



Pearson
Edexcel

Examiners' Report
Principal Examiner Feedback

Summer 2024

Pearson Edexcel International Advanced Level
In Accounting (WAC12) Paper 01
Unit 2: Corporate and Management Accounting

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2024

Publications Code WAC12_2406_ER

All the material in this publication is copyright

© Pearson Education Ltd 2024

Introduction

There was a very wide range of marks attained by students sitting this paper, ranging from 184 out of 200, to 1. The mean was 51%, very close to the intended mean of 50%. The exam, therefore, was a very fair test of candidates' accounting knowledge and ability to apply and analyse that knowledge.

Question 1

This question returned a mean of just under 29 marks, very close to the intended mean of 27.5 marks, or 50%. It was the highest scoring of the two questions in Section A.

Responses for parts (a)(i) and (a)(ii), the purchases budget in litres and pounds (£) were very good, with candidates often achieving full marks. The trade payables budget in (b) was found a little trickier, with candidates sometimes struggling with the figure for September. Answers to (c), the sales budget, were good, for this straightforward task. Part (d), the inventory budget, was found trickier, as candidates had to decide on their own layout. However, it was good to see that most answers had a layout the same as the mark scheme. The trade receivables budget in (e) was answered with mixed responses. Many candidates failed to take into account the credit limit given in the question and had figures of over £200 000 owing in their tables. Part (f), the cash budget, saw mixed responses covering the full range of marks. Some candidates only picked up the own figure mark for totalling the columns. The amount paid by Gamma in September was found to be the most difficult.

Most answers in (g), the evaluation reached level 2, but only a limited number were able to attain a level 3 or 4 score.

Helpful hints for common problems:

- When completing a table in the question paper, candidates should not leave a blank space in a box if it requires a zero (0). Two rows in the July column required a zero but some answers saw nothing entered. Candidates should not expect to be rewarded with a mark for doing nothing!
- Candidates should try to show workings. Many answers failed to arrive at the correct figure for September for Gamma, which was worth 3 marks. However, they may have been able to pick up 1 or 2 marks if they had shown workings.
- To achieve the higher levels (ie levels 3 and/or 4) in the evaluation questions in section A, answers must ensure they specifically apply to the question being asked. This question specifically mentioned "budgets as a management tool for planning, forecasting and control". However, many answers merely produced a generic

response, listing advantages and disadvantages of budgets in general. Responses that related to the question being asked were appropriately rewarded.

Question 2

This question returned a mean of 26 marks which made it slightly the lowest scoring of the two questions in Section B. Part (a) of this question required entries in ledger accounts for the issue of shares. Overall, responses were reasonable. Some candidates had learnt the entries for an issue very well and scored high marks. Other candidates struggled with the detail required and the basics of debit and credit. Each entry clearly had a date stated in the question paper, but this was often omitted. Candidates must still expect some testing of double entry at A2.

Answers to (b), deciding between a bonus issue and a rights issue were usually correct. Some responses for (c) the differences between a bonus issue and a rights issue were good, but others lacked detail. Reasonable responses were received for (d), giving an example of how a bonus issue and a rights issue have the same effect. Part (e) involved a calculation of the gearing ratio that some candidates found a little tricky. However, it was good to see that a decent number of candidates attained the full six marks. The evaluation in part (f) was reasonably well attempted, with most candidates displaying some knowledge of ordinary shares and debentures and arriving at a conclusion as to which was the best to issue.

Helpful hints for common problems:

- Candidates should look closely at the layout of the ledger provided in the Question paper. For this question in part (a), there were columns clearly labelled "Date" but many candidates omitted dates, or omitted to include a year for the date. The Question paper also had "£ 000" at the top of the column for figures. However, some candidates ignored this and made entries showing six 0's instead of only the three 0's required. Candidates should also read instructions carefully in the Source booklet as it stated dates, opening and closing balances, and closure of accounts should be shown.
- Responses for (c) required a comment about each of bonus shares and a rights issue. An answer such as "Bonus shares do not involve the payment of any cash", clearly only covers one of the share types. Given that the command word was "Explain", this answer would not attain the full two marks.

Question 3

This question was the least popular question in section B and the lowest scoring.

In (a)(i), it was disappointing to see a good number of candidates could not look into the profit and loss extract and pick out two non-current assets that were rented. There were some credible reasons in (a)(ii) given for a change in inventory levels, but the figures did show an increase in inventory. Responses to (a)(v) usually scored well, with sensible reasons being suggested as to why the allowance for irrecoverable debts has increased. Answers to (a)(vi), finding the percentage rate of corporation tax, were usually accurate as candidates appeared confident with the calculations. It was disappointing to see many answers to (vii), explaining the term "audit fees", were not developed to any depth. There were a decent number of comments that could have picked up marks, but answers were often very basic. Candidates found part(b), entries in The Depreciation account and the Disposals account, pretty difficult, as it appeared that this area of knowledge was weak. Answers often required simple entries such as accurate dates. Quite a few answers omitted dates and others had the wrong dates e.g. including the wrong numbers for a month or even the wrong year. Debit and credit entries in the accounts were often found difficult.

Helpful hints for common problems:

The basics of double entry are still needed when answering the A2 paper, as was tested in (b). It is also important that candidates are aware of the format of the answer booklet when using large numbers. In this case, the top row showed "£ 000" which was included with the aim of not requiring candidates to write out so many "0's". If this was overlooked, candidates were only penalised one mark per section.

- Some answers to (c), the importance of disclosing Continuing and Discontinued activities were quite good, but many were rather weak. Candidates need to realise that questions may be asked about any part of the Specification. As a result, no parts of the Specification should be overlooked.

Question 4

This question was the second most popular question and the second highest scoring question in section B. Many candidates scored well on (a), arriving at the correct figures for the closing inventory valuation. It was disappointing, however, to see some candidates gave a monthly figure as they omitted to multiply by 12 to achieve the annual figure for sales. Part (b), the statement of profit or loss, was found more difficult as figures were often wrongly calculated or left out altogether. Answers to (c), calculating the unit cost of one card, were often accurate and scored the full 3 marks. Responses to (d), the disadvantages of marginal costing, usually lacked depth and only stated the disadvantage with no development. The evaluation in (e)

concerning a price offered by a customer, saw varied responses. Better answers were able to include figures and base their answer around marginal and absorption costing figures for production of one unit and the requested sales price.

Helpful hints for common problems:

- Candidates must always read the question carefully. This was exemplified in part (a) where the sales figure for the year was sometimes taken as 200 000 units, which was a monthly figure. This was clearly stated in the question.
- When the command word is "Explain" and it is clear that there are two marks for each point, candidates must be prepared to give some depth to their answer. Just stating the disadvantage to marginal costing, as in (d), is only likely to score 1 mark. A second mark would need development of the disadvantage.

Question 5

This question was the most popular question and the highest scoring question in section B. Candidates performed well in calculating the number of paintings required to break-even in (a). A full eight marks were often attained. Part (b) also saw candidates answering well with the profit usually being calculated correctly. The break-even calculation in (c) was answered fairly well. However, those that stated that the break-even number of paintings was 170.6, rather than round up to 171, maybe were not art lovers! The profit for selling from home was answered well in (d). The margin of safety in part (e) was generally found correctly by candidates. The evaluation in (f) was completed to a reasonable standard. Stronger answers included figures that were used to compare the shop with selling from home.

Helpful hints for common problems:

- In part (b), many candidates misread the question and thought that the fixed costs would be £55 a month. However, the question stated that "other fixed costs will fall by £55 a month". Another reminder to read the question carefully!
- In evaluations, performing some extra calculations will always be looked upon favourably. Good candidates may have calculated total revenues, margin of safety (for home selling) and profit as a percentage of sales to strengthen an argument.

Question 6

This question was the second least popular question and the second lowest scoring question in section B. Most candidates applied the correct layout format but often the detail included was incorrect. Many answers in (a)(i), the Cash flow from Financing activities, failed to notice

that the shares were not £1 each but were £0.50 shares. As a result, the total dividends paid were only a half of the correct figure. Section (a)(ii), the Cash flow from Investing activities, was found quite tricky, with few candidates able to correctly calculate the sale price of the property.

For (b) some candidates attempted to show a complete Operating activities section, despite not really having all the information to do this. This was disappointing as the question actually stated they should use the Total Financing figure and the Total Investing figure which were calculated in (a) to find the Cash flow from Operating activities.

It was good to see some stronger answers in (c), evaluating how well the company had managed its sources of finance, included fresh calculations that had been undertaken by the candidate e.g. the return on the ordinary shares. Weaker answers looked at the change in cash and cash equivalents and the causes of the decrease, which was not really answering the question.

Helpful hints for common problems:

- Candidates must ensure they use the correct term at the end of each section of a cash flow statement. If the figure at the end of a section is a minus figure, ie an outflow, the term, for example, "Net cash Used in Financing activities" must be applied. If the figure is positive, i.e. an inflow, then the term, for example, "Net cash From Financing activities" should be applied.
- The evaluation in (c) was usually of a level 1 or level 2 standard. Candidates often just gave isolated elements of knowledge. The nature of the question meant that application in this section should always be present. However, most candidates did not develop the sources to explain whether this was a good or a bad source, perhaps being determined by the return or interest charged.

