

Edexcel International AS/A Level

IAL Accounting

Getting Ready to Teach

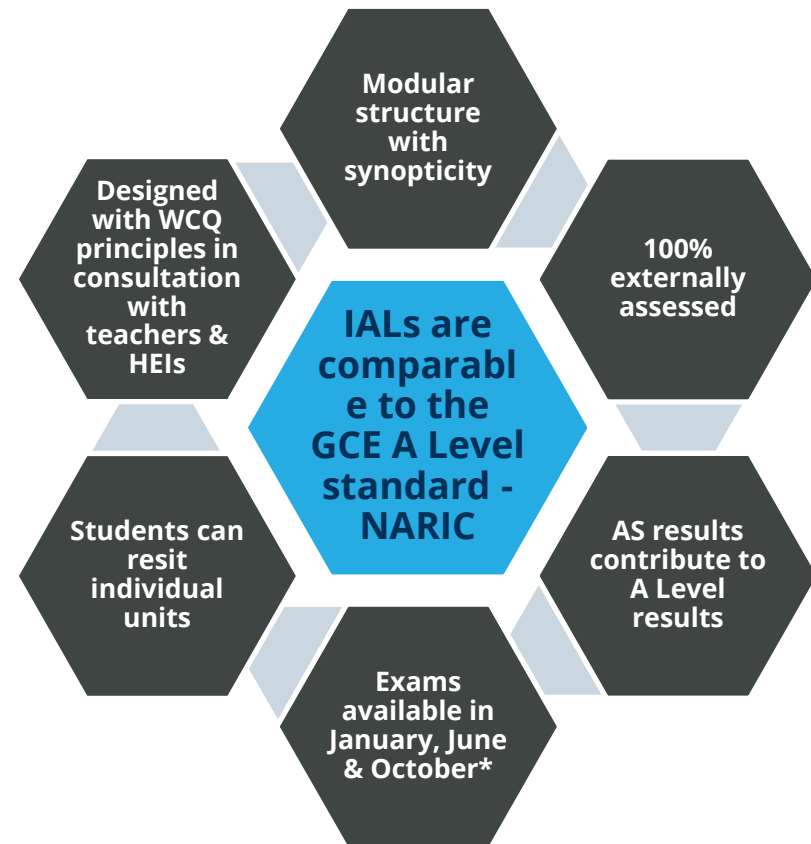
Event Code:

First teaching in 2018, first assessment 2019



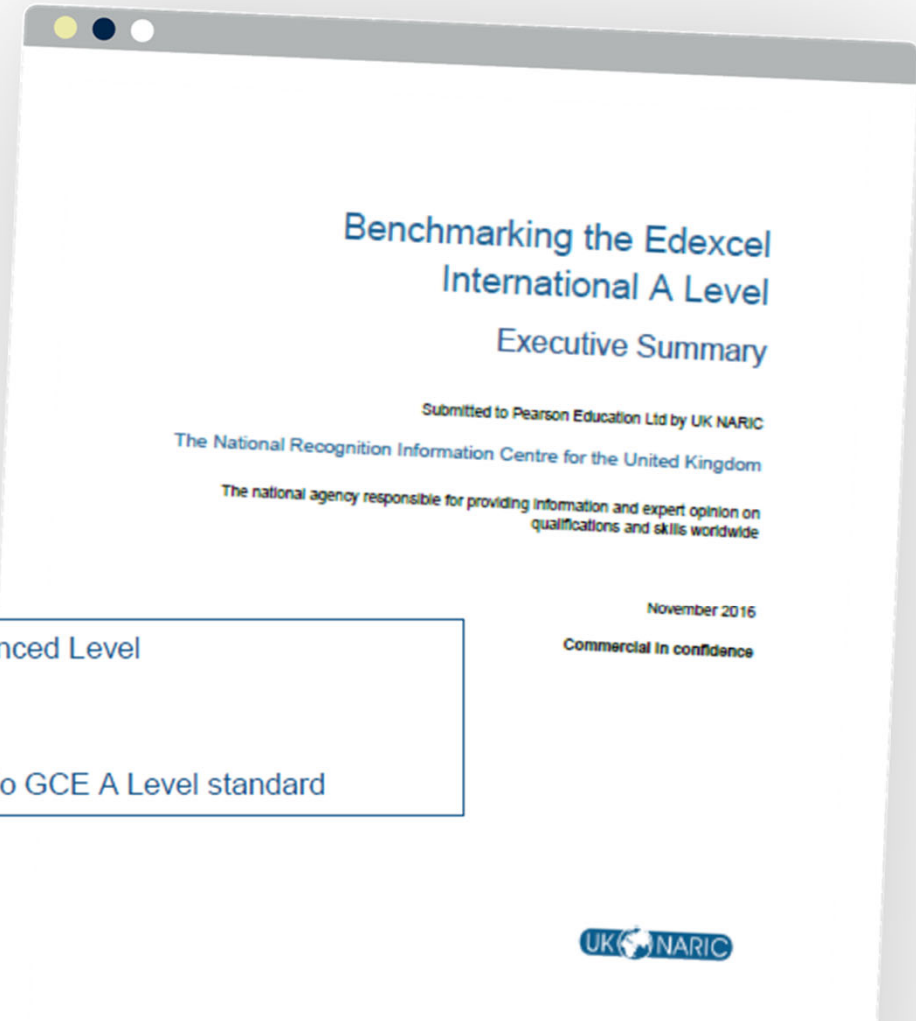
IAL Features

- International A Levels and AS Levels are created for International Students
- Globally recognised.



Updated NARIC report for Edexcel IAL

The executive summary confirms that Edexcel IALs are considered comparable to the GCE A Level standard following reforms to the UK regulated qualifications.



Qualification:	Edexcel International Advanced Level
Awarding Institution:	Pearson Education Ltd
Comparability:	Is considered comparable to GCE A Level standard

IAS & IAL subjects

Biology	Chemistry	Physics	Mathematics	Further Mathematics
Pure Mathematics	Information Technology	Business	Economics	Accounting
English Language	English Literature	History	Geography	Psychology
Arabic	French	German	Greek	Spanish
		Law (IAL only)		



Aims and Objectives

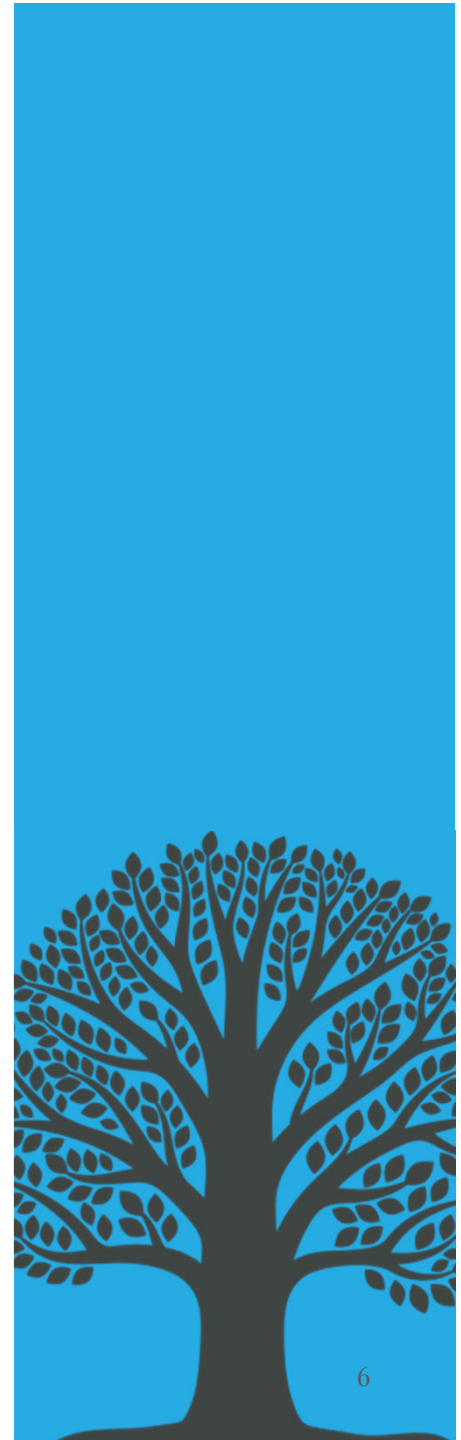
- During the day you will consider the:
 1. **content summary of the new qualification**
 2. **new structure of the exam papers**
 3. **changes to assessment/marking**
 4. **common issues**
 5. **support available**



Session Agenda

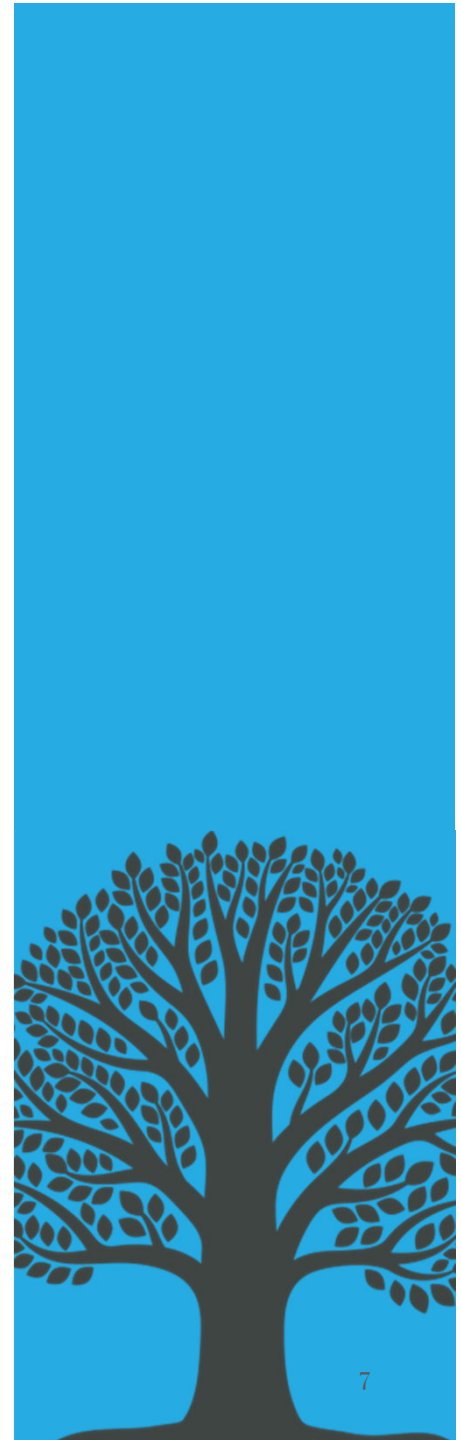
1. Introduction
2. The new Specification - overview
3. Unit 1 Content and changes
4. Assessment and Levels Based Mark Schemes
5. Unit 2 Content and changes
6. Common Issues
7. Support
8. Plenary discussions and questions

Please ask questions at any time



The new specification – overview

- Specification reviewed and updated:
 - consultation with UK universities
 - consultation with international centres
- Outline of amendments to content and assessment
- Pearson regulated
- First teaching in September 2015
- Examinations available in January and June
- All examinations are externally assessed



IAL Accounting

First assessment and entry codes

Unit	Unit Title	Unit codes	First assessment
Unit 1	The Accounting System and Costing	WAC11	June 2016
Unit 2	Corporate and Management Accounting	WAC12	June 2017
AS	Cash-in code	XAC11	June 2016
IAL	Cash-in code	YAC11	June 2017



IAL Assessment

Unit 1

1. Principles of accounting/ double entry
2. Control procedures
3. Financial statements
4. Introduction to costing
5. Analysis of accounting statements
6. Social and ethical accounting.

Unit 2

1. Limited companies
2. Investment ratios
3. Statements of cash flow
4. Budgeting
5. Standard costing
6. Project appraisal
7. Break-even
8. Marginal/absorption
9. ICT

Assessment

- One 3 hour paper per unit
- 200 marks per paper
- Two compulsory 55 mark questions
- Three optional 30 mark questions



Specification at a glance

From September 2015

- **Two Units:**

Unit 1: The Accounting System and Costing

Unit 2: Corporate and Management
Accounting

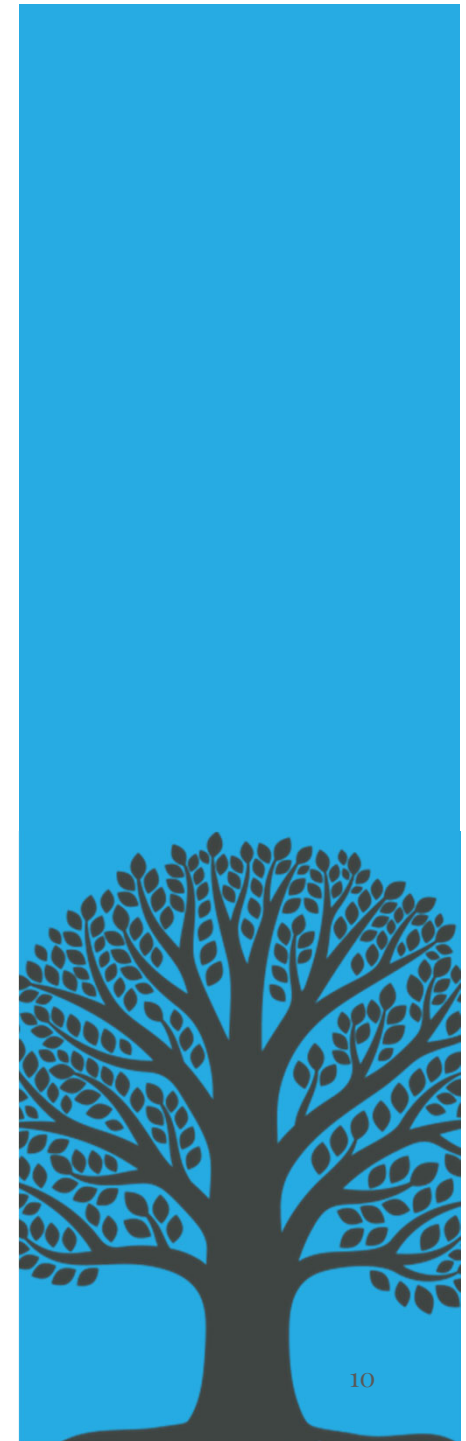
- **Assessment:**

3 hour paper per unit

200 marks per paper

Section A – Two compulsory 55 mark
multi-part questions

Section B – Three optional 30 mark multi-
part questions from a choice of four



Assessment

This will remain as one 3 hour paper for Unit 1 and one 3 hour paper for Unit 2.

Questions will continue to be multi part. This will normally be of 3 to 5 parts targeted at assessing objectives AO1 to AO4.

Typically questions will contain:

- AO1 Demonstrate knowledge 20-30%

- AO2 Application 40-45%

- AO3 Analysis 15-25%

- AO4 Evaluation 10-15%

Unit 2 will contain more AO3 and AO4 but fewer AO1



Key assessment changes – “Levels” marking

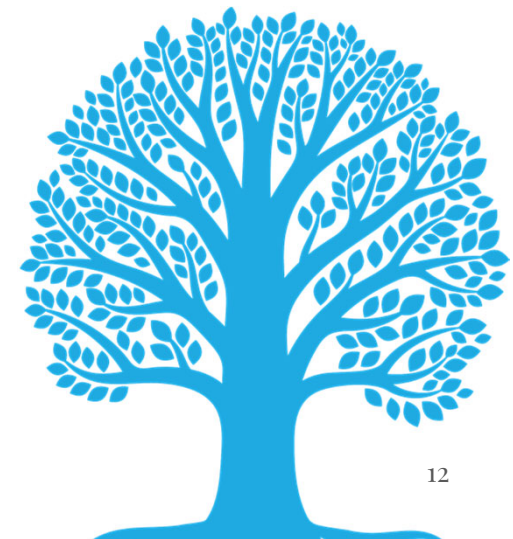
The colour coding applied is as follows:

Purple – AO1 : Demonstrates knowledge of accounting procedures and techniques and an understanding of the principles and concepts upon which they are based.

Green – AO2 : Select and apply knowledge and understanding of accounting procedures, techniques, concepts and principles to a variety of accounting situations. Present accounting information in an appropriate format.

Blue – AO3 : Analyse financial information, interpret financial data and information, and communicate reasoning, showing understanding.

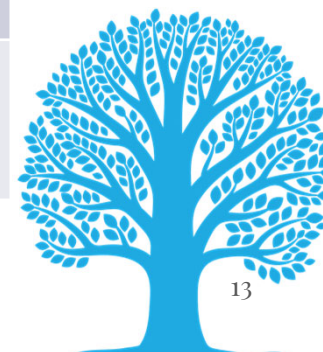
Orange – AO4 : Evaluate financial and non-financial evidence and make informed recommendations and decisions.



Examiners Use of Command Words

Appendix 5 of 2015 Specification

Command word	Definition
State	This requires the recall of one or more pieces of information.
Identify	This requires information to be selected from a range of possibilities, list or given stimulus.
Define	To state the precise meaning of an accounting term and/or provide a description.
Comment	The answer must include a simple statement based on the scenario and also a summary of why/how that statement is important to the scenario.
Explain	This requires a linked justification/exemplification of a point.
Complete	This requires the completion of a table or structure. This may include a calculation which will then be required to fill the incomplete table/structure.
Prepare	This will involve arranging financial information into a standard format.
Calculate	This will involve working out a numerical problem using mathematical processes and formulae, showing relevant working.
Recommend	This will involve suggesting a solution/decision by reviewing information from a scenario and providing a justification/exemplification for that choice.
Evaluate	This will involve reviewing information and then bringing it together to form a conclusion, drawing on evidence including strengths, weaknesses, alternative actions, relevant data or information. A supported judgement/decision will be reached in relation to its context.



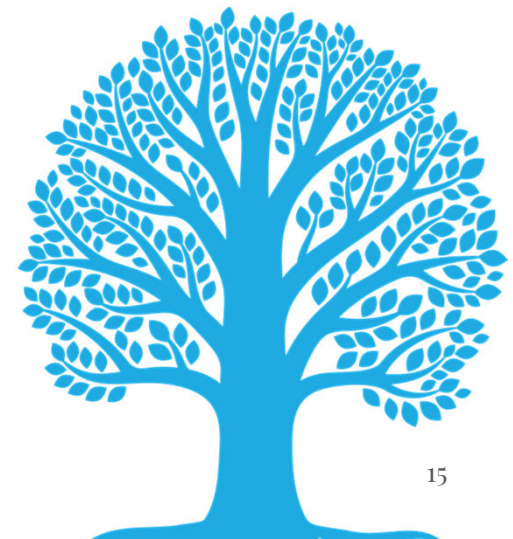
Unit 1



Unit 1 Overview

The unit is divided into six topics:

1. Principles of accounting and double entry book-keeping
2. Control procedures
3. Financial statements of organisations
4. Introduction to costing
5. Analysis of accounting statements
6. Social and ethical accounting



Content changes – Unit 1

New

- 1.1.7 The use of information communication technology (ICT)
- 1.1.20 Schedule of non-current assets
- 1.4.7 The characteristics of overhead expenses, fixed, semi-fixed, semi-variable and variable costs.
- 1.5.3 Use of ratios to make future financial projections.

Removed

Dissolution of partnerships.



ICT in Accounting

There is a section on Accounting and ICT.

- Candidates are not expected to have the knowledge of ICT students.
- Only basic knowledge of ICT and accounting is required – the most would be 11 minutes written evaluation.

Applications Advantages Disadvantages



ICT in Accounting – Unit 1

1.1.7

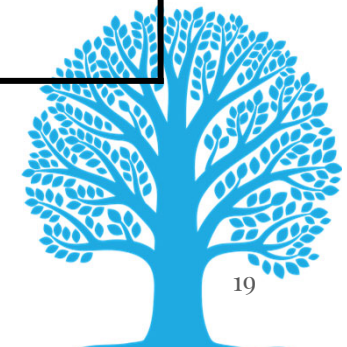
- The use of information and communication technology (ICT) in recording transactions and preparing reconciliations (control accounts, trial balance) and financial statements.
- Note: candidates will not be examined on the use of specific applications or software packages.



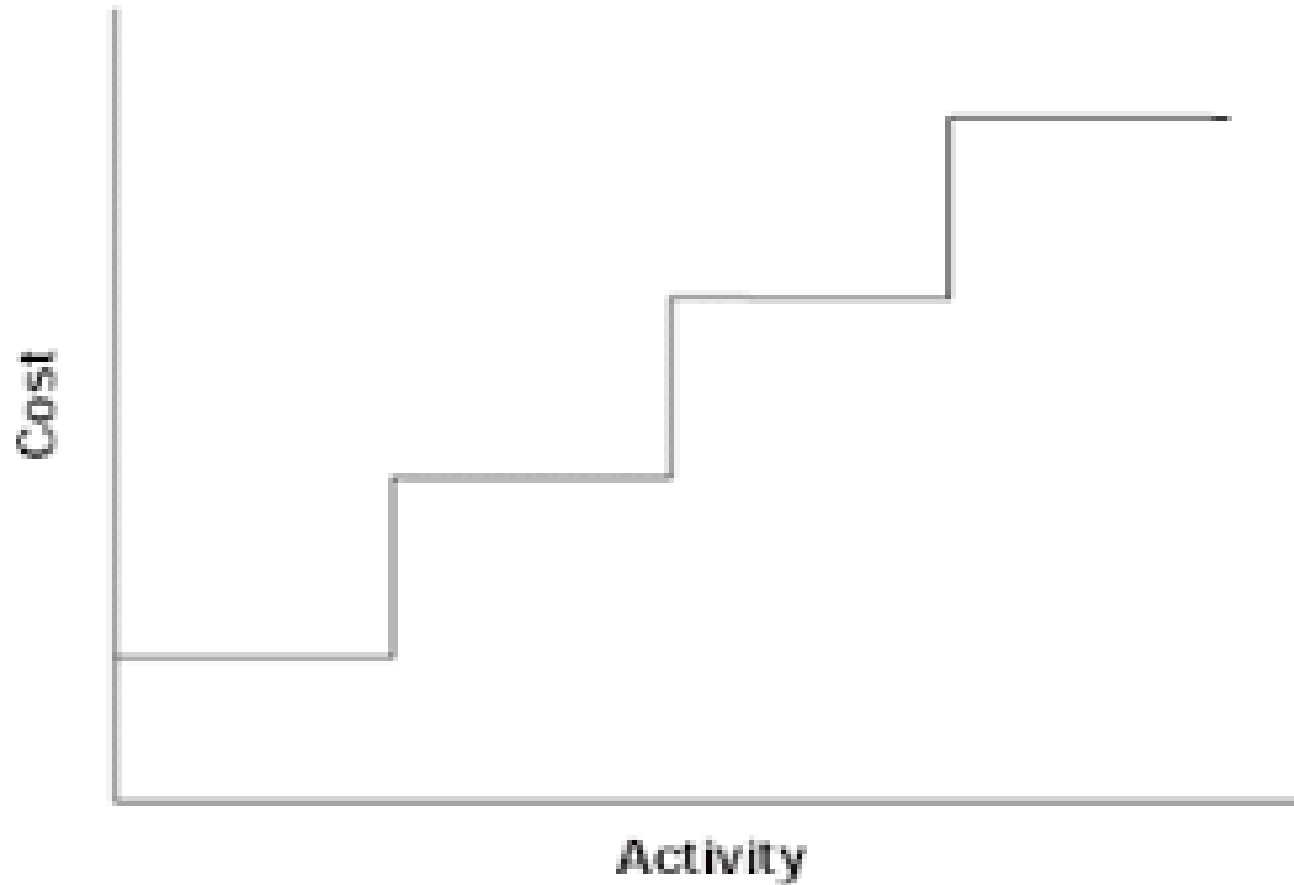
1.1.20 Schedule of Non-Current Assets

One type of layout – over a time period

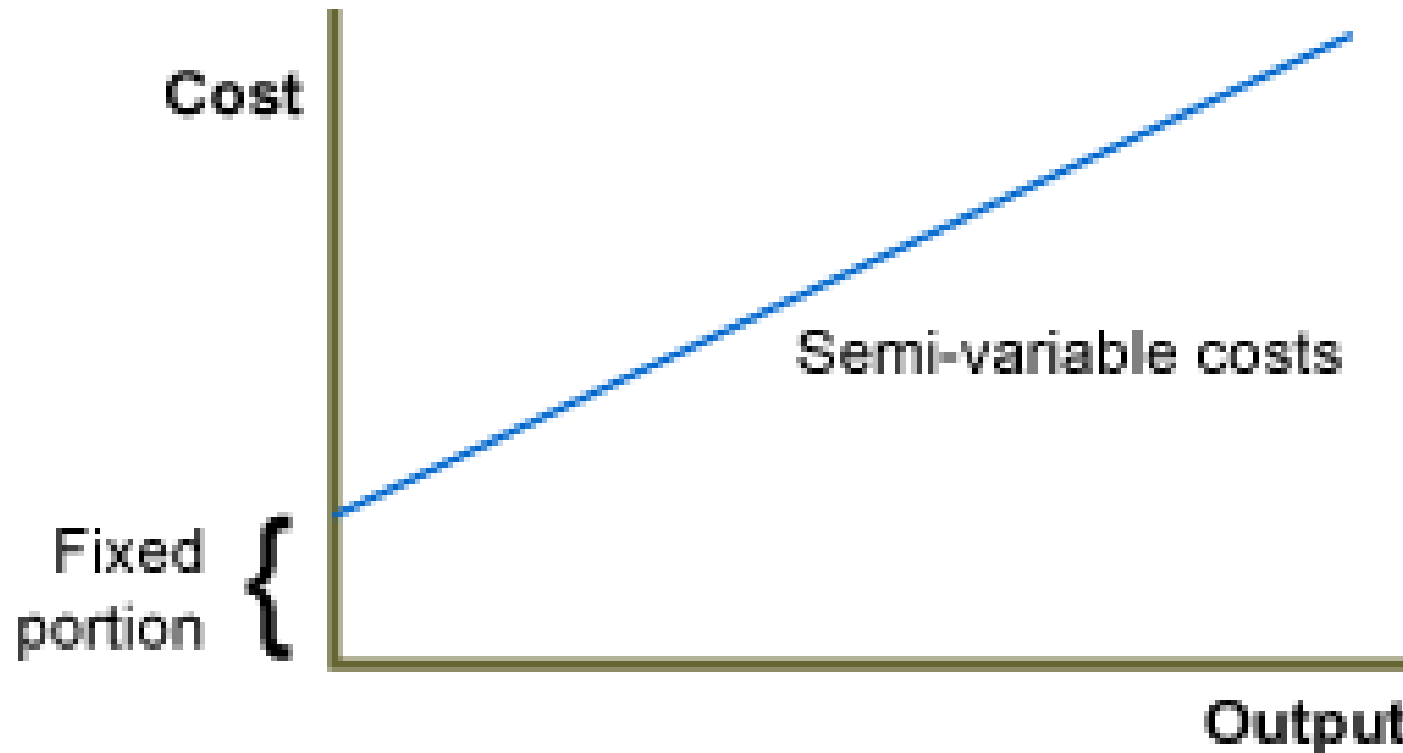
Non-Current Asset	Net Book Value at start year	Additions at Cost	Disposals during year (NBV)	Depreciation for year	Net Book Value at year end
Property	500	100	(70)	(50)	??
Equipment	120	25	(40)	??	75



1.4.7 Semi-fixed cost e.g. supervision



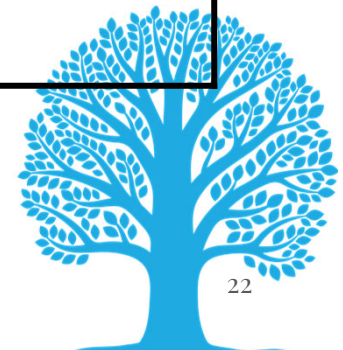
1.4.7 Semi-variable cost e.g. electricity or telephone charges



1.5.3 Use of ratios to make future financial projections

What can we deduce from these figures?

	2012	2013	2014
Gross Profit as a percentage of revenue	32%	35%	38%
Profit for the year as a percentage of revenue	13%	9%	5%



We can see that gross profit as a percentage of revenue is rising, which is good. At the present rate of increase, the figure for next year will be 41%.

We can see that profit for the year as a percentage of revenue is falling, which is worrying. At the present rate of decrease, the figure for next year will be 1%.

It appears likely that the business will have to take action to improve next year's figure. For example, try to reduce delivery costs, heating and telephone bills, and maybe salaries.



Three Unit 1 Issues To Focus Upon

1. Double Entry

Ongoing examiners report comments
Suggested strategy
Discussion on possible ways forward

2. Use of ratios to make financial projections

Determine issues
Work through SAM Question

3. Levels Based Assessment

Marking exercise from June 2015
Impact of levels based assessment



1. Double Entry

Statement

Double entry questions are poorly answered (See Examiners Reports)

Discussion

In small groups discuss.

- Why this is might be the case
- What strategies you could adopt to improve double entry skills



Double Entry

Suggestions

1. Start the year with an ONGOING strategy for teaching and revising double entry.
 2. Set regular revision exercises throughout the year
 3. A strategy is contained within the IAL Accounting in the form of a scheme of work
- Weeks-
- Double entry in ALL Weeks 1 – 15
- Revision Week 22 and 32 onwards
- Ongoing double entry exercises for out of class



2. Use of ratios to make financial projections

Reason for inclusion

- Adds a future perspective to the historic perspective
- More realistic to business decision making
- Lead into budgeting in Unit 2
- Preference from the University sector

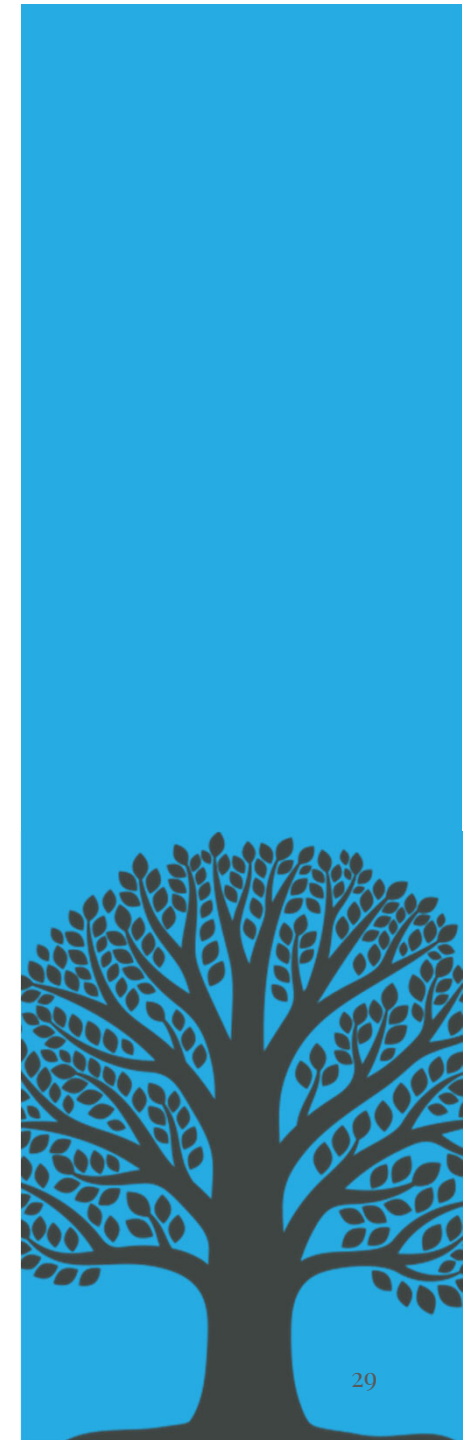


Mark Schemes and Examples



Examiners Use of Command Words: Evaluate Questions

Command word	Definition
Evaluate	This will involve reviewing information and then bringing it together to form a conclusion, drawing on evidence including strengths, weaknesses, alternative actions, relevant data or information. A supported judgement/decision will be reached in relation to its context.



Examiners expectations

That candidates will use:

- the accounting terms contained within the Glossary of International Accounting Standards (IAS) terminology within Appendix 3 of the 2015 Specification
- accounting formulae contained within Appendix 4 of the 2015 Specification



Evaluation Part of Questions

- Each question will contain at least one part which assesses the arguments and conclusion of the candidate from their knowledge, often including their application and analysis of the data.
- This will now be assessed using levels based assessment.
- In both Unit 1 and Unit 2 the evaluation part of the question will be assessed out of 12 marks in Section A and 6 marks in Section B.



Candidate Script

- Look at Script 1, Question 5



Examiners Response

Go through Examiner Responses.



Levels of Response

The “levels”

0 Completely incorrect or irrelevant response.

Level 1 1-3 marks

Isolated elements of knowledge and understanding which are recall based.

Weak or no relevant application to the scenario set.

Generic comments and assertions may be present

Level 2 4 – 6 marks

Elements of knowledge and understanding which are applied to the scenario.

Chains of reasoning are present, but may be incomplete or invalid.

A generic or superficial assessment is presented.

Level 3 7-9 marks

Accurate and thorough knowledge and understanding, supported by relevant application to the scenario.

Some analytical perspectives are present, with developed chains of reasoning, showing causes and/or effects.

An attempt at an assessment is presented, using financial and maybe non-financial information, in an appropriate format, and communicating reasoned explanations.

Level 4 10 – 12 marks

Accurate and thorough knowledge and understanding, supported by relevant and effective application to the scenario.

A coherent and logical chain of reasoning, showing causes and effects.

Assessment is balanced, wide ranging and well contextualised using financial and maybe non-financial information, making informed recommendations and/or decisions.



AO1 – Knowledge and Understanding

- **Level 1 1-3 marks**
 - Isolated elements of knowledge and understanding which are recall based.
- **Level 2 4 – 6 marks**
 - Elements of knowledge and understanding
- **Level 3 7-9 marks**
 - Accurate and thorough knowledge and understanding,
- **Level 4 10 – 12 marks**
 - Accurate and thorough knowledge and understanding,



AO2 Application

- **Level 1 1-3 marks**
- Weak or no relevant application to the scenario set.
- **Level 2 4 – 6 marks**
-which are applied to the scenario.
- **Level 3 7-9 marks**
-supported by relevant application to the scenario.
- **Level 4 10 – 12 marks**
-supported by relevant and effective application to the scenario.



AO3 Analysis

- **Level 1 1-3 marks**
 - Generic comments and assertions may be present
- **Level 2 4 – 6 marks**
 - Chains of reasoning are present, but may be incomplete or invalid.
- **Level 3 7-9 marks**
 - Some analytical perspectives are present, with developed chains of reasoning, showing causes and/or effects.
- **Level 4 10 – 12 marks**
 - A coherent and logical chain of reasoning, showing causes and effects.



AO4 Evaluation

- **Level 2 4 – 6 marks**
 - A generic or superficial assessment is presented.
- **Level 3 7-9 marks**
 - An attempt at an assessment is presented, using financial and maybe non-financial information, in an appropriate format, and communicating reasoned explanations.
- **Level 4 10 – 12 marks**
 - Assessment is balanced, wide ranging and well contextualised using financial and maybe non-financial information, making informed recommendations and/or decisions.



Some considerations when levels marking:

- Positive marking – i.e. reward accurate and relevant statements etc.
- Do not “deduct” for erroneous statements.
- Levels marking is not a “tick counting” exercise
- Only mark what you see and read, do not “assume” that the candidate really meant something else.
- Remember that it may be that the answer does not fit neatly into one level only, for the four AOs.
- The overall level, and mark, is determined using a holistic approach.



Levels Based Assessment

Points based assessment

- Marks for a number of valid points made for
- Marks for a number of valid points made against
- Marks for a conclusion

Levels based assessment

- Evaluation will be assessed holistically
- Examiners will assess the extent to which AO1,AO2,AO3 and AO4 have been fulfilled in the candidates response
- Candidates answers will be assigned to a level and a mark awarded.



Levels Based Assessment

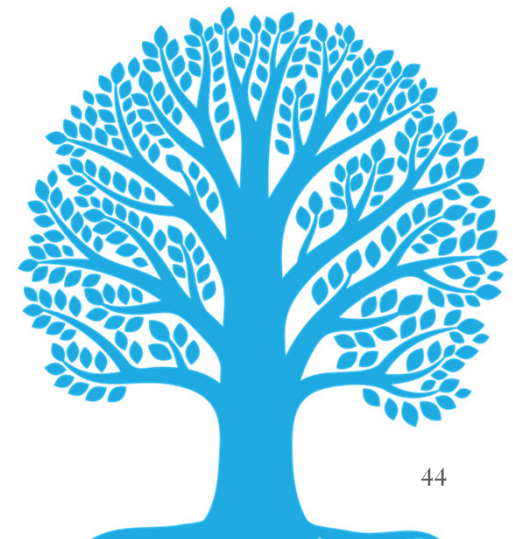
Level	Mark	Descriptor
	0	A completely incorrect or irrelevant response.
Level 1	1-3	Isolated elements of knowledge and understanding which are recall based. Weak or no relevant application to the scenario set. Generic comments and assertions may be present.
Level 2	4 - 6	Elements of knowledge and understanding which are applied to the scenario. Chains of reasoning are present, but may be incomplete or invalid. A generic or superficial assessment is presented.
Level 3	7 - 9	Accurate and thorough knowledge and understanding, supported by relevant application to the scenario. Some analytical perspectives are present, with developed chains of reasoning, showing causes and/or effects. An attempt at an assessment is presented, using financial and maybe non-financial information, in an appropriate format, and communicating reasoned explanations.
Level 4	10 - 12	Accurate and thorough knowledge and understanding, supported by relevant and effective application to the scenario. A coherent and logical chain of reasoning, showing causes and effects. Assessment is balanced, wide ranging and well contextualised using financial and maybe non-financial information, making informed recommendations and/or decisions.

Now Assess Question 1(d) using Levels Based Assessment

Level	Knowledge	Application	Analysis	Eval
0 (0 Marks)	Completely incorrect			
1 (1- 3 Marks)	Isolated	Weak application		
2 (4-6 Marks)	Elements of knowledge	Sound application	Superficial analysis	
3 (7-9 Marks)	Accurate knowledge	Relevant application	Sound analysis	Reasoned
4 (10-12 Marks)	Accurate knowledge	Effective application	Balanced /contextual	Informed recommendations

Candidate Response

- Look at candidate Script 2, Question 1 and award marks (for all questions, not just 1(d)).



Examiner Response

- Go over Examiner Responses



Unit 2



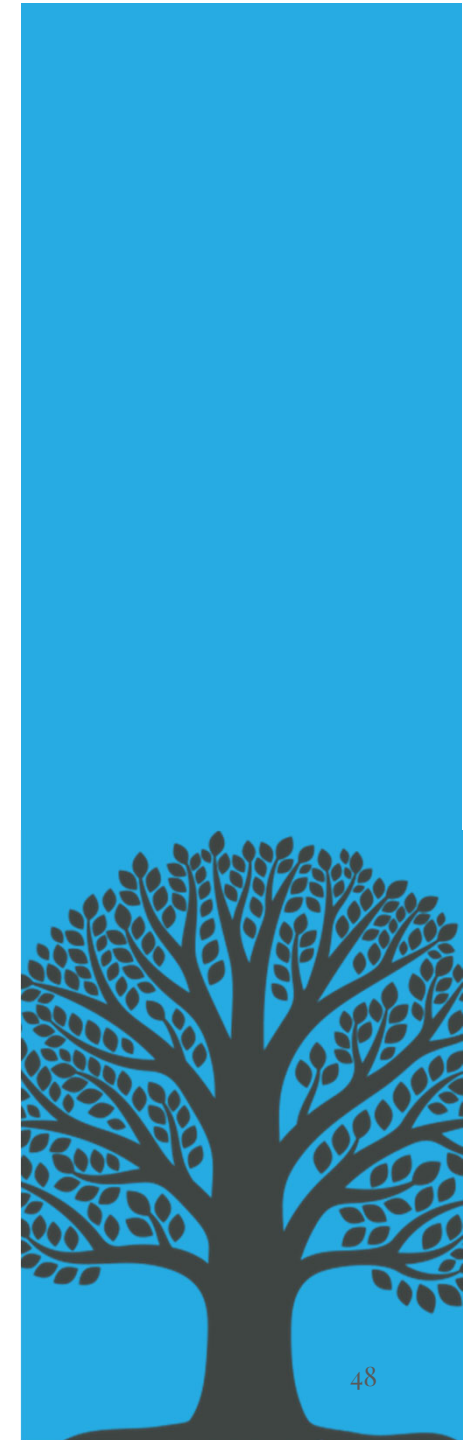
Unit 2 Overview

- The unit is divided into nine topics:
 1. Limited companies:
 - Final Accounts
 - Capital structure
 - Mergers and purchase of limited companies
 2. Investment ratios
 3. Statement of cash flows
 4. Budgeting
 5. Standard costing
 6. Project appraisal
 7. Break-even analysis
 8. Marginal costing and absorption costing
 9. Information and communication technology (ICT) in accounting



Content changes – Unit 2

- **New**
- 2.1.2 The role of the auditor in corporate governance
- 2.1.5 Basic knowledge of Foreign Exchange reserve
- 2.5.2 Collection of data from accounting records
- 2.6.1 Profitability index
- 2.9 ICT in Accounting – new section
- **Moved**
- Capital gearing to 2.1.10 (from Investment Ratios)
- Weighted Average Cost of Capital to 2.6.1 (from Capital Structure)



2.1.2 The role of the auditor in corporate governance

UK Corporate Governance Code

Companies must “comply or explain”. They may be able to justify an alternative approach in writing.



Section A: Leadership

Section B: Effectiveness

Section C : Accountability

Section D: Remuneration

Section E: Relations with shareholders



UK Corporate Governance Code

Companies must “comply or explain”. They may be able to justify an alternative approach in writing.

Section A: Leadership

Led by an effective board, who are responsible for success of company, clear division of responsibilities, with non-executive directors who should challenge. Chairman responsible for Board. No individual should be able to make all the decisions.

An auditor could note in the Audit Report (or ask about):

The Chief Executive Officer is also the Chairman



Section B: Effectiveness

The board should have an appropriate balance of skills, experience, independence, and knowledge to carry out its duties effectively.

Appointment to the board should be formal, rigorous and transparent. There should be induction, self-evaluation, and re-election.

An auditor could note in the Audit Report (or ask about):

Re-election of board members at regular intervals does not take place.



Section C : Accountability

The board should present a balanced and understandable assessment of the company's position and prospects. The board is responsible for risk and internal controls, and should have sound risk management. The board should maintain an appropriate relationship with the company's auditor.

An auditor could note in the Audit Report (or ask about):

In our opinion, insufficient checks were made when taking over another company. Risk management was not sound.



Section D: Remuneration

Levels of remuneration should attract, retain and motivate directors of the required quality. However, a company should avoid paying more than is necessary. Directors remuneration should be partly linked to individual and corporate performance. No director should be involved in deciding their own remuneration.

An auditor could note in the Audit Report (or ask about):

One director sits on the Remuneration Committee and was involved in setting their own remuneration.



Section E: Relations with shareholders

The board is responsible for ensuring a satisfactory dialogue with shareholders takes place, based on mutual understanding of objectives. Investors should be encouraged to participate at the AGM.

An auditor could note in the Audit Report (or ask about):

In our opinion, insufficient notice was given concerning the date of the AGM



2.1.5 Basic knowledge of Foreign Exchange reserve

- Created by debiting Retained Earnings and crediting Foreign Exchange Reserve.
- To guard against any potential losses due to adverse movements on exchange rates etc.
- Revenue Reserve that can be used for dividends.



2.5.2 Collection of data from accounting records:

All from simple records

Examples:

- Material prices: from Suppliers Invoices, Purchases Day Book
- Material quantities: Delivery Notes
- Labour hours: Clock Cards, Time Sheets
- Labour rates: Simple Pay Slips, Production Sheet



2.6.1 Profitability Index

Used to compare projects that have different initial costs.

Formula

$$\text{Profitability Index} = \frac{\text{Net Present Value}}{\text{Initial Cost}}$$

$$\text{Project A} = \frac{\text{£100 m}}{\text{£50 m}} = 2 \quad \text{Project B} = \frac{\text{£90m}}{\text{£30m}} = 3$$

Although A has a greater NPV, it can be argued that B is a better investment, with a higher Profitability Index of 3.



ICT in Accounting – Unit 2

Section 2.9

2.9.1

- The uses of ICT in accounting in relation to costing products or services and the provision of management information:
- spreadsheets, e.g. for budgeting
- software packages available for producing invoices, debtors list, payroll, tax returns etc.
- Electronic Point of Sale for a stock control system

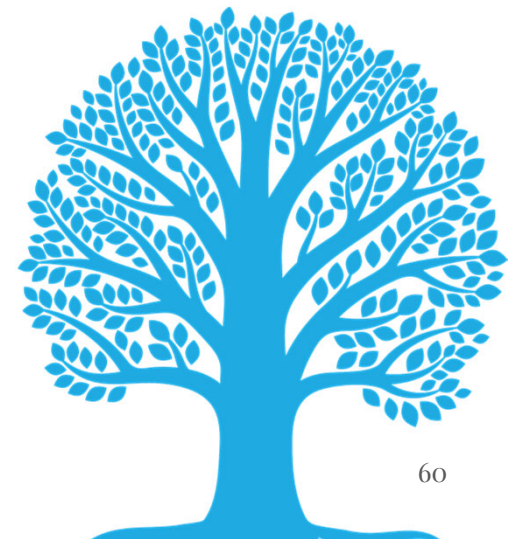
2.9.2

- Advantages and disadvantages of using ICT in accounting, including audit trail, financial aspects, technical aspects, human aspects.
- Note - Candidates will not be examined on the use of specific applications or software packages.



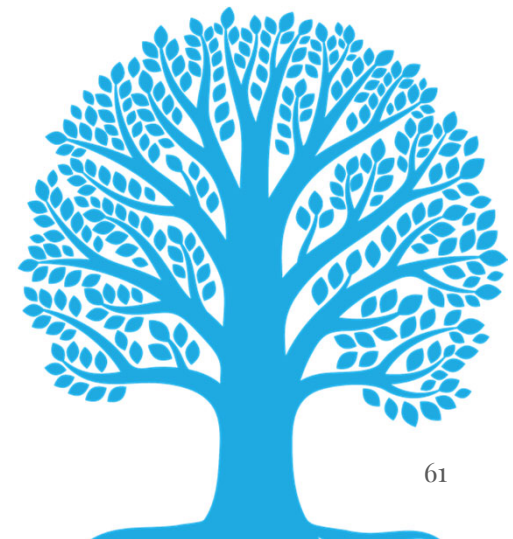
Candidate Response

- Look at Script 3 on Question 6, June 2017 Unit 2



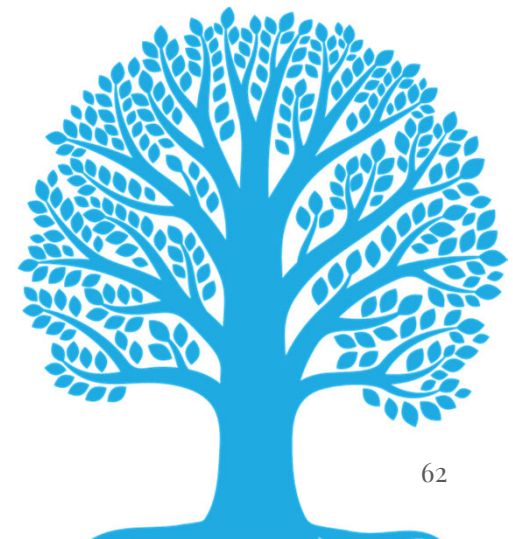
Examiner Response

- Go over Examiner Response for Script 3



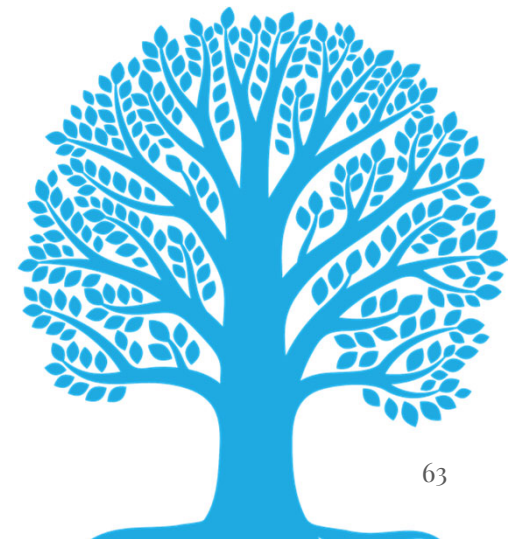
Candidate Response

- Look at Script 4 on Question 1, June 2017 Unit 2



Examiner Response

- Go over Examiner Response for Script 4

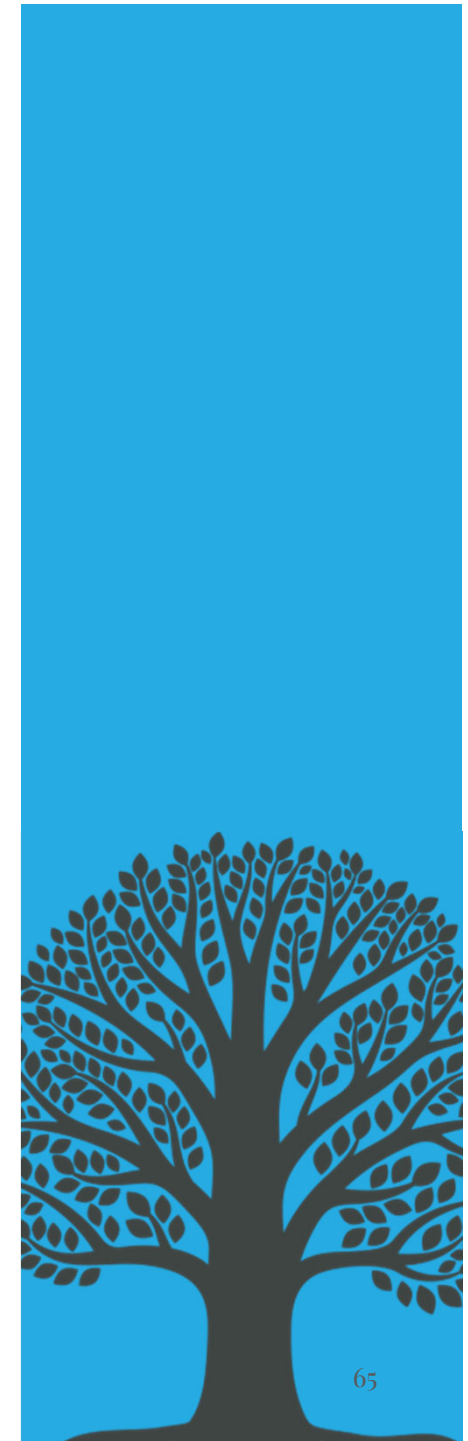


Common Issues



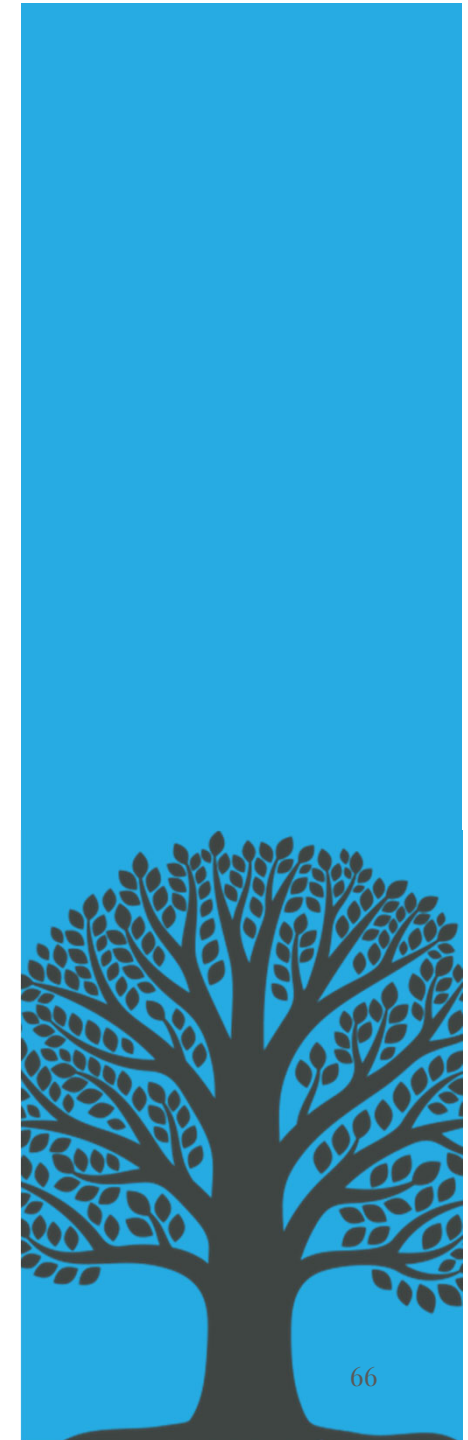
Summary of Common Issues

- Candidate's understanding of and ability to apply double entry principles is weak particularly in Unit 1
- In Unit 1 candidates application of cost accounting principles is weak.
- For Unit 2, knowledge of contents, and reason for, Director's Report and Auditor's Report is thin.
- Graphs for break-even analysis.



Auditor's Report

- See handout against Auditor's Report

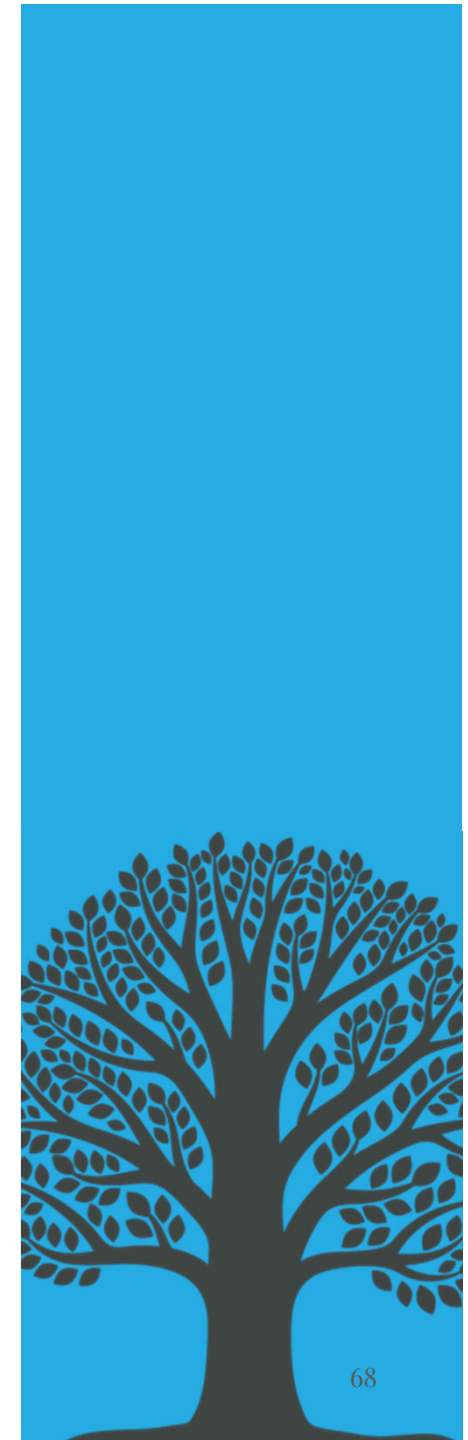
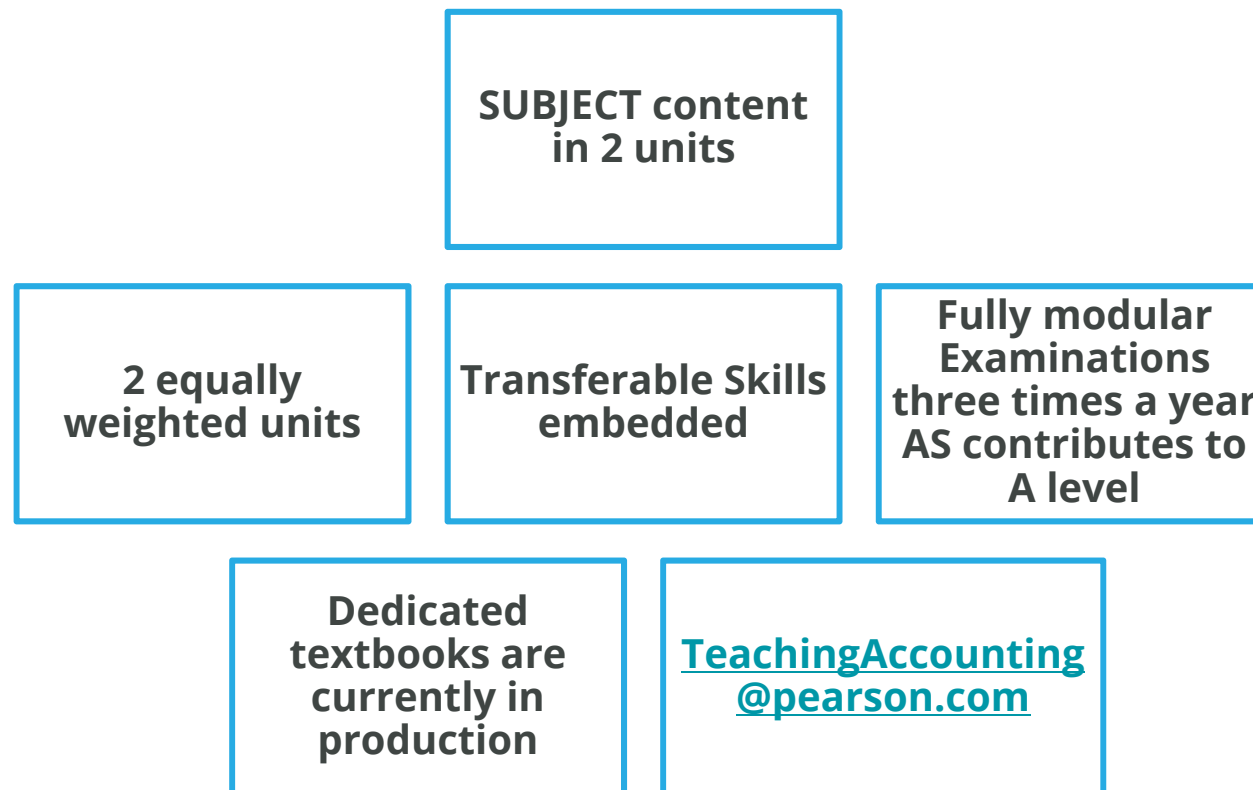


Director's Report

- See handout against Director's Report



IAL 2018 SUBJECT



Support Overview

Free Support

Getting Started Guide

Getting Ready to Teach Events

Subject interpretation of transferable skills

Subject Advisor

Results Plus

Regional Support Manager

Additional support for selected subjects

Curriculum Matched Publishing

Exam Wizard

Exemplar Marked Responses

Bank of past papers



ResultsPlus

- Free online results analysis tool for teachers.
- Provides a detailed breakdown of student performance in Pearson Edexcel exams.
- Identify topics and questions where the student could benefit from further learning and inform teaching strategies and approaches.
- Benchmark your school's performance against other Pearson Edexcel schools in your country.
- Not just a post-results tool: Mock exam results can also be fed into the system to produce analysis.
- Find student results analysis from their previous Pearson Edexcel school.
- ResultsPlus Direct gives your students access to their final grades and performance breakdown, wherever they are.
- Schools can sign up for free ResultsPlus account in just a few quick and easy steps:

<https://qualifications.pearson.com/en/support/Services/ResultsPlus.html>





- A free tool for teachers which helps you make quick homework assignments, topic tests and mock exams.
- Questions tagged against unit, topic and assessment objective or simply choose a whole past paper.
- Use existing mark schemes for accurate marking.
- Use examiner report for insight.
- Most recent exam content available sooner.
- Use the results to understand where students need more support, informing teaching strategies.



Contact your dedicated Subject Advisor

Subject Advisor details

Your subject advisor is **Bernadette Newport**

Phone: **+44 (0)20 7010 2138**

Email: TeachingAccounting@pearson.com

Sign up for monthly newsletters from Bernadette to stay on top of qualification updates, training, course materials and industry news.



Other useful links

1. [Grade Boundaries](#)

This page shows the minimum marks needed to achieve a certain grade for all UK and international examinations. Also refer to the examiners report which is available for download with other documents.

2. [Examination Results Statistics](#)

Results statistics summarise the overall grade outcomes of candidates sitting Pearson Edexcel examinations.

3. [Progress to University](#)

Here you can find information and guidance about how to progress to universities worldwide with Pearson Edexcel qualifications.

4. [Access to scripts](#)

Make an informed enquiry about results (EARs) using our free access to scripts portal.



ALWAYS LEARNING