



Pearson  
Edexcel

Examiners' Report  
Principal Examiner Feedback

Summer 2022

Pearson Edexcel International GCSE  
In Accounting (4AC1)  
Paper 02 Financial statements

## **Edexcel and BTEC Qualifications**

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at [www.edexcel.com](http://www.edexcel.com) or [www.btec.co.uk](http://www.btec.co.uk). Alternatively, you can get in touch with us using the details on our contact us page at [www.edexcel.com/contactus](http://www.edexcel.com/contactus).

## **Pearson: helping people progress, everywhere**

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: [www.pearson.com/uk](http://www.pearson.com/uk)

Summer 2022

Publications Code 4AC1\_02\_2206\_ER

All the material in this publication is copyright

© Pearson Education Ltd 2022

## **General**

Given the continued difficulties caused worldwide by the pandemic, centres are to be congratulated on their preparation of students for the June 2022 IGCSE accounting examination. Well prepared students were able to again demonstrate good knowledge and understanding of the preparation of financial statements.

There continues to be issues around the inclusion of incorrect dates and narratives in ledger accounts such as partnership current accounts though it is noticeable that there was once again some improvement in this area.

Questions requiring a discursive response did show some signs of improvement, but students need to be aware of the significance of these questions if they are to access higher grades. Centres are advised to concentrate on this when preparing students for examination.

## **Reports on individual questions**

### **Question 1**

The question focussed on the financial statements of a sole trader from incomplete records.

(a) Candidates were provided with a bank summary for a new business together with five adjustments that were required. The task was to prepare an income statement. Overall, this was well attempted by most students and most students did use the correct format for the statement which was pleasing.

(b) Candidates were then required to prepare the statement of financial position for the business. Similarly, to the income statement in (a) it was again pleasing that the majority of candidates used the correct format for the statement. Whilst well-prepared candidates were able to gain excellent marks for the task, others penalised themselves with poor presentation skills. The most common errors were not including a total for inventories and not providing a sub total for trade receivables after accounting for the provision for irrecoverable debts.

(c) Candidates were required to explain why two accounting concepts should be applied when maintaining a provision for irrecoverable debts.

- (i) Prudence. Most candidates were able to relate to not overstating profit and trade receivables, though some candidates presented their response in very vague terms.

- (ii) Accruals. Whilst many candidates were able to show their understanding of the concept, less were able to relate the concept to the provision for irrecoverable debts and were penalised accordingly.

## **Question 2**

The question focussed on partnership accounts.

(a) Candidates were required to prepare an appropriation account for the partnership after taking account of adjustments for bank loan interest and depreciation. Only a small minority of candidates were able to make the correct adjustment for bank interest. Other than this, most candidates were able to produce correct entries for interest on capital, interest on drawings and the partner's salary so approximately 60% of candidates were awarded between six and eight of the available marks.

(b)(i) Candidates were required to prepare a current account for one of the partners. Whilst responses showed significant improvement over previous questions of this type, as with all ledger accounts, students need to take care to ensure that they include a correct date, narrative and amount with each entry they make, and that the account is balanced off correctly.

(b)(ii) Asked to state what a credit balance on a partner's current account means produced mixed responses. Whilst 30% of candidates correctly stated that it represented the amount owed by the partnership to the partner, the remainder stated the reverse of this.

(b)(iii) Asked to state how a debit balance on a partner's current account may arise produced a similarly mixed response with many very vague responses that simply did not answer the question.

(c)(i) Candidates were required to state the formula for the current (working capital) ratio and the Liquid (acid test) ratio. The majority of candidates were able to gain marks for both ratios.

(c)(ii) Having been provided with both ratios for each of the past two years, and the belief of the partners that liquidity had improved, candidates were asked to evaluate whether the partners were correct in their belief. Marks were awarded for analysis of each ratio with further marks for development and an overall conclusion. As with other questions requiring a discursive response the responses here were mixed. However, there were some good responses and candidates were generally able to gain good marks for relevant comments.

### **Points for future sessions**

- Read each question carefully and provide the correct format for the financial statement required.
- When responding to questions which require prose responses students should be guided by the numbers of marks allocated and structure their responses in a logical manner.
- When dealing with evaluative questions students should always provide a conclusion which sums up and supports their findings.

### **Grade boundaries**

Grade boundaries for this, and all other papers, can be found on the website on this link: <http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

Pearson Education Limited. Registered company number 872828  
with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom