



Pearson
Edexcel

Examiners' Report
Principal Examiner Feedback

Summer 2024

Pearson Edexcel International Advanced Level
In Accounting (WAC11) Paper 01
Unit 1: The Accounting System and Costing

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General comments

The Examiners noted that the standard achieved in this examination had improved from the standard seen in recent examinations. In general, the overall standard of responses in the May 2024 examination was considerably more robust than examiners had seen during the pandemic period. Hopefully, we have 'turned the corner' post pandemic and can now look forward with optimism. Centres are to be congratulated for their work in achieving this improvement in standard.

Candidates answered all questions on the examination paper consistently. In particular, it was noted that the costing elements of questions were again the less attractive options for candidates and more work still needs to be undertaken to ensure that candidates can answer these topics with confidence. However, candidates who did answer the costing sections generally prepared good responses to the questions. The evaluation element of each question was very well answered with a range of appropriately well-developed points. The evaluation general standard was a noticeable improvement on recent examinations.

Again, it was noted by the examiners that a small minority of candidates used abbreviations and lost varying numbers of marks. The examiners will not award marks where abbreviations have been used, b/d, I/S, P/L are examples of abbreviations which will not be accepted for marks to be awarded. Candidates should ensure that they record the narratives in full.

Although the standard of responses generally improved it was again noted that for a small minority of candidates for whom entry to the examination was premature and they could make little progress in answering the examination questions. They would have been better to develop their knowledge and application and enter a subsequent examination.

Specific Comments

Question 1

Candidates generally prepared very good answers to the question and particularly to the financial statement's preparation. The statement of profit or loss and other comprehensive income was generally substantially correct with expenses and incomes generally correctly calculated and posted. The only common errors were the calculation of bank loan interest and the inclusion of the profit on disposal.

The statement of financial position was again substantially correct. Appropriate headings were provided for the sections and assets and liabilities were accurately recorded.

When explaining the meaning of daywork and piecework, the candidates responses varied considerably but many lacked the precision of the definition required.

The evaluation of the scenario examined was well very answered by most candidates who considered a range of points both for and against the implementation of piecework.

Common errors

- The calculation of the bank loan interest where only a part payment has been made.
- The meaning of daywork and piecework and how it is calculated.

Question 2

Candidates generally prepared good answers to the question. The ratios calculated were generally accurate and appropriately labelled. However, the current and liquid (acid test) ratios of Beta were often incorrect because the bank overdraft had not been included in the current liabilities.

Candidates generally were able to make valid comments on the ratios that they had calculated for profitability and liquidity.

Candidates generally understood the meaning of goodwill but were less clear on how this would be calculated. They were also generally unclear about why the purchaser might pay a price above the net value of the assets to acquire a business with goodwill. There were many correct calculations of the value of the goodwill purchased, but candidates generally achieved full marks or were unable to make any calculation.

The evaluation of the effect of using information communication technology (ICT) in the two businesses was very well-answered. Candidates could generally present a range of points both positive and negative to explain the value of ICT to the two businesses and a suitable conclusion was made to the evaluation.

Common errors

- Calculation of liquidity ratios due to failure to include bank overdraft as a current liability.

- An understanding of why the goodwill of a business might be purchased and a calculation of the value paid for goodwill.

Question 3

Candidates were often unclear of the differences between a non-profit making club and a sole trader.

The subscriptions account was generally well constructed and presented although the sum to be transferred to the income and expenditure account was often included as the bank receipts.

The refreshment trading and income and expenditure accounts were generally substantially correct, with no common errors included.

The evaluation was really between raising subscriptions or taking a bank loan. A significant minority number of candidates concentrated on one source of finance to the exclusion of the other source. When a consideration of both sources was required.

Common errors

- Understanding of the differences between a non-profit making club and a sole trader.
- Evaluation based upon the concentration on one source of finance to the exclusion of the other source.

Question 4

Candidates were familiar with the meaning of the terms error of principle and suspense account. The journal entries to correct the errors were generally substantially accurate with correct narratives and values.

The calculation of the revised profit was substantially correct with accurate calculations and orientation of the increase or decrease in value.

Candidates were generally familiar with the use of International Accounting Standards and the evaluation of their use contained both positive and negative considerations.

Common errors

- There were no common errors on the question.

Question 5

There was a surprising lack of understanding of the causes of depreciation from candidates. This absence of understanding then continued into the rationale of why a business might use the reducing balance or straight-line methods when calculating depreciation for the year.

The calculation of the running costs of both cars were calculated with substantial accuracy, with no common errors. The calculation of the cost per kilometer was accurate.

The evaluation was generally answered well with candidates presenting a range of valid points for and against both vehicles. A minority of candidates did concentrate on one vehicle type to the exclusion of the other type which was not a full evaluation.

Common errors

- An understanding of the causes of depreciation.
- An understanding of the rationale of why a business might use the reducing balance or straight-line methods when calculation depreciation for the year.

Question 6

Candidates were generally aware of the use of allocation and apportionment. They could also re-allot overheads using the continuous allotment method with considerable accuracy.

Candidates generally accurately calculated the overhead rates per hour although a minority of candidates did use a divisor which included both the direct labour hours and the machining hours for each department added together.

The calculation of the over recovery or under recovery of the overheads was often not attempted and revealed a weakness in a candidate's application.

The evaluation of the use of overhead recovery rates was generally answered well with valid points made both for and against.

Common errors

- Calculation of the over or under recovery of the overheads.

Summary

Centres may wish to consider the following key points which emerged during the May 2024 examination to ensure that their candidates are best equipped to succeed in future examinations.

Key points for centres to consider

- An understanding of why the goodwill of a business might be purchased and a calculation of the value paid.
- Understanding of the differences between a non-profit making club and a sole trader.
- An understanding of the causes of depreciation.
- An understanding of why a business might use the reducing balance or straight-line methods when calculation depreciation for the year.
- Calculation of the over or under recovery of overheads.

