



Pearson
Edexcel

Examiners' Report
Principal Examiner Feedback

November 2020

Pearson Edexcel International GCSE
In Accounting (4AC1)
Paper 01

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PE REPORT ON GCSE INTERNATIONAL BUSINESS 4AC1 01 – November 2020

General comments

Given the difficulties caused worldwide by the pandemic, centres are to be congratulated on their preparation of students for the November 2020 IGCSE accounting examination. Many students were able to demonstrate a good knowledge and understanding of bookkeeping and accounting which is pleasing.

There continues to be issues around the inclusion of incorrect dates and narratives in ledger accounts though it is noticeable that there is some improvement in this area.

The evaluation of business scenarios demonstrated some improvement but still proves challenging for centres and students. Centres are advised to concentrate on this area when preparing students for examination.

Comments on specific questions

Section A

Questions 1 - 10

The multiple-choice questions included questions across the range of the syllabus. It is important that students carefully read the whole question before selecting their response. This was particularly important in Q7 and Q10 where the questions required students to follow through all alternatives in order to reach the correct response.

Question 11

Students were required to complete the detail of a sales invoice. Most students were able to gain good marks for this task though some added the trade discount rather than deducting.

Question 12

Students were required to complete a table identifying the book of original entry for each of five transactions. Well-prepared students were able to gain all five available marks for this task.

Question 13

- (a) Students were required to prepare the disposal account resulting from the disposal of a motor vehicle. Whilst many students calculated correct figures for the depreciation and the resulting transfer to the income statement of the profit on sale, the details columns were often less than satisfactory.

- (b) The vast majority of students were able to correctly identify one cause of depreciation of a non-current asset.

Section B

Question 14

- (a) Most students were able to correctly identify two reasons for maintaining a trade payables ledger control account, with most selecting arithmetical accuracy and prevention of fraud.
- (b) Students were required to prepare a trade payables ledger control account from a given data set. In general, this was well answered with many students able to complete the task correctly and score full marks, but once again students should learn to enter correct details for transactions.
- (c) Required to state three reasons why a business may receive a refund from a credit supplier caused problems for some students. Many responses were rather too vague and imprecise to be rewarded.

Question 15

- (a) Students were required to complete a corrected trial balance where nine entries had been made on the wrong side resulting in the presence of a suspense account. Pleasingly, there were a number of totally correct answers to this question though less well-prepared candidates clearly had not learned the basics of double entry.
- (b) Asked to evaluate the benefits of preparing a trial balance resulted in very mixed responses. Whilst many candidates were able to identify relevant points such as checking the arithmetical accuracy and facilitating the preparation of the financial statements, development of these points was less successful.

Question 16

- (a) Whilst many students were able to state two reasons why a business maintains a petty cash book, some responses were again rather vague and imprecise.
- (a) Students were required to complete a petty cash book from a given data set. The question proved troublesome to less well-prepared students with only a very small number gaining full marks. A significant number of students were clearly unaware of how to balance off the petty cash book at the end of the period and how to restore the float.
- (c) Only a small minority of students were able to state one reason why the balance of the petty cash book at the end of the period may be different to the cash held. Many students referred to the opening balance of petty cash and had therefore not read the question carefully.
- (d) Most students correctly recognised that the closing balance of petty cash would appear as a current asset in the statement of financial position.

Question 17

- (a) Most students correctly identified the correct debit and credit entries when writing off an irrecoverable debt.
- (b) Most students correctly identified prudence and matching/accruals concepts applying when writing off an irrecoverable debt.
- (c) Calculation of the balance of the provision for irrecoverable debts caused problems to less well-prepared candidates. Many failed to reduce the trade receivables by the irrecoverable debt before calculating the balance of the provision.
- (d) Students were then required to prepare the provision for irrecoverable debts account and this again proved troublesome to some candidates. Common errors included a failure to carry down the balance at the start of the next month and as has been referred to previously, the narrative detail in the account was frequently incorrect.
- (e) Evaluation of the reasons why it is necessary to create a provision for irrecoverable debts was not well answered. Whilst a number of students referred to the overstating of profits, few referred to the potential incorrect decision making that may result. As has been referred to previously, most answers lacked any depth of development.

Question 18

- (a) Most students correctly identified speed and accuracy as the two benefits of using technology in accounting.
- (b) Identification of items of capital expenditure and revenue expenditure was generally well answered.
- (c) Updating of the cash book with three unentered items was disappointing. Some students confused the debit entries with credit entries, but the most common error once again was incorrect details for the transactions. The narrative should always refer to the other account to complete the double entry. It is insufficient to use the narrative 'standing order' for example – the other part of the entry is posted to the insurance account.
- (d) The final task was to prepare a bank reconciliation statement and many students were clearly unfamiliar with the process, often showing little knowledge of the structure of a bank reconciliation statement and frequently being unaware of whether to add or subtract unpresented cheques and outstanding lodgements.

Points for future sessions

- Read each question carefully, particularly the multiple choice questions where students have to make a choice of responses.
- When preparing books of original entry or ledger accounts it is important to include correct dates and narratives in order to gain the marks available.
- When responding to questions which require prose responses students should ensure that they have read the scenario given and always provide development to support any points made.
- When dealing with evaluation questions students should always provide a conclusion which sums up and supports their findings.