



Examiners' Report Principal Examiner Feedback

November 2023

Pearson Edexcel International GCSE
in Accounting (4AC1/02)

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General

Given the worldwide difficulties of recent years, centres are to be congratulated on their preparation of students for the November 2023 IGCSE accounting examination. Well prepared students were able to again demonstrate a good understanding of bookkeeping and accounting.

As will be seen from my detailed comments below, there continues to be issues around the inclusion of incorrect labels in financial statements, often the use of old terminology. Centres are advised to concentrate on this when preparing students for examination.

Questions requiring a discursive response did show some signs of improvement but students need to be aware of the significance of these questions if they are to access higher grades. Again, centres are advised to concentrate on this when preparing students for examination.

Report on individual questions

Questions 1

The question focussed on the financial statements of a manufacturing business.

(a)(i) Candidates were required to prepare the manufacturing account for a business from a list of data provided, taking into account depreciation on machinery and an apportionment of electricity and insurance. Very few candidates gained full marks due mainly to errors in the cost of raw materials. As a result, the prime costs and the production cost were also incorrect. The most common fault other than this was incorrect labels (often using old terminology) and abbreviations in the headings.

(a)(ii) Candidates were required to prepare the income statement and generally, marks were much better for this task, but again, some candidates lost marks for incorrect labels and abbreviations in the headings.

(b)(i) Given the trader's current (working capital) ratio at the start and the end of the year, candidates were asked to evaluate the change in the ratio over the year. Most candidates gained either 0 or 2 marks. Candidates must be careful with how they express their answer when evaluating – to say that the ratio has fallen is insufficient, it should refer to deteriorated or worsened. Evaluation demands more than simply stating a fact, it must then be developed by stating the consequence, for example a difficulty to meet short-term debts as they become due.

(b)(ii) asked candidates to explain one way in which the trader could improve the working capital position. A significant number of candidates stated how to improve liquidity rather than the working capital ratio and consequently gained no reward.

Question 2

The question focussed on financial statement of a sole trader and on computerised accounting.

(a) Candidates were required to calculate the opening equity of the business from a list of the opening balances. A variety of answers were seen suggesting that some candidates were not aware of the difference between assets and liabilities.

(b) Candidates were required to prepare the statement of financial position having been provided with data at the year end including a list of closing balances and three transactions that had not been accounted for. As referred to in the earlier tasks, several candidates lost marks as a result of the use of abbreviations and old terminology. Whilst well-prepared candidate were able to gain high marks, others appeared to have little idea of what a statement of financial position is, often just producing a list of figures or in some cases, a trial balance.

(c) The final question informed that the trader was considering investing in a computerised accounting package and asked candidates to evaluate the disadvantages of the proposal. Responses were often very good with identification of a disadvantage and the development of that point. However, even very good answers often lacked the necessary conclusion.

Points for future sessions

I shall once again repeat advice that I have recorded on previous reports.

- Read each question carefully and provide the correct format for all financial statement.
- If preparing double entry accounts, correct dates and details are an essential part of the response.
- When responding to questions which require prose responses students should be guided by the numbers of marks allocated and structure their responses in a logical manner.
- When dealing with explain questions, candidates must always offer development of an identified point in order to gain all of the available marks.

- When dealing with evaluative questions students should always provide a conclusion which sums up and supports their findings.

Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link: <http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

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