

Examiners' Report/ Principal Examiner Feedback

June 2011

International GCSE
Accounting (4AC0) Paper 01

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Introduction

Overall the candidates coped well with the demands of this paper with a noticeable improvement in the standard of scripts. Clearly centres and candidates were 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.

Questions 1 – 10

As in previous years these multiple choice questions 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.

Question 11

This question focussed on the preparation of a corrected trial balance and the correction of errors involving a suspense account. This question produced very mixed responses.

Part (a)

Candidates were asked to prepare a corrected trial from given data. Most candidates achieved some marks for this part of the question, but the majority lost marks by incorrectly dealing with the closing stock or omitting the item altogether.

Part (b)

Candidates were asked to prepare journal entries to correct errors and omissions. The quality of responses in this question was variable but in most cases the candidates did make a reasonable attempt at the entries although weaker candidates confused the debit and credit entries.

Part (c)

Candidates were asked to prepare the suspense account and identify the opening balance account and returns inwards account in the nominal ledger from given data. The most common balance in the account. The main problem here was candidates putting the balance on the wrong side and failing to see the link between their answers to part (b).

Question 12

This style of question is quite common in this paper and is designed to allow candidates to demonstrate their knowledge of double entry bookkeeping. Overall the standard was good with most candidates able to score some marks throughout.

Part (a)

Candidates were asked to prepare the account of a debtor from given data. The most common error here was in splitting the total values into net and vat which is not rewarded. Several candidates also struggled to deal correctly with the purchase ledger set off.

Part (b)

Candidates were required to prepare a sales ledger control account from given data. Overall this was well done although weaker candidates failed to deal correctly with the balancing off of the account.

Part (c)

Candidates were required to prepare a sales account, returns inwards account and vat account from given data. Overall this was well done although weaker candidates failed to deal correctly with the cash sales.

Part (d)

Candidates were required to demonstrate their understanding of a sales ledger control account and state its value to a business. There were some very good answers to this task but an equal amount of poorer ones. In this type of question it is important to include both negative and positive aspects of the topic under discussion and to always provide a conclusion.

Question 13

Candidates were required to prepare a trading and profit and loss account from given data and identify relevant account concepts used. 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 deal correctly with the adjustment for stock taken by the owners for their own use.

Part (a)

This was well done with marks of 16 or more being regularly scored. There were two main sources of error frequently seen. The first was the mishandling of drawings so that it was either missed out completely or effectively added to cost of sales so that the gross profit became £185000. The second very frequent error was to have £5 000 as the provision for depreciation of motor vehicles instead of £10 000. This would appear to be

because candidates calculated depreciation on the old vehicles but not the new one.

Part (b)

The candidates were required to identify the relevant account concepts and in general this was well answered. Some candidates did not mention the concept being described. Others wrote down the correct concept but actually described prudence and predictably some wrote down prudence for one or the other and sometimes both.

Question 14

Candidates were required to produce a balance sheet for a limited company from given date. As in previous examinations candidates were well prepared for this task. The most common error was in the incorrect treatment of debentures and the omission or incorrect labelling of shareholders funds.

Question 15

Candidates were required to calculate the gross profit and net profit and then use these figures to calculate several profitability ratios. They were also required to evaluate their findings in terms of profitability and liquidity.

Part (a)

Candidates were required to calculate the gross profit and net profit for two years. The majority of candidates were able to do this correctly and scored full marks.

Part (b)

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 (c)

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 (d)

Candidates were required to calculate the return on capital employed for two years and clearly state the formula used. Weaker candidates struggled with this and were unable to identify the correct figure to use for capital employed.

Part (e)

This part of the question was structured to allow all candidates an opportunity to demonstrate clearly their knowledge of profitability and liquidity separately and hence score higher marks. This was well received by most candidates with some excellent responses. The main weakness was in the lack of a conclusion about the business performance which candidates would be advised to include if they want to score full marks.

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