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# A-LEVEL ACCOUNTING

7127/1 Paper 1 Financial Accounting  
Report on the Examination

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## General comments

There were a number of areas of good practice which was demonstrated both by topic areas and by exam technique. As always there are some areas which students can improve on.

### Extended response questions

Time management on these questions appears to have improved with more extended responses being completed in greater depth. Some students were able to write extensively and were prepared to come to a reasoned conclusion. A common issue was the lack of using the numerical data to back up their recommendations. Some students also appeared to struggle on what management of cash flows would entail and did not really use the statement of cash flows to support their answers.

### Workings

Although some improvement was noted it is worth highlighting that students **must** show their workings in the space provided for the answer to the question. A number of students are making adjustments to the question itself (for example writing +500 next to a given figure) without providing a final answer which can therefore be rewarded.

Workings remain an issue for many students. 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 labels so it cannot clearly linked to their answer.
- A list of numbers with no end total - so again it is difficult to know to which number in the final answer they refer to;
- A list of numbers ending in a total, which is then not used in the final answer.

## Questions 1-10

The objective test questions are designed to test across a number of topic areas and help provide a wider specification coverage. These were generally well answered, with around half of students getting the correct answers. Particularly well answered was Question 1 (users of accounting information) and Question 3 (control accounts) with Question 6 (books of prime entry) and Question 9 (disposal of a non-current asset) being less well answered.

### Question 11

This question required students to explain why an error of omission might not be identified. This attracted a good spread of marks with many students able to correctly identify and explain the error and why it might not be identified.

### Question 12

This question required students to complete an income statement extract ending at the gross profit with some adjustments. This was generally well answered. Where marks were lost it tended to be around adjusting for the closing inventory. A small number of students also mixed up the opening and closing inventories which lost the student marks.

**Question 13**

This question was asking students to complete a current account for a partner. The quality of responses varied with a number of students being able to apportion the profit correctly gaining full marks. Understanding of double entry appeared to be an issue for some students, and this lost a number of marks for these students. Entries were frequently on the wrong side and the labelling of these entries was not linked to the other part of the double entry. Many students showed a draft appropriation account and, whilst this was not required, it did help as a source of workings.

**Question 14.1**

This question required students to complete a statement of changes in equity. Marks were spread across the whole range available. A good number of students scored 10 marks or above. Marks were lost for the fragmentation of dividends and showing the proposed dividend for the next financial period. A number of students scored very poorly and appeared to not know the layout based on the labels provided. The number of student answers being left completely blank show a lack of understanding and / or revision. Workings to show the profit from operations, rights issue and dividends 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 impact that the rights issue and asset revaluation would have on the shareholders. The best students used the numbers in their answers and applied it to the shareholders. Weaker answers did not use numbers and were generic about the impact to the company rather than the shareholder.

**Question 15.1**

This question required students to complete a statement of financial position showing the assets. A small number of students did not seem to know which assets were current and which were non-current. This resulted in a loss of marks. Workings for the depreciation were not always clearly shown which meant that marks were lost. Also, the original bank figure was often treated as an asset rather than a liability.

**Question 15.2**

This question required students to consider whether the owner should switch from a double entry system of bookkeeping to a single entry system. The best students used the figures and information in question 15.1 to support their answer and provided an application to the scenario.

**Question 16**

This question asked students to decide whether a company should improve their liquidity by managing their cash flows or taking out a loan. Many students scored lower than they might due to a lack of application of the figures within their answers. Without good application it becomes difficult to assess and evaluate the options available. The option to use a loan was generally well answered. However a number of students did not appear to understand what managing the cash flows would entail and lost marks as a result.

### **Question 17**

This question asked students to consider whether the financial director was acting in the best interests of the company. The best students were able to identify the ethical concepts involved and explain why these might be a threat to the decisions which have been made. They also discussed the limitations of the data to consider (e.g. whether this was the same person). The stronger students also made good use of the figures in the question and calculated the impact that the discounts and commission had upon the amount paid, compared to using a competitor to source their products.

### **Mark Ranges and Award of Grades**

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