



A-level

Accounting

7127/1 Paper 1 Financial Accounting

Report on the Examination

7127
June 2024

Version: 1.0

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

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 (though not always as concisely as they will need to at higher levels of study). Many answers arrived at 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 many students still did not do this or did so superficially with generic comments which were not applied to the scenario and were not rewarded as well as those who did. The best students had usually planned their answers well (content of a plan is rewardable content). They were also able to provide balance in their answers.

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 objective test questions are designed to test knowledge and application. Most questions had students getting the correct answer the majority of the time.

Question 11

This was generally well answered with the best students being able to identify the impact an irrecoverable debt being written off would have on both the Income Statement and the Statement of Financial Position.

Question 12.1 and 12.2

This provided a good range of responses. The more able students identified that the journal should show the double entry which is needed to correct the errors and that errors three and four would require a change to the number.

The adjustment to the profit element of this question was generally well answered.

Question 13

This question asked students to prepare the inventory account with an adjustment for some damaged inventory. A range of answers was given which differentiated well between the weaker and more able students. A common error was to work out the difference in the two balances instead of transferring the balance to (opening inventory) and then from (closing inventory) the Income Statement separately.

Question 14.1 and 14.2

The first part of this question required students to produce a full statement of cash flows. There were a number of students who did this well, scoring highly. A few students produced only either the first part (operations) or second and third parts (investing and financing). A small number of students struggled to produce a statement of cash flows with income statements and statements of financial positions being attempted.

The second part of the question asked if C Ltd should issue debentures to repay a loan. A number of students provided well balanced responses using figures from 14.1 and quoting the likelihood of them struggling to raise funds to repay the loan in the short timespan before it is due. Where application and balance are provided this helps students achieve Level 3. Students who scored less well produced generic responses which were not applied to the scenario.

Question 15.1 and 15.2

The first part of this question required students to produce a full statement of financial position. This proved a good differentiator between ability. The strongest students were able to use the additional information (e.g. ratios) to correctly calculate the closing inventory. A small number of students only produced half of the statement of financial position or were unable to recall the correct layout.

The second part of the question asked students to assess whether reducing the credit period for Steven would be beneficial. The stronger responses involved balanced answers which were applied using data from 14.1 (e.g. the significance of the proportion of the irrecoverable debt compared to the trade receivables figure or the time periods taken by trade receivables). Balanced responses which were well applied were rewarded accordingly.

Question 16

This question asked students to evaluate which type of ownership might be best for Hassan. A balance of financial and non-financial information with some limitations of the data was provided by a number of students and these were well rewarded. A few students focussed too much on other issues away from the core topic of ownership which distracted from their answer.

Question 17

This question was based around the professional and ethical implications of the auditor's concerns. Again, the best responses drew out both implications and provided balance and potential solution or arguments as to why these might not be an issue. Many students gave theoretical answers to these rather than applying them to the scenario, which costs them marks.

Mark Ranges and Award of Grades

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