

EXAMINER TIPS for AS/A Level Accounting 9706

These tips highlight common mistakes made by some students in exams.

General advice

- **Read the question carefully**
Many errors occur because candidates answer a similar question to the one asked of them. It is not unheard of for a student to write about two advantages of something, even where a question asks for two disadvantages!
- **Answer the question asked**
Occasionally a student may memorise a written answer to a past exam paper, and use it in answer to a similar question without noticing the examiner has changed the question slightly. It is very rare for an exam question to be an exact copy of a recently asked question.
- **Attempt all questions**
If you do get stuck on a question, go back and attempt it when you have finished the others you were able to do.
- **Try to allocate your time sensibly between questions**
Calculate the minutes per mark and allocate your time on that basis. (But see first point on multiple choice papers below).
- **Note carefully all dates given in the question**
Many students lose marks by being careless, for example through treating end of year balances incorrectly as start of year balances. This happens more often when the accounting period does not match the calendar year; for example where a trading and profit and loss account is to be prepared for the year ended 31 May. Even more errors tend to occur when additional information is given on dates for the period of an accrual or a prepayment and the amount accrued or prepaid needs to be calculated.
- **Try to understand as much as possible as you learn**
“Learning by heart” is not as good. The examiner may ask something you have not previously encountered in a similar question. The student who understands will know what to do, the rote learner may panic!

Tips when answering multiple choice questions.

- Although every question is worth 1 mark, not every question is of the same level of difficulty. Remember this, and go through the paper, first answering the “easy” questions. After that, return to the questions you left out. If you really have absolutely no idea about a particular question it is better to take a guess (there is a 25% chance that you may be right) than to leave the question unanswered (no chance of scoring a mark).
- When answering computational multiple choice questions, a useful tip is to try to work out the correct answer before you look at the list of answer choices. If you can then see the answer you have calculated in the list of choices, you can be reasonably confident that you are correct and you need pay no attention to the other choices. If you cannot see your answer, try working the figures out again. If you still get the same answer as before it may help to see how much you differ from the other answers and see if you can spot your error.
- When answering “which of the following” type questions you will need to read all the possible answers and choose the correct one. Often your first instinct is the best choice. It is better to pick the answer you think could be right, than to pick another if you have no idea why the answer might be that!

Tips when answering structured questions (paper 2 and paper 4)

Presentation

a. General

While neat presentation is important it should not be at the expense of spending too long on a question. Legible writing and clearly formed figures are the key requirement. If you need to correct a figure strike it through and rewrite it. Do not try to write again over a wrong figure.

In paper 4, where blank answer sheets or booklets are provided, give yourself plenty of space. If you are preparing a statement that you know will likely take up a page or so, for example, do not start your answer if you are already half way down the page. You are more likely to make a mistake if your whole answer is not visible to you as you work.

b. Workings

Any method of showing workings is acceptable as long as it is clear and legible. While the examiner has recently complemented students for their use of good workings, he has also pointed out a small number of students who produce too many unnecessary workings, particularly when answering questions on partnership accounts.

c. Titles and headings of accounting statements

Correct titles and subheadings (e.g. for fixed assets, current assets and so on in a balance sheet) are important and can be worth marks. It does not matter so much whether your balance sheet has two or three columns for figures, or whether you have used horizontal or vertical format.

d. Use of columnar accounts

Having said that how you set out your columns of figures is fairly unimportant, there are certain situations where good use of columns can really help you organise your answer, and will impress the examiner too. Departmental accounts, overhead apportionment and partnership current accounts are three types of accounting situations where your teacher should guide you on how to make good use of columnar presentation for clarity and conciseness in your written answers.

e. Use of columns headed "\$000".

Setting up answers like this can sometimes save time but is not desirable where many of the figures are not in round thousands requiring frequent decimals. It is all too easy for a momentary lapse in concentration to occur. As a safe guide, if figure in the question are not given in £000s it's probably best not to use this method either.

Try to "visualise" the formats you need for the exam, or at least the main headings. If you can remember the main headings of a manufacturing account or a balance sheet, for example, you should have no problem inserting all the details in between.

Ratios

This is a popular exam topic and I have quite a few tips to offer you.

Make sure you always write out your ratio formula (abbreviations can be used here if the formula is fairly standard, so COGS / Av stock for rate of stock turn, for example, would be OK). Entering the workings on your answer sheet is also good practice and may earn you some marks even if the final answer is not the one that appears on the mark scheme.

The Examiner often comments that students lose marks by omitting the suffix in the ratios. Merely stating a stock turnover of 5.66 when the answer should be 5.66 times loses a mark, for example. The concept of decimal places seems to be misunderstood by many: 4.497% becomes 4.50% to decimal places, for example; similarly 20.633% becomes 20.63%.

Some efficiency ratios, such as debtor collection period and rate of stock turn, can be given in more than one unit (eg, in days, weeks, times). Make sure you know how to calculate each one as the examiner may specify precisely which one is required.

Finally, remember to think about the size of the ratio you write down. If you get a return on capital employed of 0.04% when last year's figure was around 5% it may be that you have made a mistake (perhaps forgotten to multiply by 100). There will usually be another firm's figures or the result from a previous year for you to compare.

When writing about what ratios show always try to say whether the ratio is better or worse than the previous year or the other business under consideration. With most ratios bigger is better, but not always (average debtor payment period is usually improving if it is getting smaller). Remember too that ratio analysis does have severe limitations as to how meaningful the information derived really is. You can always refer to the exact nature of these limitations for the ratio you have calculated in order to expand an answer.

Make sure your figures are in the right section

Never show an overdrawn bank balance as a "negative" current asset. It is a current liability. Do not include long term liabilities in the capital and reserves section of a company balance sheet. These are the two figures most commonly misplaced by students. Others include carriage out placed incorrectly in the trading account and non-manufacturing overheads shown in the manufacturing account.

Use International Accounting Standards preferably

From 2010 CIE is introducing International Accounting Standards and International Standards Terminology to its accounting syllabus. International standards and terminology will start to feature in exam questions and mark schemes in future. A list of standards and terms for centres is attached to the syllabus that your teacher will have.

Use of abbreviations and labelling of figures

There are usually a few marks awarded for titles and the correct labelling of figures. Many students miss the opportunity to earn these "easy" marks because they abbreviate (or even miss out the title altogether). Never abbreviate anything when writing titles – not even the name of the month! When I see student's scripts it is common for a profit and loss account to be headed "P & L a/c", which is not acceptable. Similarly, COGS, NP, FA (for fixed assets) and so on should be avoided. It is good to get into the habit of writing titles and sub-headings in full all the time from the start, and not to think that you will remember to do it properly in the exam.

In some questions a mark may be available for identifying, for example, Prime Cost in a manufacturing account or the Surplus (as opposed to profit) made by a non-trading organisation. Looking at some past mark schemes will give you a guide as to the type of questions where the examiner is looking for accurate labelling of figures. Elsewhere it does not matter if some terms are abbreviated, for example PFDD subtracted from debtors within the current assets of a balance sheet would not matter as the mark would be awarded for the figure itself.

Breakeven charts

Students frequently lose marks because they forget to give their chart a title or label the axes. Remember that in order to plot a straight line it is only necessary to plot two points, usually the two extreme values. For example, for sales the revenue at capacity can be plotted and then joined by a straight line back to the origin (£0 if 0 units sold). Never “break” an axis or vary the scale on an axis.