

# Examiners' Report Summer 2007

GCE

GCE Accounting (8011/9011)

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## GCE Accounting 6001 - The Accounting System and Costing

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#### General Comments

Candidates were again generally well prepared for the examination, being able to demonstrate the application of a full range of accounting skills. Candidates were particularly strong in the topics examined in Section A, where candidates were able to apply their knowledge and skills to the scenarios set. Within Section B, candidates were less confident with costing concepts and application, but also with the dissolution of a partnership, which was examined for the first time. Candidates continue to demonstrate improved evaluation skills, but generally expand upon the advantages of the option and are less inclined to consider the disadvantages in making their decision.

#### Specific Comments

##### Question 1

Candidates generally prepared the trading, income and expenditure accounts and balance sheet in good format. Candidates showed great variation in response demonstrating their understanding of net realisable value. Although candidates could describe the accrual concept, a majority were unable to identify whether the extension and redecoration were revenue or capital expenditure.

Common errors were:

- Failure to adjust book purchases for creditors in the trading account.
- Calculation of investment income and recording of the income as expenditure.
- Inclusion of the extension as a revenue expenditure.
- Understanding of net realisable value.
- Identification of redecoration and extension as revenue and capital expenditure and the implications for the income and expenditure account and the balance sheet.

##### Question 2

Candidates generally prepared the manufacturing account in good columnar format. The machinery accounts were generally well prepared with many correct answers. Few candidates could identify more than one characteristic of an overhead. Most candidates could describe straight line depreciation but few were familiar with the scenarios where it would be the most applicable method to use.

Common errors were:

- Preparation of provision for depreciation account.
- Knowledge of the characteristics of overheads.
- Situations where straight line depreciation would be the most appropriate method.















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