

Examiners' Report/ Principal Examiner Feedback

Summer 2016

Pearson Edexcel International GCSE
in Accounting (4AC0) Paper 01

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General comments

Centres are to be congratulated on their preparation of students for the June 2016 IGCSE accounting examination. Throughout the paper students were able to demonstrate their knowledge and understanding of accounting which is pleasing.

There continues to be issues around the inclusion of incorrect dates and narratives in books of original entry and ledger accounts but there is some indication that there is some improvement in this area.

The evaluation of business scenarios still proves challenging for centres and students and centres are advised to concentrate on this area when preparing students for examination.

Comments on specific questions

Section A

Questions 1 - 10

As usual the multiple choice questions provided a good indicator of student performance in the rest of the paper. It is important that students read carefully the whole question before selecting their response. This was important in Question 5 where the question required students to calculate the amount of cash that the petty cashier would receive at the end of the month, not any other amount. Some questions did prove challenging, for example the identification of the correct entries to record a decrease in a provision for doubtful debts in Question 8.

Section B

Question 11

- (a) Students were required to state two reasons why a trader would offer trade discount. This was well done by the majority of students with the most common response being for buying in bulk.
- (b) Students were required to state two source documents used in credit transactions. This proved confusing for many students with responses listing books of original entry and ledger accounts.
- (c) Students were required to prepare a ledger account and show the closing balance. There were some excellent responses to this but as in previous sessions correct narratives are still a problem for students. The correct narrative should indicate which book or account the information has been posted from.
- (d) Students were required to prepare a purchase ledger control account and show the closing balance. As in (c) there were some excellent responses to this but as in previous sessions correct narratives are still a problem for students. With control accounts the correct narrative should indicate which book the information has been posted from e.g. purchases day book.
- (e) Students were required to state what the closing balance of the purchases ledger control account represents and where it would be shown in the financial statements. Generally the correct response that this represents the creditors at that date and would be shown as a current liability was provided by most students.

Question 12

- (a) Students were required to complete a trial balance from given data. Student responses were generally good with the most common error being in the treatment of gross profit which should have been a credit entry. Students should also be aware of the importance of good presentation when answering questions requiring the preparation of financial statements.
- (b) Students were required to demonstrate their knowledge of incomplete records to calculate sales, net profit and profitability ratios to use in part (c). Responses here were mixed with the calculation of sales proving the most challenging for students.
- (c) Students were required to evaluate the profitability of the business using their own figures from (b) and given data. Marks were awarded here where students evaluated each ratio and indicated some reference to effect on profitability. Students should try to relate their response to the given scenario and avoid using generic responses which may not be appropriate to the given case.

Question 13

- (a) Students were required to explain the difference between three types of stock. The standard of responses was variable with many students scoring full marks and others not fully understanding the requirement of the task. Where a question asks students to explain it is necessary to avoid just stating a basic response.
- (b) Students were required to prepare a manufacturing account from the given data.
Student responses were generally good, with the most common error being in the treatment of sales and administration costs which would have been entered in the income statement, not the manufacturing account and the apportioning of the factory expenses. Students should also be aware of the importance of good presentation when answering questions requiring the preparation of financial statements.

Question 14

- (a) Students were required to calculate the retained profit for a limited company from given data. There was no prescribed format for this but most students produced an appropriation account. The most common error was to omit to calculate the correct net profit which should have been after the deduction of the debenture interest.
- (b) Students were required to prepare the balance of a limited company from given data. Responses were variable with some inconsistencies with the treatment of the debentures which should have been shown as a long term liability. As with other questions students should be aware of the importance of good presentation when answering questions requiring the preparation of financial statements.
- (c) Students were required to evaluate two methods of raising finance for business expansion. The main area for improvement here was in remembering to use the number of marks as a guide to the number of relevant points to include in the response. There were several points that students could have made which would have attracted credit, such as the requirement to repay debentures and to pay annual interest.

Question 15

- (a) Students were required to prepare a rent received account from given data and show the closing balances. As in other tasks requiring ledger accounts there were some excellent responses to this but as in previous sessions correct narratives are still a problem for students. At the start and end of the year the correct narrative is balance and not accrual or prepayment.
- (b) Students were required to complete a table to show the effect on the net profit of three errors and omissions. Overall the responses here were good with students able to score full or nearly full marks. Some students experienced difficulty with completing the table but credit was given where the intention was clear.

Points for future sessions

- Read each question carefully, particularly the multiple choice questions where students have to make a choice of responses.
- When preparing books or original entry or ledger accounts it is important to include correct dates and narratives in order to gain the marks available.
- In the preparation of any financial statements clear presentation is important in order to allow the student to gain the marks available.
- When responding to questions which require prose response students should ensure that they have read the scenario given and always provide evidence to support any points made.
- When dealing with evaluation questions students should always attempt to reach a conclusion which sums up and supports their findings.

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