



Examiners' Report

Principal Examiner Feedback

October 2019

Pearson Edexcel International Advanced  
Level in Accounting (WAC11)

Paper 01 The Accounting System and Costing

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## General

The standard achieved by candidates varied considerably in this examination. Again, centres are to be congratulated for preparing candidates for this examination. The majority of candidates demonstrated a thorough knowledge and application of accounting skills. Many candidates demonstrated a thorough knowledge and application of accounting principles. For a minority of candidates access to the questions was limited and for these candidates entry to the examination was premature. Many candidates were resitting the examination having been unsuccessful in the May examination. Those candidates and the centres advising them should realistically consider their chances of being successful in the October examination after such a short period of building upon their knowledge and skills.

There were some common areas where candidates could demonstrate improvement in the future. Those areas are detailed in this report, but overall the standard was good and appropriate to that required by the IAL.

The use of narratives in ledger accounts continues to be much improved but some candidates could have gained higher marks by paying closer attention to this aspect. The narrative used should not be the name of the account in which the entry is posted. A few candidates still lose marks by unacceptable abbreviations for the narrative balance. The examiners will not accept b/d or b b/d, the narrative must be a **minimum** of bal or b/ce. Centres are reminded again that for other narratives the examiners will no longer accept first letter initials for narratives such as I/S or P/L. The words income statement or profit and loss must be used in full.

### Question 1

Candidates generally prepared reasonable answers to the question. Candidates prepared a calculation of the opening capital but often the inventory and trade receivables values had not been adjusted. The opening statement of financial position was substantially correct on the own figure rule, but many candidates failed to separate the capital between the partners or to adjust for the writing off of the goodwill.

The income statement was generally substantially accurate although a minority of candidates stopped at the profit for the year and failed to show the appropriation of profit. Candidates still show a lack of understanding between semi-fixed costs and semi-variable costs. Projections of costs for the forthcoming period were generally accurate.

The evaluation was balanced and generally considered a range of points together with a decision.

Common errors:

- Calculation of the opening capital of the partners
- Identifying the difference between a semi-fixed and a semi-variable cost.

## Question 2

Candidate's ability to apply accounting skills and knowledge to the question concerning clubs varied substantially. For a minority of candidates the responses were minimal.

The receipts and payments account was generally well prepared. The subscriptions account was not well done with both a lack of application and a tendency to use incorrect narratives evident. The income and expenditure account was substantially correct and containing most appropriate entries.

Candidates generally did not demonstrate a basic understanding of ethics in accounting.

The evaluations of the use of Information Communication Technology (ICT) were generally well presented with a number of positive and negative points discussed and a decision made.

Common errors:

- Subscriptions account structure, content and use of appropriate narratives
- An understanding of the meaning of ethics in accounting.

## Question 3

Candidates generally provided a good response to the calculation of depreciation for the three categories of non-current assets. Candidates then accurately complete the schedule of non-current assets.

The evaluations showed very mixed responses considering limited arguments for and against exclusively using the straight line method of depreciation. The examiners do not accept easy to calculate as a reason for its use.

Common error:

- Failure to consider for and against the sole use of the straight line method of depreciation.

## Question 4

Candidates were generally aware of the difference between profit and profitability. Candidates could then calculate the ratios accurately.

Candidates prepared the forecast statement of profit or loss reasonably accurately and calculated the net profit for the year as a percentage of revenue and the return on capital employed. A common error was to use a capital employed of £60 000. The value of the trade payables was very accurately calculated.

The evaluation generally balanced financial factors and non-financial factors using examples to arrive at a conclusion.

Common error:

- Value of capital employed in forecast calculation.

## Question 5

The calculation of total costs for each year for both purchase and hire was substantially accurate.

In commenting upon the impact on cash in Year 1 most candidates omitted the purchase cost of the delivery vehicle in their reasoning. Comments about profit and total cost were often that one was higher than the other without numbers or a rationale.

The evaluation was often a repeat of the comments made in the previous section without detail or rationale.

Common error:

- Comments on the impact of purchasing or hiring lacked relevant costings and rationale.

## Question 6

Candidates were generally aware of the difference between errors of commission and errors of principle. Candidates generally prepared sound journal entries with appropriate narratives.

The calculation of revised profit and the corrected statement of financial position were substantially accurate.

The evaluation was generally well presented with a number of valid points for and against the recording of goodwill.

Common errors:

- None.

## Summary

Centres continue to prepare candidates for the examination to a good standard giving their candidates every chance of success. However, centres should consider whether some candidates, who are resitting, would be best served by waiting until the January examination, so as to improve their chances of success. Centres may wish to consider the following to further enhance their candidates' chance of success.

- Ensuring that their candidates are accurate when entering narratives in ledger accounts. These need to be the name of the account which is the other element of the double entry in full and not unacceptable abbreviations.
- More understanding of the behaviour of costs, particularly semi-fixed and semi-variable costs.
- A greater understanding of the terminology used in club accounts and the construction of a subscriptions account.
- A basic understanding of ethics in accounting.