

# INTERNATIONAL ADVANCED LEVEL

## Accounting

### SPECIFICATION

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Pearson Edexcel International Advanced Subsidiary in Accounting (XAC01)

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Pearson Edexcel International Advanced Level in Accounting (YAC01)

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For first teaching in September 2013

First examination January 2014

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### *Acknowledgements*

This specification has been produced by Pearson on the basis of consultation with teachers, examiners, consultants and other interested parties. Pearson would like to thank all those who contributed their time and expertise to the specification's development.

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# About this specification

Pearson Edexcel International Advanced Level in Accounting is designed for use in schools and colleges outside the United Kingdom. It is part of a suite of International Advanced Level qualifications offered by Pearson.

This qualification has been approved by Pearson Education Limited as meeting the criteria for Pearson's Self-regulated Framework.

Pearson's Self-regulated Framework is designed for qualifications that have been customised to meet the needs of a particular range of learners and stakeholders. These qualifications are not accredited or regulated by any UK regulatory body.

Students who successfully follow this qualification will have a good knowledge and understanding of the principles, concepts and techniques of accounting. This qualification lays a secure foundation for further study of accounting or related subjects. In addition, it provides a worthwhile course for students who will end their study at the International Advanced Subsidiary or International Advanced Level stage. This qualification will be particularly suited to candidates who have followed our International GCSE Accounting (4AC0) qualification.

## International Accounting Standards

International Accounting Standards have become universal in their application and are considered to be particularly relevant to our International students. Examinations will be presented using International Accounting Standards terminology and require presentation in International Standard format.

Although International Accounting Standards only applies to the published accounts of public companies, to ensure consistency, the terminology of International Accounting Standards will be applied by the examiners to scenarios based upon all business entities including sole traders, partnerships, private limited companies and where appropriate, non-trading organisations such as clubs and societies.

## Specification updates

This specification is Issue 1 and is valid for the Pearson Edexcel International Advanced Subsidiary and International Advanced Level examination from 2014. If there are any significant changes to the specification Pearson will write to centres to let them know. Changes will also be posted on our website.

For more information please visit [www.edexcel.com/ial](http://www.edexcel.com/ial)

## Using this specification

The specification content has been designed to give guidance to teachers and encourage effective delivery of the qualification. The following information will help you get the most out of the content and guidance.

**Compulsory content:** as a minimum, all the bullet points in the content must be taught.

Teachers should deliver the qualification using a good range of examples to support the assessment of the unit content.

Students need to demonstrate knowledge of technical language where required.

**Depth and breadth of content:** teachers should prepare students to respond to assessment questions. Teachers should use the full range of content and all the assessment objectives given in *Section B: Specification Overview*.

## Qualification abbreviations

International Advanced Level – IAL

International Advanced Subsidiary – IAS

International Advanced Level 2 (the additional content required for an IAL) – IA2

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# A Specification at a glance

## Unit overview

IAS Unit 1: The Accounting System and Costing	*Unit code WAC01	
<ul style="list-style-type: none"><li>■ Externally assessed</li><li>■ Availability: January and June</li><li>■ First assessment: January 2014</li></ul>	100% of the total IAS raw marks	50% of the total IAL raw marks
<p><b>Content summary:</b></p> <p>Students will be assessed on their knowledge, understanding and skills of accounting systems and costing. The unit is divided into 5 topics:</p> <ol style="list-style-type: none"><li>1. Principles of accounting and double entry book-keeping</li><li>2. Control procedures</li><li>3. Final accounts of organisations</li><li>4. Introduction to costing and decision making</li><li>5. Evaluation of accounting statements.</li></ol>		
<p><b>Assessment:</b></p> <p>Examination of 3 hours, consisting of 2 sections to enable an appropriate range and style of questions to be presented.</p> <p>Questions will require students to demonstrate underpinning knowledge and understanding, the application of principles and processes, analysis of information and data, and evaluation leading to effective decision making. Questions may require answers in continuous prose. Students will be required to organise and present relevant information, using specialist accounting vocabulary. Such section(s) will normally represent 20-25% of the marks available for that question.</p>		

\* See Appendix 2 for description of this code and all other codes relevant to this qualification

IA2 Unit 2: Corporate and Management Accounting	*Unit code WAC02	
<ul style="list-style-type: none"> <li>■ Externally assessed</li> <li>■ Availability: January and June</li> <li>■ First assessment: January 2014</li> </ul>	100% of the total IA2 raw marks	50% of the total IAL raw marks
<p><b>Content summary:</b></p> <p>Students will be assessed on their knowledge, understanding and skills of corporate and management accounting</p> <p>The unit is divided into 8 topics:</p> <ol style="list-style-type: none"> <li>1. Limited companies</li> <li>2. Investment evaluation</li> <li>3. Cash flow statements</li> <li>4. Budgeting</li> <li>5. Standard costing</li> <li>6. Capital budgeting and appraisal</li> <li>7. Cost behaviour and break-even</li> <li>8. Marginal and absorption costing.</li> </ol>		
<p><b>Assessment:</b></p> <p>Examination of 3 hours, consisting of 2 sections to enable an appropriate range and style of questions to be presented.</p> <p>Questions will require students to demonstrate underpinning knowledge and understanding, the application of principles and processes, analysis of information and data, and evaluation leading to effective decision making. Questions may require answers in continuous prose. Students will be required to organise and present relevant information, using specialist accounting vocabulary. Such section(s) will normally represent 20-25% of the marks available for that question.</p>		

\* See *Appendix 2* for description of this code and all other codes relevant to this qualification





## B Specification overview

### Summary of assessment requirements

Unit number and unit title	Level	Assessment information	Number of raw marks allocated in the unit
Unit 1: The Accounting System and Costing	IAS	Examination length: 3 hours Examination paper in two sections:  Section A Contains three questions, of which students will be required to answer two questions. Each question will be allocated 52 marks.  Section B Contains four questions, of which students will be required to answer three questions. Each question will be allocated 32 marks.	200
Unit 2: Corporate and Management Accounting	IA2	Examination length: 3 hours Examination paper in two sections:  Section A Contains three questions, of which students will be required to answer two questions. Each question will be allocated 52 marks.  Section B Contains four questions, of which students will be required to answer three questions. Each question will be allocated 32 marks.	200

### Assessment objectives and weightings

		% in IAS	% in IA2	% in IAL
AO1	Demonstrate knowledge of accounting procedures and understanding of the principles on which they are based.	32%	24%	28%
AO2	Select and apply their knowledge and understanding of accounting procedures to a variety of accounting problems.	34%	30%	32%
AO3	Analyse and present information in appropriate accounting format and communicate reasoned explanations.	20%	24%	22%
AO4	Evaluate evidence and make informed recommendations and decisions.	14%	22%	18%
		100%	100%	100%

### Relationship of assessment objectives to units

Unit number	Assessment objective			
	AO1	AO2	AO3	AO4
Unit 1	16%	17%	10%	7%
Unit 2	12%	15%	12%	11%
<b>Total for International Advanced Level</b>	28%	32%	22%	18%

## Qualification summary

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### Aims

The aims of the International Advanced Level qualifications in Accounting are to enable students to develop:

- a knowledge and understanding of the purposes of accounting, of accounting concepts and techniques and to develop the application of those techniques
- the skills of numeracy, communication, presentation, analysis and evaluation of accounting information
- the ability to compile accounting reports in good format and to use them as the basis of informed and rational decision-making
- a capacity for logical and objective thought which will serve as an end in its own right, as well as a basis for further study in accounting.

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### IAS/IA2 knowledge, understanding and skills

The knowledge, understanding and skills required for IAS and IA2 Accounting is contained in the unit content.



# C Accounting unit content

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**Unit 1 The Accounting System and Costing** **13**

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**Unit 2 Corporate and Management Accounting** **19**

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### Course structure

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- The Pearson Edexcel International Advanced Level in Accounting comprises of two units and contains an International Advanced Subsidiary subset of one IAS unit.
- The International Advanced Subsidiary is the first half of the International Advanced Level course and consists of Unit 1. It may be awarded as a discrete qualification or contribute 50 per cent of the total International Advanced Level marks.
- The full International Advanced Level award consists of the one IAS unit (Unit 1), plus one IA2 unit (Unit 2) which makes up the other 50 per cent of the International Advanced Level. Students wishing to take the full International Advanced Level must, therefore, complete both units.
- The structure of this qualification allows teachers to construct a course of study that can be taught and assessed either as:
  - ◆ distinct modules of teaching and learning with related units of assessment taken at appropriate stages during the course; or
  - ◆ a linear course which is assessed in its entirety at the end.

## 1.1 Unit description

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### About this unit

Students will be assessed on their knowledge, understanding and skills of accounting systems and costing.

The unit is divided into 5 topics:

1. Principles of accounting and double entry book-keeping
2. Control procedures
3. Final accounts of organisations
4. Introduction to costing and decision making
5. Evaluation of accounting statements.

## 1.2 Assessment information

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Examination length: 3 hours

Examination paper in two sections:

Section A

Contains three questions, of which students will be required to answer two questions. Each question will be allocated 52 marks.

Section B

Contains four questions, of which students will be required to answer three questions. Each question will be allocated 32 marks.

Total for paper: 200 marks

Questions will require students to demonstrate underpinning knowledge and understanding, the application of principles and processes, analysis of information and data, and evaluation leading to effective decision making. Questions may require answers in continuous prose. Students will be required to organise and present relevant information, using specialist accounting vocabulary. Such section(s) will normally represent 20-25% of the marks available for that question.



## 1.3 Unit Content

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### 1.3.1 Principles of accounting and double entry book-keeping

Students will be assessed on their ability to:

- 1 Role of accounting**
    - Record, analyse and communicate accounting information as an aid to the management of a business.
  
  - 2 Double-entry system**
    - Post transactions and undertake accounting processes, make end of period transfers and adjustments.
    - Prepare ledger accounts to record the creation and maintenance of provisions for doubtful debts.
  
  - 3 Accounting concepts and conventions**
    - Explain and apply the concepts of going concern, prudence, accruals, and consistency.
    - Explain and apply the concepts and conventions of historic cost, materiality, money measurement, realisation and business entity.
    - Explain the importance of accounting standards.
  
  - 4 Capital and revenue**
    - Distinguish between capital and revenue expenditure.
    - Explain the importance of the correct accounting treatment of capital and revenue expenditure with reference to relevant accounting concepts.
    - Apply the correct treatment of capital and revenue expenditure to accounting scenarios.
  
  - 5 Asset depreciation**
    - Define and account for depreciation of assets including the preparation of provision for depreciation accounts.
    - Explain the reasons for accounting for depreciation.
    - Explain and calculate depreciation using reducing balance, straight line and revaluation methods.
    - Calculate the effect on profit of different methods and the effect on profit of a change in the method.
    - Calculate profit or loss on disposal.
    - Prepare ledger accounts to record the purchase, disposal of fixed assets and annual adjustments for depreciation.
-

### 1.3.2 Control procedures

Students will be assessed on their ability to:

- 1 **Trial balance**
    - Prepare a trial balance.
    - Outline the limitations of a trial balance.
  
  - 2 **Control accounts**
    - Explain that control accounts are an independent check on sales and purchases ledgers.
    - Prepare control accounts for sales and purchases ledgers.
  
  - 3 **Correction of errors**
    - Identify and explain errors that do and do not affect the balancing of the trial balance.
    - Make journal entries to correct errors.
    - Prepare a suspense account.
    - Prepare a statement of revised profit.
    - Make corrections of errors in control accounts.
-

### 1.3.3 Final accounts of organisations

Students will be assessed on their ability to:

- 1 Financial statements of “sole traders”**
    - Prepare statements of comprehensive income showing the gross profit and profit for the year.
  - 2 Year-end adjustments**
    - Make adjustments for prepaid or accrued income or expenditure. Provisions for depreciation, bad debts and provisions for doubtful debts.
  - 3 Departmental accounts**
    - Prepare statements of comprehensive income showing departmental profits/losses.
  - 4 Incomplete records**
    - The preparation of statements of comprehensive income and statements of financial position from incomplete records.
  - 5 Partnership**
    - Prepare statements of comprehensive income and appropriation accounts.
    - Prepare partners’ current accounts and capital accounts on a fixed or floating basis.
    - Appropriation of profit in accordance with the Partnership Agreement.
    - Apply the provisions of Section 24 of the Partnership Act 1890 in relation to partners’ salaries, division of profit or loss, interest on loans, capital and drawings.
    - Account for the introduction or retirement of a partner including the introduction of assets and treatment of goodwill.
    - Prepare the accounting entries for the dissolution of a partnership.
  - 6 Clubs and societies**
    - Prepare receipts and payments, trading activity and subscription accounts.
    - Calculate losses of inventory or cash.
    - Prepare income and expenditure accounts and statements of financial position including the treatment of life membership.
  - 7 Manufacturers**
    - Prepare manufacturing accounts, calculating, and explaining: prime cost, factory overhead; work in progress; and production cost.
    - Calculate costs of individual products and apportion costs between products and functions.
    - Account for unrealised profit resulting from goods manufactured.
-

### 1.3.4 Introduction to costing and decision making

Students will be assessed on their ability to:

- 1 Valuation of inventory (stock)**
    - Explain the characteristics of Last In First Out (LIFO), First In First Out (FIFO), and Net Realisable Value (NRV) as methods of inventory valuation.
    - Calculate inventory valuations using FIFO and LIFO perpetual and periodic basis.
    - Calculate the effect of different methods of inventory valuation on profit and statements of financial position inventory values.
  
  - 2 Accounting for labour costs**
    - Explain the concept of labour productivity.
    - Apply methods of remuneration, day-work, piecework, individual and group bonus schemes, cost and earnings under different methods. The variable nature of labour cost.
  
  - 3 Overheads**
    - Explain the characteristics of overhead expenses fixed and semi-fixed, allocation, apportionment and absorption of overheads. Apply apportionment and continuous allotment of reciprocal services to situations.
    - Establish the basis of apportionment of overhead expenses, calculation of overhead recovery rates based upon machine hours and labour hours. Over- and under-absorption of overhead.
  
  - 4 Job costing**
    - Explain the characteristics of job costing.
    - Analyse the estimated and actual cost using the job costing method. Job costing of batch production and customers' orders.
-

### 1.3.5 Evaluation of accounting statements

Students will be assessed on their ability to:

- 1 Ratio analysis**
    - Apply ratios and comment upon the profitability, liquidity and use of assets in appraising sole trader and partnership financial statements.
    - Calculate and comment upon the gross profit and profit for the year as: a percentage of revenue (sales); return on capital employed; non-current assets to revenue (sales); inventory turnover; current ratio; liquid (acid test) ratio; trade payables payment and trade receivables collection periods.
  
  - 2 Social accounting**
    - Consider the implications of accounting decisions in the social context of the local community, the environment, the workforce, health and safety and use of natural resources.
-

## 2.1 Unit description

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### About this unit

Students will be assessed on their knowledge, understanding and skills of corporate and management accounting.

The unit is divided into 8 topics:

1. Limited companies
2. Investment evaluation
3. Cash flow statements
4. Budgeting
5. Standard costing
6. Capital budgeting and appraisal
7. Cost behaviour and break-even
8. Marginal and absorption costing.

## 2.2 Assessment information

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Examination length: 3 hours

Examination paper in two sections:

### Section A

Contains three questions, of which students will be required to answer two questions. Each question will be allocated 52 marks.

### Section B

Contains four questions, of which students will be required to answer three questions. Each question will be allocated 32 marks.

Total for paper: 200 marks

Questions will require students to demonstrate underpinning knowledge and understanding, the application of principles and processes, analysis of information and data, and evaluation leading to effective decision making. Questions may require answers in continuous prose. Students will be required to organise and present relevant information, using specialist accounting vocabulary. Such section(s) will normally represent 20-25% of the marks available for that question.

## 2.3 Unit Content

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### 2.3.1 Limited companies

Students will be assessed on their ability to:

- 1 Preparation of financial statements (final accounts)**
    - Prepare statements of comprehensive income including statements of changes in equity and statements of financial position, in accordance with International Accounting Standard (IAS) 1.
    - Explain the content and importance of the auditors' report and directors' report.
    - Explain the importance of disclosing continuing and discontinued activities.
  
  - 2 Capital structure**
    - Explain the terms *reserves*, *provisions* and *liabilities*.
    - Distinguish between capital and revenue reserves.
    - Explain how the following reserves are created and utilised: retained profit, general, share premium, revaluation and capital redemption.
    - Explain issued and called-up share capital.
    - Explain the difference between rights and bonus issues.
    - Prepare ledger accounts and journal entries to record the issue of shares, including bonus and rights issues.
    - Explain the difference between shares and debentures.
    - Calculate the weighted average cost of capital. Note: the forfeiture of shares will not be examined.
  
  - 3 Merger or purchase of limited company**
    - Prepare journal entries and ledger accounts for the purchase of another limited company or the merger of two companies.
    - Prepare the statement of financial position of a limited company following purchase of or the merger with another company.
    - Value and undertake the correct treatment of goodwill.
-

### 2.3.2 Investment evaluation

Students will be assessed on their ability to:

- 1 **Investment evaluation**
    - Calculate and comment upon the investment ratios: price earnings, earnings per share, dividend cover and dividend yield.
    - Explain the implications of capital gearing.
    - Calculate the capital gearing ratio. Candidates will also be required to be familiar with ratios relating to profitability, liquidity and use of assets tested in Unit 1.
- 

### 2.3.3 Cash flow statements

Students will be assessed on their ability to:

- 1 **Cash flow statements**
    - Explain the importance of cash flow statements.
    - Prepare cash flow statements in accordance with International Accounting Standard (IAS) 7.
- 

### 2.3.4 Budgeting

Students will be assessed on their ability to:

- 1 **Budgeting**
    - Explain the role of budgeting as a management tool for planning, forecasting and control.
    - Explain the process in the preparation of budgets in the annual budget cycle.
    - Prepare budgeted statements of comprehensive income and statements of financial position.
    - Prepare budgets for revenue, production purchases, inventory, trade receivables and trade payables, capital and cash.
    - Prepare budgets for products and activities.
    - Apply flexible budgets to variations in activity level.
-



### 2.3.5 Standard costing

Students will be assessed on their ability to:

- 1 **Standard costing**
    - Explain the purpose of standard costing.
    - Explain the stages in establishing a standard costing system.
    - Calculate the following variances: material variances (price and usage); labour variances (rate and efficiency); total fixed overhead variance; and total variable overhead variance.
    - Explain possible reasons for variances.
    - Explain possible inter-relationships between variances.
    - Apply the principle of management by exception to variance analysis.
- 

### 2.3.6 Capital budgeting and appraisal

Students will be assessed on their ability to:

- 1 **Capital budgeting and appraisal**
    - Calculate and explain the application of discounted cash flow, net present value, internal rate of return and net cash flows.
    - Calculate and explain the application of the non-discounted methods of accounting rate of return and payback period.
    - Evaluate capital expenditure proposals.
-

### 2.3.7 Cost behaviour and break-even

Students will be assessed on their ability to:

- 1 **Cost behaviour and break-even**
    - Calculate and define fixed, semi variable and variable costs
    - Calculate the contribution and the contribution/revenue (sales) ratio. Account for the effect of changes in the volume of production on the break-even analysis, margin of safety and angle of incidence.
- 

### 2.3.8 Marginal and absorption costing

Students will be assessed on their ability to:

- 1 **Marginal and absorption costing**
    - Explain the concept of marginal costing and comparison with absorption costing.
    - Apply marginal costing in decision making for the acceptance of new orders, make or buy decisions and in determining whether to discontinue a product or service.
    - Prepare profit and loss and marginal cost statements.
    - Explain the limitations of marginal costing.
    - Calculate the value of closing inventory using marginal and absorption costing.
    - Explain the effect on profit of the application of marginal and absorption techniques in the valuation of inventory.
    - Evaluate the preferred course of action when there are limiting factors.
-



## Assessment information

<b>Assessment requirements</b>	For a summary of assessment requirements and assessment objectives, see <i>Section B: Specification overview</i> .
<b>Entering candidates for the examinations for this qualification</b>	Details of how to enter candidates for the examinations for this qualification can be found in the International Information Manual, copies of which are sent to all examinations officers. The information can also be found at: <a href="http://www.edexcel.com/international">www.edexcel.com/international</a>
<b>Resitting of units</b>	<p>There is one resit opportunity allowed for each unit prior to claiming certification for the qualification. The best available result for each contributing unit will count towards the final grade.</p> <p>After certification all unit results may be reused to count towards a new award. Students may re-enter for certification only if they have retaken at least one unit.</p> <p>Results of units are held in the Pearson unit bank and have a shelf life limited only by the shelf life of this specification.</p>
<b>Awarding and reporting</b>	<p>The IAS qualification will be graded and certificated on a five-grade scale from A to E. The full International Advanced Level will be graded on a six-point scale A* to E. Individual unit results will be reported.</p> <p>A pass in an International Advanced Subsidiary subject is indicated by one of the five grades A, B, C, D, E of which grade A is the highest and grade E the lowest. A pass in an International Advanced Level subject is indicated by one of the six grades A*, A, B, C, D, E of which grade A* is the highest and grade E the lowest. To be awarded an A* students will need to achieve an A on the full International Advanced Level qualification and an A* aggregate of the IA2 unit. Students whose level of achievement is below the minimum judged by Pearson to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.</p>
<b>Grade descriptions</b>	Grade descriptions give the minimum acceptable level for a grade. See <i>Appendix 1</i> for the grade descriptions for this subject.

**Unit results**

The minimum uniform marks required for each grade for both units:

**Unit 1 and Unit 2**

Unit grade	A	B	C	D	E
Maximum uniform mark = 300	<b>240</b>	<b>210</b>	<b>180</b>	<b>150</b>	<b>120</b>

Students who do not achieve the standard required for a grade E will receive a uniform mark in the range 0–119.

**Qualification results**

The minimum uniform marks required for each grade:

**International Advanced Subsidiary cash-in code XAC01**

Qualification grade	A	B	C	D	E
Maximum uniform mark = 300	<b>240</b>	<b>210</b>	<b>180</b>	<b>150</b>	<b>120</b>

Students who do not achieve the standard required for a grade E will receive a uniform mark in the range 0–119.

**International Advanced Level cash-in code YAC01**

Qualification grade	A	B	C	D	E
Maximum uniform mark = 600	<b>480</b>	<b>420</b>	<b>360</b>	<b>300</b>	<b>240</b>

Students who do not achieve the standard required for a grade E will receive a uniform mark in the range 0–239.

To be awarded an A\* students will need to achieve an A on the full International Advanced Level qualification and an A\* aggregate of the IA2 unit.

**Language of assessment**

Assessment of this specification will be available in English only. Assessment materials will be published in English only and all work submitted for examination must be produced in English.

## Additional information

<b>Malpractice</b>	For up-to-date information on malpractice, please refer to the latest Joint Council for Qualifications (JCQ) Suspected Malpractice in Examinations and Assessments: Policies and Procedures document, available on the JCQ website: <a href="http://www.jcq.org.uk">www.jcq.org.uk</a>
<b>Access arrangements and special requirements</b>	<p>Pearson's policy on access arrangements and special considerations for GCE, GCSE, IAL and Entry Level is designed to ensure equal access to qualifications for all students (in compliance with the Equality Act 2010) without compromising the assessment of skills, knowledge, understanding or competence.</p> <p>Please see the JCQ website (<a href="http://www.jcq.org.uk">www.jcq.org.uk</a>) for their policy on access arrangements, reasonable adjustments and special considerations.</p> <p>Please see our website (<a href="http://www.edexcel.com">www.edexcel.com</a>) for:</p> <ul style="list-style-type: none"><li>■ the forms to submit for requests for access arrangements and special considerations</li><li>■ dates for submissions of the forms.</li></ul>
<b>Equality Act 2010</b>	Please see our website ( <a href="http://www.edexcel.com">www.edexcel.com</a> ) for information on the Equality Act 2010.
<b>Prior learning and progression</b>	<p><b>Prior learning</b></p> <p>Students who would benefit most from studying an International Advanced Level in Accounting are likely to have a Level 2 qualification such as an International GCSE in Accounting at grades A*–C.</p> <p>Students who have followed the International GCSE specification in Accounting (4AC0) will find the transition to International Advanced Level easier as the Accounting (YAC01) specification builds on the skills developed at International GCSE. Unit 1 builds upon the basic accounting model. Unit 2 develops Limited Company Accounts and management decision making.</p> <p><b>Progression</b></p> <p>This qualification supports progression into further education, training or employment.</p> <p>International Advanced Level Accounting lays an appropriate foundation for the future study of vocationally related and occupational qualifications such as the Association of Accounting Technicians (AAT) Foundation, Intermediate and Technician levels. This qualification also provides a useful grounding for foundation examinations offered by the professional bodies such as the Association of Chartered Certified Accountants (ACCA), the Chartered Institute of Management Accountants (CIMA) and the Chartered Institute of Public Finance and Accountancy (CIPFA).</p>

### **Combinations of entry**

Only units achieved from this qualification may contribute to the certification of the International Advanced Subsidiary in Accounting or the International Advanced Level in Accounting.

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### **Student recruitment**

Pearson's access policy concerning recruitment to our qualifications is that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

## Support

Pearson aim to provide the most comprehensive support for our qualifications. Here are just a few of the support services we offer:

- Subject Advisor – subject experts are on-hand to offer their expertise to answer any questions you may have on delivering the qualification and assessment.
- Subject Page – written by our Subject Advisors, the subject pages keep you up to date with the latest information on your subject.
- Training – see ‘Training’ below for full details.

For full details of all the teacher and student support provided by Pearson to help you deliver our qualifications, please visit:  
[www.edexcel.com/ial/accounting/support](http://www.edexcel.com/ial/accounting/support)

## Training

Our programme of professional development and training courses, covering various aspects of the specification and examinations, are arranged each year on a regional basis. Pearson training is designed to fit you, with an option of face-to-face, online or customised training so you can choose where, when and how you want to be trained.

### Face-to-face training

Our programmes of face-to-face training have been designed to help anyone who is interested in, or currently teaching, a Pearson Edexcel qualification. We run a schedule of events throughout the academic year to support you and help you to deliver our qualifications.

### Online training

Online training is available for international centres who are interested in, or currently delivering our qualifications. This delivery method helps us run training courses more frequently to a wider audience.

To find out more information or to book a place please visit:  
[www.edexcel.com/training](http://www.edexcel.com/training)

Alternatively, email [internationaltfp@pearson.com](mailto:internationaltfp@pearson.com) or telephone +44 (0) 44 844 576 0025



### Resources

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Pearson is committed to ensuring that teachers and students have a choice of resources to support their teaching and study.

Please see *Appendix 4*, for a list of suggested resources to support the delivery of International Advanced Subsidiary and International Advanced Level in Accounting.

To search for endorsed resources from other publishers, please visit:  
[www.edexcel.com/resources](http://www.edexcel.com/resources)

### Specifications and Sample Assessment Materials

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Specifications and Sample Assessment Materials (SAMs) can be downloaded from the International Advanced Level subject pages.

To find a complete list of supporting documents, including the specification and SAMs, please visit: [www.edexcel.com/ial/Accounting](http://www.edexcel.com/ial/Accounting)

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Grades A, B, C, D and E may be awarded to successful students. The following grade descriptions indicate the level of attainment characteristic of the given grades A and E at International Advanced Subsidiary and International Advanced Level. They give a general indication of the required learning outcome at each specific grade. The grade awarded will depend in practice upon the extent to which the candidate has met the assessment objectives overall. Shortcomings in some aspects of the examination may be balanced by better performance in others.

**Grade A**

Candidates will be able to:

- demonstrate both depth of knowledge and understanding of accounting (AO1)
- demonstrate application of knowledge, understanding and numerical techniques (AO2)
- analyse problems, issues and situations in a clear, logical and coherent manner, using appropriate accounting techniques (AO3)
- evaluate and make informed recommendations from the evidence by assessing the current situation and its alternatives. Clear recommendations are based upon judgement of the evidence (AO4).

**Grade E**

Candidates will be able to:

- demonstrate knowledge and understanding of some elements of accounting (AO1)
- demonstrate sound application of only limited elements of knowledge, understanding and numerical techniques (AO2)
- analyse elements of problems but with omissions in both analysis and presentation (AO3)
- evaluate and make recommendations from the evidence by assessing the current situation. Recommendations are typically made on limited evidence and lack consideration of alternatives available (AO4).



Type of code	Use of code	Code number
Unit codes	Each unit is assigned a unit code. This unit code is used as an entry code to indicate that a student wishes to take the assessment for that unit. Centres will need to use the entry codes only when entering students for their examination.	Unit 1: WAC01 Unit 2: WAC02
Cash-in codes	The cash-in code is used as an entry code to aggregate the student's unit scores to obtain the overall grade for the qualification. Centres will need to use the entry codes only when entering students for their qualification.	IAS: XAC01 IAL: YAC01
Entry codes	The entry codes are used to: <ol style="list-style-type: none"> <li>1 enter a student for the assessment of a unit</li> <li>2 aggregate the student's unit scores to obtain the overall grade for the qualification.</li> </ol>	Please refer to the <i>Pearson Information Manual</i> , available on our website ( <a href="http://www.edexcel.com">www.edexcel.com</a> ).



The following is a glossary of the comparison between the International Accounting Standards terminology and the UK GAAP (Generally Accepted Accounting Practice in the UK) terminology. These terms will be used by the examiners throughout Unit 1 and Unit 2.

IAS terminology	Previously used UK GAAP terminology
Financial statements	Final accounts
<b>Statement of comprehensive income</b>	<b>Trading and profit &amp; loss account</b>
Revenue	Sales
Raw materials/ Ordinary goods purchased	Purchases
Cost of sales	Cost of goods sold
Inventory	Stock
Work in progress	Work in progress
Gross profit	Gross profit
Other operating expenses	Sundry expenses
Other operating income	Sundry income
Investment revenues/ finance income	Interest receivable
Finance costs	Interest payable
Profit for the year	Net profit
<b>Statement of financial position</b>	<b>Balance sheet</b>
<b>Non-current assets</b>	<b>Fixed assets</b>
Property	Land and buildings
Plant and equipment	Plant and equipment
Investment property	Investments
Intangible assets	Goodwill etc
<b>Current assets</b>	<b>Current assets</b>
Inventory	Stock
Inventory count	Stock take
Trade receivables	Debtors
Other receivables	Prepayments
Cash	Bank and cash
<b>Current liabilities</b>	<b>Current liabilities/Creditors: amounts due within 12 months</b>
Trade payables	Creditors
Other payables	Accruals
Bank overdraft and loans	Loans repayable within 12 months
<b>Non-current liabilities</b>	<b>Long term liabilities/ Creditors: amounts falling due after 12 months</b>
Bank (and other) loans	Loans repayable after 12 months
Carry over	Net book value
<b>Capital or Equity</b>	<b>Capital</b>
Share capital	Share capital





**Textbooks and other resources**

These resources and publishers are correct at the time of writing. Pearson is happy to receive other suggestions from teachers for books or resources which are found to be useful, especially if comments are made on helpful sections of such books or resources.

**General textbooks**

The following is not a list of prescribed texts, but provides a range of alternatives from which teachers and students may like to choose.

Alan Sangster and Frank Wood – A Level Accounting 4th Edition  
(Financial Times/Prentice Hall, 2004) ISBN 0273631616

Alan Sangster and Frank Wood – Business Accounting Volume 1, 11th Edition  
(Financial Times/Prentice Hall, 2008) ISBN 9780273712121

Frank Wood and Sheila Robinson – Book-keeping and Accounts, 7th Edition  
(Financial Times/Prentice Hall, 2008) ISBN 9780273718055

Hilary Fortes – Accounting Simplified (Financial Times/Prentice Hall, 2011)  
ISBN 9780273734468

**Useful websites**

Institute of Chartered Accountants in England and Wales	<a href="http://www.icaew.co.uk">www.icaew.co.uk</a>
The Chartered Institute of Management Accountants	<a href="http://www.cima.org.uk">www.cima.org.uk</a>

**Chief Examiner's comments**

The IAL Accounting subject report, including the Mark Scheme and Chief Examiner's comments, is issued to centres after each examination session and can also be found on the international website: [www.edexcel.com/ial/accounting](http://www.edexcel.com/ial/accounting)







For more information on Edexcel or BTEC qualifications  
please visit our website: [www.edexcel.com](http://www.edexcel.com)

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Registered Office: Edinburgh Gate, Harlow, Essex CM20 2JE  
VAT Reg No GB 278 537121