



A-LEVEL ACCOUNTING

7127/1

Report on the Examination

7127

June 2022

Version: 1.0

Further copies of this Report are available from aqa.org.uk

Copyright © 2022 AQA and its licensors. All rights reserved.

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

General comments

Extended response questions

Some students were able to write extensively and were prepared to come to a reasoned conclusion. A common issue (as noted in previous series) was a lack of using the numerical data to back up their recommendations. More students were discussing the limitations of the data than in the previous series, but most students still did not do this or did so superficially with generic comments which were not applied to the scenario.

Workings

Clearly labelled workings remain an issue for many students who fail to show them. The better students provided full workings which are annotated and linked clearly to their final answer.

Common errors with workings are:

- a list of numbers, with no indication as to what item they refer.
- a list of numbers with no end total shown.
- a list of numbers ending in a total, which is then not used in the final answer.

Questions 1-10

The responses to the objective test questions were positive with most students providing correct answers. However, as you can see from the data below, one question proved the most problematic:

Question 6 – calculating the opening balance for a control account.

Question	% success
1	82%
2	82%
3	72%
4	69%
5	52%
6	24%
7	50%
8	53%
9	58%
10	59%

Question 11

This question required students to explain two advantages of using a bank overdraft as a source of finance. Students were often able to identify advantages but were not as able to develop their answers fully to access the top-level marks. This appears to be a common theme on questions that require explanations and represent an opportunity for future students to access greater marks by developing this skill.

Question 12

This question required students to complete an income account (rent receivable). The balance at both the start and the end of the month together with other narratives were often incorrect labelled. A number of students struggled to balance the account off with totals not being shown in the account. Many students did not recognise that both the original payment and the refund would be entered as bank. A number of students appeared to have treated it as an expense account instead of an income account.

Question 13.1

This question was asking students to correct errors using a suspense account. The understanding of double entry appeared to be an issue for a number of students, and this lost a number of marks for a number of students. Entries were frequently on the wrong side and showed a balance being brought down for the next period rather than calculating the trial balance shortfall. However the labelling of these was generally better than on question 12.

Question 13.2

This question asked students to calculate the revised profit after making adjustments for the errors in 13.1. This was generally well done. Some students struggled with the impact of drawings being recorded as wages and the rent payable being recorded on the wrong side of the account.

Further note re: Question 13: This question contained an error. In the context box at the start of the question, point 2 stated 'Discount received of £2 400 had been correctly entered in the receivables ledger...'. This should have read: 'Discount received of £2 400 had been correctly entered in the payables ledger...'. Once identified we amended the mark schemes on both parts of Question 13 to ensure any student responses that were affected by the error would not be penalised.

Question 14.1

This question required students to complete a reconciliation of profit from operations to net cash flow from operating activities. Marks were spread across the whole range available. A good number of students scored highly with almost a quarter scoring 10 marks or above. A number of students scored very poorly and appeared to not know the layout with a number of answers being left completely blank showing a lack of understanding and / or revision. Workings to show the profit from operations were sometimes not as clear as they could have been which hindered the overall mark achieved.

Question 14.2

This question required students to discuss the advantages and disadvantages of preparing a statement of cash flows. Students frequently did not apply the figures used in 14.1 and this cost them application marks as these students typically gave generic answers. The best students were able to identify the key points and state how a stakeholder might use the statement of cash flows.

A number of them also mentioned that it was a requirement for public limited companies to publish this document.

Question 15.1

This question required students to complete an income statement from a trial balance with adjustments. This was generally well done with almost 40% of students scoring 10 marks or above. A small number of students did not seem to know how to set out an income statement and this cost them a number of marks as a result. Workings for the depreciation were not always clearly shown which meant that marks were lost.

Question 15.2

This question required students to consider whether the owner was correct in his assumption that, since sales were rising then profit must be as well. Some learners said that may be the case if expenses only rose in proportion to the revenue. Some students discussed that they would need to see some ratios and / or previous years income statements in order to make a more informed judgement as there was not enough data to make an assessment. Again, students did not attempt to use the figures generated in the income statement in question 15.1 to support their answer and provide application to the scenario.

Question 16

This question asked students to consider the impact of bringing in a partner to an existing sole trader. Two potential partners were being taken into consideration and students who calculated the impact of the profit share and comparing the impact on Otmar were rewarded for doing so. Non-financial factors were also a consideration for students to discuss. Many students scored lower than they might due to a lack of application in their answers. A number of students did not discuss the limitations of the data they have been provided with and some students did not provide a clear conclusion in their work. Without good application it becomes difficult to assess and evaluate the options available. Students should attempt to use the figures rather than calculate them in isolation and not use them

Question 17

This question asked students to consider which company would be the best one to invest in based on a range of financial information provided in the scenario. The best students calculated the number of shares they could buy for each company and the total dividends they would have received last year based on this information. They also considered the level of risk for each company. There were also limitations of the data to consider (e.g., only having one year which means they could not discuss trends). The weaker students tended to just compare some of the ratios saying one was better than another but did not then develop their points to establish why this was important.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results Statistics](#) page of the AQA Website.