

Principal Examiner Report

January 2016

Pearson Edexcel International GCSE
in Accounting (4AC0) Paper 1

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Publications Code UG042976

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General comments

Centres are to be congratulated on their preparation of students for the January 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 Q9 where the question indicated that the business was paying an interim dividend and not a final dividend. Some questions did prove challenging for example in Q8 where students had to identify the correct entries for the payment of interest on a partnership loan.

Section B

Question 11

- (a) Students were required to identify the correct document from each transaction. Overall this was not well done with students providing reference to ledgers and day books instead of the correct documents.

- (b) Students were required to make the ledger entries for the posting of transactions to a credit supplier account. There were some excellent responses to this but as in previous sittings correct dates and narratives are still a problem for students. The correct narrative should indicate which book or account the information has been posted from, in this case the purchases book, purchases returns book and cash book.

- (c) Students were required to prepare a statement of account from the transactions in (b). This proved to be challenging for many students however there were some excellent responses from well prepared students. Students do

need to be aware that the ability to identify and complete the commercial documents is an essential part of the specification.

(d) Students were required to calculate the debtor's collection period and the creditor's payment period. The most common error here was in not showing the answer in the correct format, ie a number of days. Many students were able to state the correct formula but used the incorrect figures in their calculation. Students need to take care when reading the question to avoid this error in future.

(e) Students were asked to evaluate the businesses liquidity situation from the data given and calculated in (d). It is pleasing to note that there were some competent responses here but there are several students who made no attempt at this part of the question.

Question 12

(a) Students were required to complete a trading and profit and loss account for a sole trader from given data. Student responses were generally good with the most common error being in the treatment of accruals and prepayments and the calculation of the depreciation charge for the year. 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 explain the treatment of two adjustments from (a) making reference to the correct accounting concepts. The majority of students were able to correctly identify the concept but were unable to explain how this had been applied in the given scenario.

Question 13

(a) Students were required to state three types of errors which would not affect the balancing of a trial balance. This was well answered by the majority of students.

(b) Students were required to process the correction of the errors in (a). As in (a) this was well answered by most students with the most common error being in the correct of item 3 which was an error of commission. As in other questions it is important to use the correct narratives.

- (c) Students were required to state one other use of a journal other than the correction of error. There were several possibilities here including the purchase or sale of fixed assets on credit, but some students had not read the question carefully and suggested the correction of errors which was given in the question.

Question 14

- (a) Students were required to calculate the accumulated fund from given data. This was well done by the majority of students with many fully correct responses being evident. The most common omission was not providing a total which all trial balances should have.
- (b) Students were required to complete the subscription account for the year from given data. Overall this was not well answered. As with all ledger accounts the marks are awarded for the correct date, detail and amount. Additionally at the start of the financial year any amounts brought forward should be referred to as balance brought forward and not owing brought forward.

Question 15

- (a) Students were required to state which side of a cash book given transactions would be entered by completing a table. Overall this was well answered with the credit transfer proving the most challenging item for students to identify.
- (b) Students were required to produce a bank reconciliation from given data. Students were well prepared for this type of question which is evident from the large number of correct responses. Weaker students produced a cash book which did not attract any marks and marks were also lost by not providing the correct labels for the statement.

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 a 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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