

Level 1 Certificate in Book Keeping



International
Qualifications from EDI

Annual Qualification Review

2009

CONTENTS

Introduction	1
Pass Rate Statistics	1
General Strengths and Weaknesses	1
Teaching Points by Syllabus Topic	2
Further Guidance	6
Examples of Candidate Responses	7

INTRODUCTION

The annual qualification review provides qualification–specific support and guidance to centres. This information is designed to help teachers preparing to teach the subject and to help candidates preparing to take the examination.

The reviews are published in September and take into account candidate performance, demonstrated in both on demand and series examinations, over the preceding 12 months. Global pass rates are published so you can measure the performance of your centre against these.

The review identifies candidate strengths and weaknesses by syllabus topic area and provides examples of good and poorer candidate responses. It should therefore be read in conjunction with details of the structure and learning objectives contained within the syllabus for this qualification found on the website.

The review also identifies any actual or proposed changes to the syllabus or question types together with their implications.

PASS RATE STATISTICS

The following statistics are based on the performance of candidates who took this qualification between 1 October 2008 and 30 September 2009.

Global pass rate 70.51%

Grade distributions

Pass	13.89%
Credit	23.16%
Distinction	33.46%

GENERAL STRENGTHS AND WEAKNESSES

Strengths

- Final accounts and petty cash book questions are well answered by candidates.
- It is evident that many centres have provided a thorough coverage of syllabus topics.
- The excellent presentation of answers indicates that many centres have ensured that candidates have undertaken adequate practice of textbook/past paper questions.

Weaknesses

- A failure to respond to questions on some syllabus topics by the candidates of certain centres shows that there has been a failure to cover the syllabus in its entirety.
- Responses to questions from a presentation point of view show that there has been minimal practice of textbook/past paper questions by the candidate from some centres.
- The response to the written components of questions continues to show, as with previous years, that the development of a conceptual appreciation of topics is minimal in many centres.

TEACHING POINTS BY SYLLABUS TOPIC

Syllabus topic 1: The Accounting Equation

- This topic is the key concept of the subject and should be thoroughly understood by candidates in order that other topics are developed adequately.
- It is evident that some candidates often only have a minimal appreciation of this key concept, which underpins the study of this subject at all levels.

Syllabus topic 2: Double Entry

- Success in double entry links with understanding topic 1. Centres are encouraged to allocate adequate time in the early stages of the learning programme to ensure candidates have good understanding of double entry procedures.
- Practice is essential to improve the candidates skill in compiling double entry accounts. Improve knowledge and understanding of the principles by encouraging candidates to explain the rationale behind double entry.
- With adequate practice the required debit/credit in an appropriate account can become a matter of immediate response, i.e. an automatic skill.

Syllabus topic 3: and 4: Balancing Accounts and Purchases/Sales/Returns

- The comments on topic 2 also apply to both these topics, i.e. they are an integral part of the required double entry.

Syllabus topic 5: The Ledger Subdivision

- Answers varied between centres with regard to candidate understanding
- It is evident that the topic has been given minimal coverage at best, or, not covered at all by some centres. An understanding of this topic will improve candidate response to questions where they post from the daybooks to the relevant ledgers.

Syllabus topic 6: Day Books

- There is often a good response to this topic.
- A failing is a lack of coverage of trade discounts and the implication for the net values of a transaction to be entered in the daybooks. Teachers should ensure that the principle behind trade discounts is well understood and distinction made between trade and cash discounts.
- Some candidates struggled with the transfer of the daybook totals to the general ledger – many candidates transfer the individual sales values instead of the daybook total.

Syllabus topic 7: Bank Facilities

- Candidates respond adequately to a written component of a question, but centre variations apply. Centres should ensure that candidates can define and explain the specific terms associated with the topic e.g. direct debit, credit transfer, cheques etc.

Syllabus topic 8: Cash Book and Cash Discount

- The majority of candidates provide a good response where double entry has been developed sufficiently.
- A weakness is the use of inappropriate narratives with regard to corresponding account entries. Also, some candidates attempt to balance the discount columns. Centres must emphasise that the discount columns are not a part of the double entry but just memoranda in nature.

Syllabus topic 9: Bank Reconciliation Statements

- The majority of questions on this topic require the updating of a Cash Book balance prior to extracting a Bank Reconciliation statement. It is evident that candidates from some centres have not covered this procedure adequately. As a result, candidates include all items in the statement with a subsequent loss of marks.
- Teachers need to ensure that candidates know how to update the cashbook and use the updated balance to prepare the bank reconciliation statement. Again, it is important for candidates to understand 'why' they make the entries and teachers should encourage this understanding.

Syllabus topic 10: Petty Cash Book

- Questions on this topic produce a very good response.
- The transaction, which often causes confusion, is the receipt of money, from a debtor, via the Petty Cash Book. Centres should ensure that candidates understand how the transfer from the petty cash book to the general ledger accounts is undertaken.

Syllabus topic 11: Trial Balance

- The comments regarding topics 1,2,3 and 4 once more apply here.
- Where double entry has not been developed adequately the requirement to draw up a Trial Balance from a list of balances results in erroneous entries. Centres need to emphasise the normal debit or credit balances of accounts.

Syllabus topic 12: Accruals and Prepayments

- This topic is always tested in conjunction with questions on topics 19, Final Accounts and topic 20, Balance Sheets. The majority of candidates cover the required adjustments correctly, however there is often confusion in terms of how these are shown in the balance sheet. Centres need to emphasise where they are placed, and why, under the current assets and current liabilities subheadings.

Syllabus topic 13: Depreciation of Fixed Assets

This topic exhibit centre variations with regard to candidate responses. The main failings are:

- The inclusion of asset cost in the Provision for depreciation account.
- A poor understanding of the reducing balance method of depreciation.
- The entering of depreciation charges in the asset account in addition to the entries in the provision account shows a lack of understanding of the necessary procedures where a provision account is maintained.

Syllabus topic 14: Bad Debts

- This topic underlines previous comments on the need to develop a thorough understanding of double entry in order to respond to questions.
- It is evident that some centres have not given sufficient coverage of the double entry procedures with regard to the recovery of bad debts written off either in the current financial year, or, previous financial years.

Syllabus topic 15: The Journal

- Where double entry is thoroughly understood candidates respond well to this topic.
- Centres need to emphasise the appropriate layout of the journal.
- Where this is not the case the presentation of a minimal attempt at a question underlines the weakness of the candidates' understanding of double entry procedures.

Syllabus topic 16 Capital and Revenue Expenditure

- Good responses to questions on this topic.
- The ability to differentiate between capital and revenue items is not dependant on an understanding of double entry, but the topic in general only represents a part of a question.

Syllabus topic 17: Errors in Accounts

- The emphasis here is on the underpinning knowledge of double entry, and its continued development via prior, topics is the key to success in answering questions involving errors.
- If this is not adequate, questions requesting correcting journal entries, and/or, revising prior calculated net profit figures cannot be successfully responded to.

Syllabus topic 19: Trading and Profit & Loss Accounts

- Questions on this topic produce very good responses.
- Many candidates evidently see this topic as the "passport" to examination success.
- Unfortunately if there is a weakness in a candidate's knowledge, with regard to other topics, the rote learning of this topic alone will not be sufficient to ensure success.

Syllabus topic 20: Balance Sheet

- The same comments apply here as to topic 19 above.

Syllabus topic 21: Control Accounts – An Introduction

- The initial responses to this new topic on the syllabus produced mixed response from candidates.
- Although the position has improved it is evident that some centres have not responded to this change in the syllabus from a teaching viewpoint.

FURTHER GUIDANCE

- It cannot be over emphasised that all the topics of the syllabus must be covered in order to give candidates the opportunity to show their level of ability.
- The use of appropriate resources, such as the new Passport to Success student workbook and Teacher Resource CD, to introduce and develop topics is a necessity.
- Consolidation via past examination papers is also essential.

EXAMPLES OF CANDIDATE RESPONSES

Examples of candidate responses

This example is taken from the series 3 2009 question paper. The question is as follows:

Sharon Tam had the following balances in her books at 1 August 2008:

	£	
Bank	946	(Dr)
Cash	73	
Debtors	240	(Dr)
– R Cheng		
– C Mok	320	(Dr)
Creditor	400	(Cr)
– D Li		

The following transactions occurred during the month of August 2008:

- Aug 3 Paid rent by cheque, £270.
- Aug 4 R Cheng, a debtor, paid by cheque the balance due, £240, deducting 2½% cash discount.
- Aug 6 Paid office expenses in cash £72.
- Aug 11 Paid D Li, a creditor, the balance due, £400, by cheque deducting 2½ % cash discount.
- Aug 14 Withdrew from bank for office cash, £60.
- Aug 20 Cash sales, £428. Banked the same day.
- Aug 23 C Mok, a debtor, paid by cheque the balance due, £320, deducting a 2½% cash discount.
- Aug 27 Cheque drawn by Sharon Tam for private use, £125.
- Aug 28 Paid insurance premium, £145, by cheque.
- Aug 31 Transferred £200 from the Bank Current Account to the Bank Deposit Account.

REQUIRED

Prepare for the month of August 2008:

- (a) The 3-Column Cash Book. (17 marks)
- (b) The Ledger Accounts of R Cheng, C Mok and D Li. (6 marks)
- (c) Briefly state the benefit to Sharon Tam of transferring money to a bank deposit account. (2 marks)

(Total 25 marks)

(Example A)

Q3

(a)

Cash Book									
Date		Details	Cash	Bank	Date		Details	Cash	Bank
2008 Aug			£	£	2008 Aug			£	£
Aug 1		Bal b/f		946	Aug 3	Rent			270
" 1		Bal b/f	73		" 6	office expenses	72		
" 4		R Cheng		234	" 11	D Li			390
" 14		Bank	60		" 14	office cash			60
" 20		Sales		428	" 27	Drawings			125
" 23		C Mok		312	" 28	Insurance			145
" 31		Bank current		200	" 31	Bank deposit			200
					" 31	Bal c/d	61		930
			<u>133</u>	<u>2120</u>			<u>133</u>		<u>2120</u>
Sep 1		Bal b/d	61	930					

(c) The account will be clear. She can easily to identify the account. Also, she can lower the opportunity that she make wrong.

(b) Sales Ledger :

R Cheng

2008 Aug 1 Bal b/f	240	2008 Aug 4 Sharon Tam	234
		" 31 Bal c/d	6
	<u>240</u>		<u>240</u>

C Mok

2008 Aug 1 Bal b/f	320	2008 Aug 23 Sharon Tam	312
		" 31 Bal c/d	8
	<u>320</u>		<u>320</u>

Purchases Ledger :

D Li

2008 Aug 1 Sharon Tam	390	2008 Aug 1 Bal b/f	400
" 31 Bal c/d	10		
	<u>400</u>		<u>400</u>

Examiner comments

- Part (a) of the question was answered only partially correct. The discount columns were not shown although the receipts and the payment were correctly calculated and shown. Three marks were lost by not showing the discounts. The deposit transfer was correctly shown, credit, but then erroneously debited. The mark was awarded for the credit entry, but the debit error corrupted the bank balance figure carried down and this mark was lost. The balance brought down figures were awarded one mark on the basis of the own figure rule. Thirteen marks were awarded in total for this section.
- Part (b) of the question was correct with regard to the figures debited and credited, but the **narratives** were incorrect. All six marks were lost.
- Part (c) of the answer to the question showed no appreciation of the reason why cash was transferred to a deposit account from a current account.
- The answers to the other three questions demonstrated a better understanding of the topics and a pass mark was awarded.

(Example B)

3a. Cash Book

Date	Detail	Discount £	Bank £	Cash £	Date	Detail	Discount £	Bank £	Cash £
Aug 1	Bal b/d			73	Aug 1	Bal b/d		946	
Aug 4	R Cheng (Debtor)	6	234		Aug 3	Rent		270	
Aug 14	Bank			60	Aug 6	Office expenses			72
Aug 20	Cash sales			428	Aug 11	D Li (Creditor)	10	310	
Aug 20	Cash		428		Aug 14	Office cash		60	
Aug 23	C Mok (Debtor)	8	312		Aug 20	Bank			428
Aug 31	Bank Current		200		Aug 27	Drawings		125	
					Aug 28	Insurance premium		145	
					Aug 31	Bank Deposit		200	
		<u>14</u>	<u>1174</u>	<u>561</u>			<u>10</u>	<u>2136</u>	<u>500</u>

3b. R. Cheng

2008		£	2008		£
Aug 1	Bal b/d	240	Aug 4	Bank	234
			Aug 4	Discount allowed	6
		<u>240</u>			<u>240</u>

C. Mok

2008		£	2008		£
Aug 1	Bal b/d	320	Aug 23	Bank	312
			Aug 23	Discount allowed	8
		<u>320</u>			<u>320</u>

D. Li

2008		£	2008		£
Aug 11	Bank	310	Aug 1	Bal b/d	400
Aug 11	Discount received	10			
		<u>400</u>			<u>400</u>

3c. It is because if the account less than a standard amount need to give bank charges.

Examiner comments

- Part (a) of the question was correct with regard to the overall layout of a Cash Book. (Although the cash and bank columns were shown in reverse of the normal layout the component values were accepted from a marking viewpoint.
- The deposit transfer was correctly credited to bank but erroneously debited to bank. On a positive marking policy approach the credit entry was awarded the mark.
- The candidate failed to show either the balances carried down or brought down.
- Fourteen marks were awarded in total for this section of the questions.
- Part (b) of the question was answered correctly. Six marks were awarded.
- Part (c) of the answer showed no understanding of the reason for the transfer from current to deposit account.
- The answers to the other three questions showed a varied level of appreciation of the topics but on the basis of the total mark a credit pass was awarded.

EDI

International House
Siskin Parkway East
Middlemarch Business Park
Coventry CV3 4PE
UK

Tel. +44 (0) 8707 202909

Fax. +44 (0) 2476 516505

Email. enquiries@ediplc.com

www.ediplc.com



Supporting learning
and performance

© Education Development International Plc 2009.
All rights reserved. This publication in its entirety is
the copyright of Education Development
International Plc. Reproduction either in whole or
in part is forbidden without the written permission
from Education Development International Plc.