

Examiners' Report/ Principal Examiner Feedback

Summer 2010

IGCSE

iGCSE Accounting (4305) Paper 01

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PE Report on Examination Paper 4305/01

General Comments

Introduction

Overall there was a noticeable improvement in the standard of scripts with clear evidence of centres and candidates being better prepared for the requirements of the examination. However there are still some candidates who are struggling with some of the more complex nature of the examination tasks and consequently did not achieve a satisfactory standard. The standard of presentation is still an issue and centres need to address this and ensure that candidates are made aware of the necessity to be clear in their answers and to provide a higher standard of legibility, especially in the preparation of ledger accounts and final accounts.

Comments on Individual Questions

Question 1

As in previous years this question provided an opportunity for all candidates to demonstrate their knowledge of the syllabus with several candidates achieving full marks. Weaker candidates did find the more complex items difficult to answer correctly. Items (d) and (g) proved to be the most challenging parts for candidates, with a large number failing to calculate VAT correctly.

Question 2

The second question focussed on the preparation of several ledger accounts in the nominal ledger. The question also required the candidates to state the purpose of cash discount and to explain the uses of the debtors ledger control account. This question produced very mixed responses.

Part (a)

Candidates were asked to prepare the account of a debtor in the sales ledger from given data. Most candidates achieved good marks for this part of the question, but some lost valuable marks by using inappropriate narratives. It was once again noticeable that many candidates remain unsure of how to close off an account and carry down the correct balance.

Part (b)

Candidates were asked to prepare the total debtors account in the nominal ledger from given data. The quality of responses in this question was variable but in most cases the candidates did make a reasonable attempt at completing the account. The most common error was not providing appropriate narratives and listing individual transactions in the accounts where they should have entered the totals from the day books.

Part (c)

Candidates were asked to prepare the sales account and returns inwards account in the nominal ledger from given data. The most common errors here were as in the other two ledger account tasks with candidates again being unsure of how to close off an account and carry down the correct balance.

Part (d)

Candidates were asked to explain one benefit of offering cash discount to customers. Overall the standard of responses was good but many candidates did not go on to fully develop their answer so were unable to score full marks. Weaker candidates confused cash discount with trade discount.

Part (e)

Candidates were asked to explain two ways in which the business could find the total debtors account useful. Overall the standard of response was disappointing with many failing to adequately explain the nature or purpose of the control account.

Question 3

The focus of this question was on the preparation of a set of final accounts from incomplete data. The responses to this question were generally of a good standard with a good number of candidates scoring full or nearly full marks. Only the poorly prepared candidates failed to achieve a high score. It was pleasing to note that candidates were able to produce statements in the vertical format.

Part (a)

Candidates were asked to calculate the opening capital from given data. Most candidates found this straightforward and were able to score full marks.

Part (b)

Candidates were required to calculate total sales from given data. Overall this was well done although weaker candidates failed to recognise that there were cash sales in addition to credit sales.

Part (c)

Candidates were required to calculate total purchases from given data. Overall this was well done although weaker candidates failed to deal correctly with the discount received.

Part (d)

Candidates were required to prepare a trading and profit and loss account from both given data and their own figures from the earlier tasks. Candidates appear to have been well prepared for the preparation of a trading and profit and loss account and consequently were rewarded with good marks. The most common error was an inability to include discount received and to deal correctly with the adjustment to the electricity.

Part (e)

Candidates were required to calculate working capital from given data. Candidates experienced few problems with this task although weaker candidates did use the figures from the previous year rather than the current year.

Part (f)

Candidates were required to evaluate the usefulness of maintaining a full set of accounting records. While many candidates were able to state the advantages of this many did not go on to identify the disadvantages or present any conclusion to their findings.

Question 4

The focus of this question was the preparation of a set of final accounts for a manufacturer. The responses to this question were generally of a good standard with a significant number of candidates scoring full or nearly full marks. Only the poorly prepared candidates failed to achieve a high score. It was pleasing to note that candidates were able to produce statements in the vertical format.

Part (a)

Candidates were required to produce a manufacturing account from given data. Candidates experienced few problems with this task, however several candidates omitted to include the depreciation of plant and machinery as an overhead.

Part (b)

Candidates were required to produce a trading and profit and loss account with an appropriation section from given data. While many were able to calculate the correct operating profit weaker candidates struggled to produce an accurate appropriation account with the correct calculations of dividends and retained profits.

Question 5

In this question candidates were required to demonstrate their knowledge of profitability and liquidity ratios and evaluate their findings.

Part (a)

Candidates were required to calculate the gross profit margin for two years and clearly state the formula used. Candidates were well prepared for this task and consequently scored highly.

Part (b)

Candidates were required to calculate the net profit margin for two years and clearly state the formula used. Candidates were well prepared for this task and consequently scored highly.

Part (c)

Candidates were required to evaluate the profitability of the organisation over the two years. There were many well structured solutions to this question but weaker candidates were unable to fully evaluate their ratios.

Part (d)

Candidates were required to calculate the working capital ratio for two years and clearly state the formula used. Candidates were well prepared for this task and consequently scored highly.

Part (e)

Candidates were required to evaluate the working capital position of the organisation over the two years and explain the significance of the ideal working capital ratio. There were many well structured solutions to this question but weaker candidates were unable to fully evaluate their ratios. Although most candidates were able to state that the ideal ratio would be 2:1 they failed to state the significance of this for the organisation.

Question 6

Candidates were required to produce a subscriptions account from given data. The standard of responses to this task was variable with well prepared candidates able to score full marks. However weaker candidates struggled with the complexities of the task. Common errors were incorrect narratives and inappropriate use of dates.

Grade Boundaries - June 2010

Statistics

Grade	A*	A	B	C	D	E	F	G
Grade Boundaries	87	74	61	49	43	38	33	28

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