

Examiners' Report/
Principal Examiner Feedback

Summer 2017

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

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General comments

Centres are to be congratulated on their preparation of students for the June 2017 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 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 Q6 where the question required students to choose the correct concept which applied to a given scenario. Some questions did prove challenging, for example the identification of the correct entries to record interest on drawings

Section B

Question 11

- (a) Students were required to prepare a sales ledger control account and show the closing balance. As in previous sittings 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. sales day book. The most common incorrect treatment was that of the dishonoured cheque which should have had cash book or bank as the correct narrative, not dishonoured cheque.
- (b) Students were required to prepare a purchases book and purchases returns book from given data. A majority of students were able to score well in this task with the most common error being the omission of the correct date and issues with the calculation of discount and VAT. Several candidates lost marks through not totalling the books as instructed in the question.
- (c) Students were required to demonstrate their knowledge of trade discount which provided some excellent responses from most students although some did confuse this with cash discount.

Question 12

- (a) Students were required to complete a balance sheet from given data. Student responses were generally good with the most common error being in the understanding of the need for the statement to balance. Students should also be aware of the importance of good presentation when answering questions requiring the preparation of financial statements and in particular the need to use international formats where appropriate.
- (b) Students were required to identify the correct type of error for a given scenario which generally was well answered.
- (c) Students were required to prepare journal entries for five different errors. Again this provided a variety of responses with most students scoring well. The most common challenge was in the treatment of the annual charge for depreciation.
- (d) As stated in previous reports it is important for students to read fully the requirements of the question. This question clearly stated the need for students to calculate the additional amount of depreciation. Many students simply ignored this and calculated all the depreciation which was incorrect. However there were many fully correct responses although some students used the straight line method for which they received some credit.
- (e) This question required students to apply their knowledge of both concepts and depreciation to identify the correct accounting concepts. This was generally well done with the correct responses of consistency and accruals being provided by most students.

Question 13

- (a) Students were required to calculate the opening accumulated fund for a club from given data. The responses were variable but most students were able to score some marks with the most common error being in the treatment of subscriptions.
- (b) Students were required to prepare a subscriptions account from given data and show the transfer to the income and expenditure account. 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 owing or prepaid.

- (c) The preparation of a trading account provided some excellent responses with many students scoring full or nearly full responses. The most common error was in failing to adjust the purchases figure for amounts owing.
- (d) Similarly the preparation of an income and expenditure account provided some excellent responses. However some students did not bring the subscriptions figure forward or the trading profit. Additionally for some the correct calculation of depreciation was challenging.

Question 14

- (a) Students were required to calculate profitability ratios for two businesses including providing the correct formula. Overall this was well answered by most students.
- (b) Students were required to evaluate the two given businesses using the ratios calculated in (a). 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. 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. When commenting on profitability it is not sufficient to say that one figure is higher than another there must be some reference to why this difference is evident. As with other questions of this nature students need to arrive at a conclusion as asked for in the question, in this case students were required to indicate which business was performing better.

Question 15

- (a) Students were required to complete a table to identify whether items of expenditure were capital expenditure or revenue expenditure. Some of the transactions proved challenging, such as the treatment of operator training costs, which should have been identified as capital expenditure; and the maintenance contract which was an item of revenue expenditure.
- (b) Students were required to evaluate the effect on a business's financial statements of the incorrect treatment of capital and revenue expenditure. This question did require students to use an example to illustrate their response which many were able to do. Again as in other evaluative questions candidates should provide a clear conclusion.

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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