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Examiners' Report  
Principal Examiner Feedback

January 2025

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 was consistent with the standard seen in recent examinations. In general, the overall standard of responses in the January 2025 examination was more robust than examiners had seen during the pandemic period. Centres are to be congratulated for their work in achieving this improvement.

Candidates answered all questions on the examination paper consistently. In particular, it was noted that the clubs and non-profit-making organisations question was less attractive to candidates and more work needs to be undertaken to ensure that candidates can answer these topics with confidence. Although the standard of responses generally improved it was again noted that for a minority of candidate's entry to the examination was premature.

## **Specific Comments**

### **Question 1**

In general, candidates prepared very good answers for the financial statements. There were variations in the quality of the Statement of Profit or Loss and Other Comprehensive Income, with a number of candidates failing to recognise the need to make the required entries for the appropriation of the profit for the year.

The preparation of the current accounts was of a reasonable standard with the majority of candidates gaining over half marks. The common error being the omission of the salary paid entry on the debit side.

The Statement of Financial Position was, in the main, well answered, with appropriate headings for the assets and liabilities provided.

The evaluation of an appropriate source of finance for the purchase of the business was not answered well in the majority of cases. Too often candidates focused on the advantages and disadvantages of only one of the options which was not meeting the demands of the question.

### **Common errors**

- Incorrect calculation of the bank loan interest
- Omission of the salary paid entry
- Failing to adjust the 5% bank loan interest between non-current and current liability

## Question 2

The responses seen in this series indicated a lack of knowledge and understanding in preparing ledger accounts recording the purchase, sale and depreciation on non-current assets.

Candidates were able to state four types of error not revealed by the trial balance and were able to make the correct adjustments for the revised profit. A minority did not take note of the need to state "No effect" in adjustment 5 and so lost a mark. Centres should stress the need to carefully read the question before answering.

The explanations of depreciation and the application of the two concepts to depreciation differentiated between candidates. Better responses were able to identify the two notions required to explain the term depreciation. Many responses for the application of the concepts to depreciation merely offered a definition of the concept and did not develop their response into how this applied to the treatment of depreciation. Therefore were limited to a single mark for an understanding of the concept.

The preparation of the three ledger accounts differentiated between candidates. It was disappointing to see many blank responses on what is a core topic, but pleasing to see some fully correct ledger accounts, well presented with correct dates, narratives and amounts. A significant number of candidates were able to provide the correct amounts in the ledger accounts but failed to provide a suitable narrative. For example, if the question states that the payment was made by cheque then the correct narrative is Bank.

Generally, candidates prepared good responses when completing the Schedule of non-current assets.

The evaluation of the use of a single method and a single rate of depreciation differentiated between candidates. Better responses highlighted that a single method might not be suitable for all types of non-current asset and argued that a single rate of depreciation might not be appropriate if using the straight line method of depreciation. Weaker response focused on the fact it might be easier to calculate depreciation using a single method and single rate, such responses were limited to the lower levels of response.

### Common errors

- Incorrect narratives in the ledger accounts
- Not stating "original entry" for the error merely "original"

### **Question 3**

Candidates generally prepared good answers to this question. Candidates were able to state 2 reasons for the preparation of control accounts and were able to prepare the control accounts to a reasonable standard.

More able candidates were able to correctly calculate the closing balances of the two accounts from the information given in the question, weaker candidates balanced off the accounts without using this information.

For part c, the majority of candidates were able to provide 2 reasons for each scenario.

The evaluation of use International Accounting Standards (IAS) in the preparation of financial statements was well answered with the majority of candidates achieving level 2, with a minority achieving a level 3 response by providing a valid conclusion.

Common errors

- Omission of one of the contra entries in the control accounts
- Failing to calculate the closing balances of the control accounts from the information given

### **Question 4**

Candidates were able to demonstrate knowledge of the different aspects of social accounting and calculate the five ratios. In addition, they were able to use their answers to the ratios to offer relevant positive and negative points about the business.

The calculations of the trade payables amount and the bank balance proved challenging with many responses left blank. Few correct calculations were seen by examiners. Better candidates were able to calculate the value of the purchases and use this to calculate the maximum trade payables value.

The evaluation of the advice given to Bitani was generally well answered with candidates recognising that whilst profitability is a key measure when judging the future of a business other factors such as liquidity are also important.

Common errors

- Not displaying ratios to 2 decimal places
- Not including the bank loan in the calculation of ROCE

- Not deducting the maximum trade payables value from the actual trade payables value at the end of the year

### **Question 5**

This was the least popular question on the paper by some margin.

Many candidates had difficulty in adjusting the receipts value for annual subscriptions to take into account the opening and closing amounts in arrears and in advance, often getting the direction of the adjustment wrong. Whilst many candidates provided just an unlabelled number string in their response, it was pleasing to see a large number provide a ledger account in order to provide the value of the annual subscriptions. Candidates were able to calculate the profit made from the prize giving with a high degree of accuracy. Examiners saw many correct solutions.

Few candidates were able to successfully prepare the Income and Expenditure Account. The majority of candidates were able to correctly account for the Annual subscriptions and the Donations, better candidates included the profit from the annual prize giving but very few candidates were able to correctly account for the 10-year subscriptions. A minority of candidates prepared a ledger account which was not what the question demanded.

The evaluation of the 10-year membership scheme was well answered with candidates offering valid arguments for and against the scheme.

#### Common errors

- In the calculation of the annual subscriptions, adjusting in the wrong direction for the amounts in arrears and in advance
- Not accounting for the loss on the sale of the grass cutter

## **Question 6**

Candidates generally prepared good and accurate answers to this question. Many candidates were able to correctly calculate the values of the closing inventory, purchases and sales. Furthermore, they were able to use these figures to successfully prepare the Trading account. As with the previous question a small minority of candidates prepared a ledger account with opening and closing balances which did not meet the demands of the question.

The responses to the evaluation question were on the whole very well answered with many candidates achieving Level 3 with points in favour and against changing to FIFO with the required supporting conclusion.

### **Key points for centres to consider**

- Ensure that candidates take care to read the question fully and address the demands of the question fully.
- Ensure that candidates have full knowledge and understanding of the preparation of ledger accounts in the correct format. This should include the correct use of dates, the use of correct and full narratives, avoiding the use of abbreviations at all times
- When answering evaluative questions candidates should offer balanced arguments.
- When preparing Income and Expenditure Accounts and Trading accounts, candidates should recognise that these are types of financial statements and not ledger accounts.

