

## Annual Examination Report – Year: 2012

Subject Accounting and book-keeping

Level 3

### Section 1 – Areas of good performance

Candidates have been able to perform well over a range of topics in the last year although the standard of answers does vary.

However, generally partnership tasks are well-attempted as are the accounts of clubs and societies. The move away from specifically requiring ledger accounts when calculating amounts for inclusion in the Income and Expenditure Account seems to have helped candidates apply logic when making adjustments.

There have been some improvements on tasks involving manufacturing accounts although there are some areas for development dealt with below.

Tasks dealing with incomplete records are generally well answered: techniques with these are often similar to those involving clubs and societies.

### Section 2 – Areas for development

On occasions there appears to be a reduction in double entry skills between level 2 and 3 as candidates struggle with calculating and recording depreciation.

Closer detail needs to be paid by some candidates when attempting tasks involving manufacturing accounts since candidates appear to be losing marks through lack of thought about what they are doing:

- Expenses are added in the manufacturing account since the total manufacturing cost needs to be calculated. Some candidates appear to be thinking about the profit and loss account and they deduct the manufacturing expenses from prime cost
- It is important that candidates specify standard stages in the manufacturing account, such as prime cost and factory cost of goods completed (or other commonly used terms). A common expense wrongly included in prime cost is factory supervision.

Questions involving Limited Company Balance Sheets are often not fully completed.

Answers to the question on ratios, where candidates have to select an explanation, are often disappointing.

Account descriptions need to be focused on (a common area for development at all 3 levels).

### Section 3 – Recommendations

Centres should ensure that candidates fully understand what ratios mean, and the reasons for them: perhaps tutors can present candidates with some calculated ratios and draw out from their candidates the likely reasons – this can then be applied to the examination paper task.

Candidates need to be taught the difference between authorised share capital and issued share capital and to display this on their balance sheets. In addition candidates need to state the share structure, for instance:

<b>Authorised share capital</b>	£
500,000 ordinary shares of £1 each	<u>500,000</u>
<b>Issued share capital</b>	£
300,000 ordinary shares of £1 each	300,000

Candidates need to visualise asset accounts and provision accounts when dealing with depreciation. Asset accounts have debit balances: provision accounts have credit balances and opening entries are always balances b/d. More practice is needed when calculating depreciation using the reducing balance method as this is often confused with the straight line method.

Account descriptions continue to give examiners concern. Marks are awarded/not awarded for the following descriptions:

<b>Marks awarded</b>	<b>Marks not awarded</b>
Balance c/d, Bal c/d	Bcd, c/d
Balance b/d, Bal b/d	Bbd, b/d
Profit and loss	P & L
Income and expenditure	I & E
Net loss	(net profit)

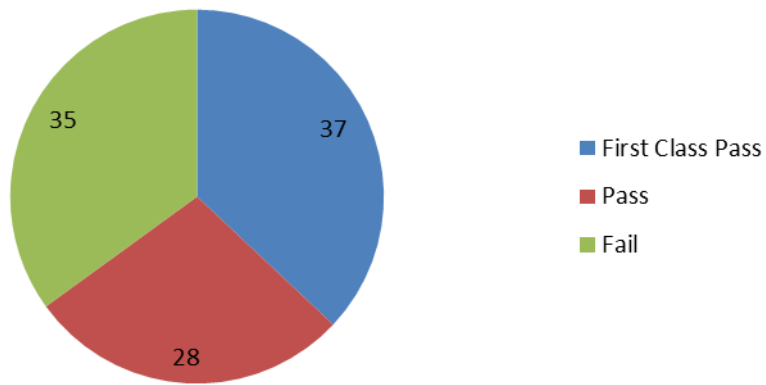
Learning accounting can be likened to learning to drive. Once you have passed your driving test you are at liberty to discard skills learned. Until then you adhere to the rules rigidly. Likewise accounting. Follow strict rules and pass your examination.

Be clear in presentation and content. Your accounts need to be accurate. Ensure technical aspects are well understood such as prime cost, factory overheads and authorised share capital.

Practising a range of exercises and making use of past examination papers available on the City & Guilds website is important ensuring candidates are confident with their stronger areas. Candidates should take care to use the terminology used in the sample assessment material and the examination support guide.

A well-prepared candidate who puts the above into practice will achieve a first class pass.

### Level 3 percentage pass rate for 2012



Examiner's Name Chris Zarzecki Signature Chris Zarzecki Date 10/03/13