



Examiners' Report/
Principal Examiner Feedback

January 2023

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

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General

There were several excellent responses from candidates for this examination. Well-prepared students were able to again demonstrate a good understanding of financial statements. It is very pleasing to report a continued improvement in the presentation of financial statements.

As has been noted previously, there continues to be issues around, the evaluation of business scenarios which still proves challenging for centres and students. Generally, answers to numerical questions were of a higher standard than written questions. Centres are advised to concentrate on this when preparing students for examination.

Report on individual questions

Question 1

The question focussed on manufacturing accounts and on the financial statements of a partnership.

(a) Candidates were provided with data covering six items of expenditure. The question took the form of a tick list as to which section of the manufacturing account or the income statement each should be shown. Overall, this was well attempted by most students with most clearly demonstrating their knowledge of the difference between the two statements.

(b) Having been provided with a list of balances at the end of the year, candidates were then required to prepare the statement of financial position for the business. It was pleasing that the majority of candidates used the correct format for the statement. Whilst well-prepared candidates were able to gain good marks for the task, others penalised themselves with poor presentation skills. The most common errors were not providing a sub total for trade receivables after accounting for the provision for irrecoverable debts and a failure to clearly identify the separate capital account and current account balances of each partner.

(c)(i) Candidates were required to state the formula for two ratios – the profit for the year as a percentage of revenue and the return on capital employed. Candidates generally made a good attempt at the question though they should be aware that terminology is important, i.e. Profit for the year, not net profit and revenue, not sales.

Question 2

The question focussed on the incomplete records of a sole trader.

(a) Data was provided showing opening and closing balances of assets and liabilities together with a bank summary showing income and expenditure. Candidates were required to calculate:

(i) credit sales for the year by taking into account the opening and closing balances together with the receipts from credit customers. Candidates who took the more logical approach of preparing a control account tended to perform better than those who simply tried a one line calculation.

(ii) credit purchases for the year by taking into account the opening and closing balances together with the payments to credit suppliers. In exactly the same way as the previous task, candidates who took the more logical approach of preparing a control account tended to perform better than those who simply tried a one line calculation.

(b) Candidates were required to prepare the income statement for the year taking into account their calculations in part (a). Performance was very mixed with just over one third of candidates gaining at least ten of the available twelve marks. These candidates showed excellent presentation skills. Some candidates failed to take account of their responses in part (a) for credit sales and credit purchases and others failed to make the correct adjustments for other payables and other receivables. Failure to record the other income (interest received) was the next most common error though some also failed to correctly calculate the depreciation charge for the year.

(c) Candidates were required to state two accounting concepts applied when preparing financial statements and the majority of candidates gained both of the available marks.

(d) The final task provided data covering two years' current and liquid ratios for the business and asked candidates to evaluate the change in liquidity. Many candidates' responses lacked sufficient depth to be awarded more than one or two marks. In questions of this nature, it is never sufficient to just state that a ratio has increased or decreased – more development of the point is required to gain marks.

Points for future sessions

- Read each question carefully and provide the correct format for the financial statement required.
- 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 evaluative questions students should always develop identified points and should provide a conclusion which sums up and supports their findings.

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