions****Question 1**

- (a) The majority of candidates provided the correct answer to this part. Generally an inability to provide the correct answer here was reflected in the responses to the remainder of the paper.
- (b) This topic was not well understood. Many candidates who attempted this part reversed the account. The topic has not appeared on recent papers and the responses to it are a reminder that all aspects of the syllabus must be given an adequate coverage since all are examinable.

**Question 2**

- (a) The majority of candidates provided comprehensive answers to this part.
- (b) The majority of candidates provided correct answers.
- (c) Again many fully correct answers. Item (v) was a problem for some candidates. The overall response to this question shows that the essential principles required are being well taught by the majority of Centres.

**Question 3**

- (a) A minority of candidates lost marks here by showing the unbalanced CR total, although showing the correct balance.
- (b) This part was very well done. Some candidates did confuse the debtors and the provisions, i.e. as one was twice the other and if these are reversed the provision could be omitted without causing an imbalance.
- (c) A very good response overall.
- (d) In this part there was evidence of rote learning, i.e. candidates were able to name five errors, but the explanations sometimes showed that the errors were not fully understood.

**Question 4**

- (a) Answers to this part were vague or generalised. Many answers could have applied to either method, i.e. statements that 'it' or 'the amount' was decreasing. These could have been applied to the depreciation value or the net book values. A pronounced variation between Centres was also apparent.
- (b) A good response overall. Some candidates undermined their efforts by calculating both the depreciation charge for the year and the net book value, but did not indicate which was which. It is important to stress that candidates should clearly label answers and workings. A positive marking approach was applied, but candidates should be encouraged to state the title of figures calculated.
- (c) The comment made above about evaluation applied to this part of the question. Few candidates were able to give a comprehensive or clear distinction of the suitability of each method. For example, in (i) many candidates indicated that obsolescence meant that the value of computers dropped quickly. However, they did not link this by stating that this was why the reducing balance method was appropriate. Also many candidates misunderstood the question and endeavoured to justify why an alternative method to the one given was more appropriate to each of the fixed assets.

**Question 5**

Overall this question was very well done with full marks being awarded to many candidates. Depreciation and bad debts caused a few problems but not many marks were lost. The main problem area was to transfer debit balances of separate current accounts to the balance sheet as a credit balance, i.e. treating the balance sheet as a plus to capital. Additionally, candidates transferred the current account balances and then proceeded to adjust capital balances by adding the total of net profit and drawings, negating the treatment of these items via the current accounts.