

Report on the Examination



Examination subject: Introduction to Financial Accounting
Date of Examination: June 2015
Introduction/General comments: Some outstanding scripts and even the weaker candidates still scored good marks in some areas and overall the pass rate was 62%.
Question 1: Candidates were required to turn a list of balances into a trial balance and on the whole this was very well done, though only a few were able to accurately calculate the missing capital figure, and a number did not even try. Less well answered were the written questions and very few candidates were able to correctly define a 'going concern'.
Question 2: A range of documents were to be entered into an analysed cash book. A fairly routine bookkeeping task but one which few candidates tackled and most of the ones who did scored only modest marks. Clearly an area that merits further study.
Question 3: A number of opening balances were to be entered into the appropriate ledger accounts and then a number of further transactions. One part of the exercise that gave particular difficulty was the separating of gross amounts into their net and VAT elements.
Question 4: A exercise involving a reconciliation between the sales ledger balances and the sales ledger control account. Again not a popular choice and marks achieved were on the low side by and large.
Question 5 Candidates were required to calculate year end adjustments and there were some excellent submissions from the more able candidates. This is generally perceived to be one of the more difficult topics but nevertheless this was one of the more popular choices.
Question 6: A question about non-current asset recording and depreciation which was universally avoided. Insufficient data to draw any real conclusions.

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Question 7:

A popular question requiring production of final accounts from balances given.

On the whole this was very well answered with some candidates achieving very high marks indeed.

The weakest area was the ability to identify the effect on gross and net profit of a change in inventory valuation.

Question 8:

Another popular choice involving ratio analysis and again quite well answered by and large.

Some quite imaginative ideas submitted in respect of 'other types of information' but candidates should revise the difference between 'performance' and 'liquidity'.

Conclusions:

A well balanced paper and the better prepared candidates found plenty of opportunities to achieve good marks.

Recommendations to students and tutors for future examinations:

Students should make sure they understand fully how both gross and net profit are calculated and the role played by inventory valuation. Also the meaning of concepts such as 'liquidity'.