



Pearson
Edexcel

Examiners' Report
Principal Examiner Feedback

January 2019

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

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The standard achieved by candidates was variable in this examination. Many candidates demonstrated a thorough knowledge and application of accounting principles.

For a minority of candidates accessibility was limited and for these candidates taking the examination was premature without further development of their skills. However, Centres are to be congratulated for the good work that they are undertaking in preparing candidates for this examination. The majority of candidates demonstrated a thorough knowledge and application of accounting skills.

There were some common errors and these are detailed in this report, but overall the standard was good and appropriate to that required by the IAL. Centres would improve candidates' chances of success if a little more emphasis was placed upon the costing elements of the specification. Overall, costing remains a weakness.

The use of narratives in ledger accounts has been much improved in recent examinations, but standards achieved were lower in this examination and some candidates could have gained higher marks by paying closer attention to this aspect. The narrative used should not be the name of the account in which the entry is posted. **A few candidates still lose marks by unacceptable abbreviations for the narrative balance. The examiners will not accept b/d or b b/d, the narrative must be a minimum of bal or b/ce. For other narratives and to bring the IAL into line with IGCSE the examiners will no longer accept first letter initials for narratives such as I/S or P/L from the Summer 2019 examination. The words income statement or profit and loss must be used in full.**

Question 1

Candidates generally prepared good answers to the question, their understanding of financial statements remains strong. The capital accounts were generally accurate with the correct adjustments for goodwill. The income statement, current accounts and statement of financial position were substantially correct.

The evaluation demonstrated an understanding of the reasons for concepts and conventions from which candidates could prepare a balanced and considered argument together with a decision.

Common errors.

- Calculation of the bank interest and adjustment to the allowance for irrecoverable debts in the income statement.
- Calculation of the depreciation for the fixtures and computers.

Question 2

The income statement element of the question was answered well with many correct answers to the revenue and cost of sales which contained many components. The costing section of this question was not generally answered well by candidates. The calculation of the costs and total production cost of the sandwiches was not answered well although it was straight forward arithmetic. Candidates could also generally not calculate the selling price following the appropriate mark up.

The evaluation was stronger with candidates not only considering the cost elements but also the practical difficulties of running a manufacturing unit.

Common errors

- Calculation of the production cost of sandwiches.
- Calculation of selling price using mark-up.

Question 3

Candidates could generally explain the difference between errors of compensation and errors of reversal. The journals were substantially correct with the final adjustment for advertising causing most commonly incorrectly calculated and incorrectly posted.

The revised income statement was substantially correct with the advertising expenditure the most common error.

In the evaluation many candidates concentrated on the general advantages and disadvantages of ICT. The focus of the question was on how ICT can reduce errors.

Common errors.

- Journal for advertising expenditure.
- Evaluating the use of ICT not the role in restricting errors.

Question 4

Candidates were generally aware of differences between receipts and payments and income and expenditure. The calculation of the accumulated fund was often correct, but some candidates listed the life membership balance as an asset.

Candidates calculated the subscriptions in arrears, profit on competitions and refreshments with substantial accuracy. The life membership account and the income and expenditure account were presented in good format and substantially accurate.

The evaluation was generally well answered with a range of relevant arguments for and against.

Common errors

- Calculation of accumulated fund.

Question 5

This was the least popular question with candidates. This is generally the case with the costing question and centres need to consider devoting more time to the topic to improve their candidate's chances of success.

Candidates were generally aware of the meaning of the term job costing. The calculation of the chargeable hours was often incorrect and labour rate per hour miscalculated due to the use of an incorrect formula.

The overhead recovery rate was often miscalculated although the total overhead figure was given.

The quotation required the three elements of cost using the previously calculated rates. Candidates generally failed to include all three elements using their previously calculated rates. The apportionment of overheads between the three departments was answered well with many correct answers. The evaluation was also generally answered well with points for and against made and developed.

Common errors.

- Calculation of labour and overhead recovery rates.
- Preparation of a quotation.

Question 6

Candidates generally accurately calculated the liquid (acid test) ratio at the start of the period. Candidates could also generally suggest a number of valid reasons why the bank balance had deteriorated over the first trading period.

In (c) candidates could generally adjust the opening balances for transactions which occurred during the month to arrive at a closing balance. They could then calculate the ratio from the closing balances and make appropriate comments.

Evaluation of the value of credit control in reducing irrecoverable debts was not answered well. Candidates appeared to be unaware of a basic credit control procedure.

Common errors.

- Knowledge of a credit control procedure.

Summary

Centres continue to prepare candidates for the examination to a good standard giving them every chance of success. Centres may wish to consider the following to further enhance their student's chances of success.

- Ensuring that their students are accurate when entering **narratives** in ledger accounts. These need to be the name of the account which is the other element of the double entry, in full and not unacceptable abbreviations. Please note that with effect from the Summer 2019 examinations the examiners will not accept abbreviations such as P/L.
- Enhancing the **costing skills** of candidates.
- Providing candidates with a knowledge of **credit control** procedures.