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Examiners' Report
Principal Examiner Feedback

Summer 2019

Pearson Edexcel International GCSE
Accounting (4AC1) Paper 01

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General comments

Congratulations to the centres and candidates for their achievement during this session. Paper 1 focusses on the introduction of bookkeeping and accounting including the preparation of documents, preparation of books of prime entry, preparation of ledger accounts and preparation of trial balance along with accounting terms and concepts.

Overall students performed well on the numerical questions, state and explain questions but did struggle on the evaluative questions.

Comments on specific questions - Section A

Questions 1 - 10

The multiple-choice questions assess the underpinning knowledge and understanding of the procedures and practices followed by bookkeeping and accounting. To select the correct response the students are advised to read the question carefully especially the emboldened words. Overall candidates performed well on these questions but few candidates struggled with question 8, 9 and 10. The question 8 asked students to identify the incorrect statement and question 9 needed the double entry for the transaction relating to the stationery paid out of the personal/own funds by the owner and question 10 asked to indicate the situation which represented the debit balance on bank statement, which required understanding of the bank and customer relationship represented through the debit and credit columns on the bank statement.

Question 11

Students were required to complete the credit note from the information already filled in the various columns and rows of the credit note.

The majority of students were able to score well in this question with the most common errors were not multiplying the quantity and unit cost together and not deducting the trade discount from the subtotal for the calculation of the total amount.

Question 12

Students were required to prepare the trial balance from the given set of balances. The majority of students were able to score well in this question by listing the assets and expenses on debit side and equity and liabilities on the credit side to balance the trial balance. The most common errors were not recording the depreciation charge, equity, machinery - accumulated depreciation and rental income on the correct side.

Question 13

- (a) Students were required to calculate the provision for irrecoverable debts at the year end from the given set of data.
The majority of students struggled to calculate the provision as they either did not deduct the irrecoverable debts to be written off or took the opening balance of the trade receivables.
- (b) Students were required to prepare the provision for irrecoverable debts account by using the given set of data and the closing balance calculated in the previous part.
The majority of students struggled to prepare this account as they either did not know the opening balance or did not have the correct dates, details/narratives for the amounts, or included the irrecoverable debts to be written off in the provision account which demonstrated lack of understanding of the provision for the irrecoverable debts account.

Section B

Question 14

- (a) Students were required to state two reasons for maintaining a petty cash book.
The majority of students performed well by stating the two reasons to maintain the petty cash book. The most common answer was to keep the cash book free from being overcrowded.
- (b) Students were required to prepare the petty cash book using the given set of data.
The majority of students performed well by preparing the petty cash book to a reasonable standard. Main mistakes were either not having the dates and labels/narratives correct for the amounts or missing out the total amount in the payments column or showing the subtotals before balancing off the petty cash book to maintain the float amount.
- (c) Students were required to state the accounting concept applied for each scenario stated. The majority of students performed well by stating both the concepts correctly.

Question 15

- (a) Students were required to evaluate the reasons for a business to prepare the ledger control accounts.
The majority of students stated the generic reasons for the preparing the ledger control accounts with a conclusion/decision without sufficient development to score the full marks.
- (b) Students were required prepare the trade receivables ledger control account using the given set of data.
The majority of students performed well by preparing the trade receivables ledger control account. Common mistakes were either not having the dates and labels/narratives correct for the amounts or not bringing the balance down correctly.
- (c) Students were required to state three other items which may appear in the trade receivables ledger control account.
The majority of students performed well by stating two out of the three items to appear in the trade receivables ledger control account correctly. Common mistake was stating the item which was already in the trade receivables ledger control account in the previous part such as contra entry and irrecoverable debts.

Question 16

- (a) Students were required to explain one difference between the capital expenditure and revenue expenditure.
The majority of students performed well by stating the benefit of capital expenditure and revenue expenditure individually to demonstrate their understanding of the difference of both types of expenditures.
- (b) Students were required to state two accounting concept that apply when charging depreciation.
The majority of students performed well by stating the correct concepts applied to charge the depreciation on non-current assets.
- (c) Students were required to state three factors that may cause a non-current asset to depreciate.
The majority of students performed well by stating the three factors causing a non-current asset to depreciate correctly.

- (d) Students were required prepare the provision for depreciation account using the given set of data.

The majority of students struggled to prepare this account as they either did not calculate the opening balance as they calculated the depreciation of more than one year due to the accounting period not ending with the calendar year or did not have the correct dates, details/narratives for the amounts, or missed out the transfer of the accumulated depreciation on the asset disposed of.

- (e) Students were required prepare the disposal account using the given set of data.

The majority of students were able to prepare the disposal account to a reasonable standard by showing the cost, sale proceeds and accumulated depreciation on correct sides and balancing it with loss on disposal. Main mistakes were either did not have the correct dates, details/narratives for the amounts or missed out correct figure for the accumulated depreciation.

Question 17

- (a) Students were required to state two purposes of the suspense account.

The majority of students stated only one purpose of the suspense account by stating that it is used to balance the trial balance.

- (b) Students were required to state the type of the error and record the entries to correct the mistakes in the given scenario.

The majority of students performed well on identifying the type of error for each scenario correctly and recording the correct entries to correct the mistakes, but few candidates struggled to identify the second error.

- (c) Students were required to evaluate as to how the introduction of the accounting software will improve the accuracy of a business's accounts.

The majority of students stated the generic answers to the advantages and disadvantages of the computerised accounting software rather than addressing the requirement of the question as to how introduction of the accounting software can help to improve the accuracy. It is important that the students must read the question carefully before structuring their responses.

- (d) Students were required state two ways to protect the security of the electronic data. The majority of students performed well on this part, but few candidates stated the generic security measures to protect the data.

Question 18

- (a) Students were required to state two advantages of operating a business as a sole trader.

The majority of students performed well on this question as their responses included the two advantages of being a sole trader.

(b) Students were required to state the two stakeholders who may be interested in a business's financial statements.

The majority of students were well prepared for this question as they stated the two stakeholders correctly.

(c) (i) Students were required to prepare the rental income account using the given set of data.

The majority of students struggled with the preparation of rental income account as they were required to calculate the opening accruals and closing prepayments relating to the rental income from the provided information to calculate the amount transferred to the income statement. Few candidates prepared the rental income account by taking each receipt period as the end of the accounting period.

(ii) Students were required to indicate with a tick whether the opening and closing balances on the rental income account represents the other payable, other receivable, current assets or current liabilities.

The majority of students who prepared the rental income account correctly in the previous part were able to identify the opening and closing balances correctly as required.

Points for future sessions

- Read multiple choice questions carefully especially the embolden words to select the correct response.
- When preparing a business document pay attention to all the columns /rows to calculate the figures correctly.
- When preparing books of original entry, it is important to include correct dates and label/narratives in order to score full marks.
- When preparing ledger accounts, it is important to balance off the ledger account by showing the totals of the both sides and bringing the balance down by using the correct dates and labels/narratives.
- When preparing the trial balance record the assets and expenses on the debit side and the equity and liabilities on the credit side to balance the trial balance.
- When responding to evaluative questions, read the question carefully to understand the requirement of the question and must form a decision/conclusion at the end to sum up and support the findings.