



Examiners' Report  
Principal Examiner Feedback

Summer 2019

Pearson Edexcel International GCSE  
Accounting (4AC1) 02R

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## **General comments**

Centres are to be congratulated on their preparation of students for the June 2019 IGCSE accounting examination. Throughout the paper students were able to demonstrate their knowledge and understanding of bookkeeping and accounting which is pleasing.

It was pleasing to note some excellent presentation of financial statements.

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

## **Comments on specific questions**

### **Question 1**

- (a) Students were required to state two stakeholders and their interest in the financial statements of a business. The question was very well answered by the majority of students with many scoring the maximum four marks.
  
- (b) The scenario surrounded the accounts of a sole trader who did not maintain a full set of accounting records. From the data provided, students were required to calculate the following.
  - (i) Total sales. The task was generally well answered. Some chose to prepare a control account and a common error in these circumstances was a failure to add on the cash sales to the total credit sales.
  - (ii) Total purchases. This task was also well answered. The most common error was the reversal of the opening and closing trade payables.
  
- (c) Students were required to prepare an extract from the income statement for the year showing only the trading section. Many students gained full marks for the statement and it was particularly pleasing to note many examples of good presentation.
  
- (d) Provided with details of the trader's current ratio and liquid ratio for two years, students were required to evaluate the change in liquidity of the business. Some students failed to make note of the years above each ratio and therefore analyse rises in the ratios rather than falls. Overall there were a number of very good evaluative responses, but students must be aware that these types of question require an overall conclusion to sum up and support their findings.

## Question 2

- (a) Students were required to complete a table to indicate in which section of the financial statements six items would be shown. Most students performed this task well and were rewarded with good marks. The most common error was to incorrectly state that the purchase of finished goods would appear in the manufacturing account rather than the income statement.
- (b) Students were required to prepare a manufacturing account for the year. Many students were able to produce a totally correct statement to gain full marks for the task. It was once again pleasing to note very good presentation of the statement with appropriate labels by the majority of students. The most common error was failing to correctly calculate the charge for rent, rates and insurance.
- (c) Students were then required to complete a table to show the effect that four transactions would have on the profit for the year of a manufacturer. This task was generally well done with most students giving clear indication of their desired response.
- (d) Students were required to discuss the reasons why the trader chose to use the reducing balance method of depreciation rather than the straight line method. Whilst there were some very good responses, some were not sufficiently well developed to gain full marks. The most common omission from answers was a failure to describe which assets each method was most suitable for. Students again often failed to draw a conclusion, summarising their findings.
- (e) Students were required to state two reasons why non-current assets depreciate and this was very well answered by almost all students for two marks.

### Points for future sessions

- Read each question carefully making sure all aspects of the scenario are fully understood.
- 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 responses students should ensure that they have read the scenario given and always provide development to support any points made.
- When dealing with evaluation questions students should always attempt to consider both sides of the argument and also to reach a conclusion which sums up and supports their findings.

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