

Examiners' Report/
Principal Examiner Feedback

Summer 2013

International GCSE Accounting (4AC0)

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General comments

Overall the standard of scripts showed some improvement in the standard compared to previous sittings. The majority of candidates were able to score some valuable marks in the presentation of financial statements and questions which were routine in nature. Centres need to be aware that questions can be asked on any part of the specification and should also aim to ensure that candidates are well prepared for alternative approaches to questions.

Specific comments

Questions 1 – 10

As usual the multiple choice questions provided a good indicator of candidate performance in the rest of the paper. Many candidates scored highly in all the questions but weaker candidates found the questions which required more analytical skills difficult. However there were several candidates who successfully scored full marks in this section and are to be commended for their efforts.

Question 11

- (a) Candidates were required to identify the name of a given document. The correct answer, credit note, was given by the majority of candidates. Common incorrect responses were 'debit note' and 'invoice'.
- (b) Candidates were required to complete the missing figures in the document stated in (a). This was well done by the majority of candidates with the most common mistake being failing to multiply the figures by the stated quantity.
- (c) Candidates were able to explain the reason why the business would offer trade discount with the most common response being for bulk buying.
- (d) Candidates were required to complete a ledger account from given data. The responses to this question were of a generally good standard with the majority of candidates clearly understanding the requirements of the task. Weaker candidates did not read the question correctly and treated the customer as a supplier which was incorrect. When preparing ledger accounts candidates need to be reminded of the importance of correct narratives.

Question 12

- (a) Candidates were required to calculate the value of credit sales from given data. Overall this was well answered with most candidates producing a sales ledger control account to find the required figure. Weaker candidates did not adjust the receipts figure to account for the fact that some of the monies received were from cash customers, not credit customers.
- (b) Candidates were required to calculate the value of credit purchases from given data. Overall this was well answered with most candidates producing a purchases ledger control account to find the required figure. Weaker candidates did not adjust for the discount received figure.
- (c) Candidates were required to produce a trading account using their responses to (a) and (b) and the given data. This was answered well by most candidates with the most common error being that weaker candidates did not include the values of cash sales and credit sales in their statements. However the majority of candidates did provide a well laid out statement and were rewarded accordingly.
- (d) Candidates were required to state the formula for the gross profit ratio and the stock turnover ratio and using their own figures from earlier in the question to calculate these two ratios. This was reasonably well done by candidates but candidates need to note that when a question asks for the answer to two decimal places then candidates need to comply with that requirement to gain full marks.
- (e) Candidates were required to state the effect of an adjustment on three items. This required candidates to think carefully about the transaction and generally this was not well answered. Candidates needed to read the question carefully in order to arrive at the correct response.

Question 13

- (a) Candidates were required to explain why a business prepares a manufacturing account. The most common correct response was to calculate the production cost. Better prepared candidates then went on to explain how the production cost is then used in the calculation of the profit for the year.
- (b) Candidates were required to explain the difference between direct and indirect labour. The standard of responses was variable with most candidates able to gain some marks with a basic response.
- (c) Candidates were required to produce a manufacturing account from given data. Overall this was well done with candidates producing clear and accurate statements. The most common error was in the treatment of the 'royalties' which should have been shown as part of the prime cost and not a factory overhead.

Question 14

- (a) Candidates were required to produce the capital account at the end of the year from given data. Generally this was poorly answered with candidates only entering the original capital figure of £64 500 with the additional entries for net profit and drawings being omitted.
- (b) Candidates were required to produce a balance sheet from given data. This was well answered by the majority of candidates with clear statements being provided.
- (c) Candidates were required to state the formula for the current ratio and the quick ratio (acid test), and using their own figures from earlier in the question to calculate these two ratios. This was reasonably well done by candidates but candidates need to note that when a question asks for the answer to two decimal places then candidates need to comply with that requirement to gain full marks.
- (d) Candidates were required to use their responses from (c) and given data to evaluate the change in liquidity over two years. This was well answered by many candidates with full and competent responses being given. Weaker candidates failed to address the main requirement of the question which was to state the effect on the businesses creditors of the change in liquidity.

Question 15

- (a) Candidates were required to state the difference between two types of depreciation of fixed assets. The majority of candidates were able to score some marks here but many failed to develop their responses to clearly differentiate between the two methods.
- (b) Candidates were required to prepare a provision for depreciation account from given data. Well prepared candidates were able to score full marks in this question but there were many who appeared to not be prepared for this type of question and struggled to achieve any marks.
- (c) Candidates were required to evaluate the application of two given accounting concepts to the depreciation of fixed assets. While most candidates were able to explain the consistency concept correctly, the relevance of the accruals concept to the given scenario was less well answered.

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