



Pearson
Edexcel

Examiners' Report
Principal Examiner Feedback

October 2022

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 accept that this has been a difficult period for centres and candidates. In general, the overall standard of responses to the October 2022 examination were not as robust as the examiners had seen in June 2022 and other examinations during the pandemic. The candidates' knowledge, understanding and application to the scenarios examined was again not quite as thorough as previously seen. Within this examination candidates generally answered Section A questions well, but in the more specialist questions in Section B candidates did demonstrate some limited and incomplete knowledge on these topics. We appreciate the difficulties for centres and candidates through a pandemic period and we look forward positively to the future.

Centres are, however, congratulated for the preparation of their candidates under what are the most extreme of circumstances.

Specific Comments

Question 1

Candidates generally prepared very good answers to the financial statements. The calculations for the capital, purchases and sales were substantially correct. The income statement and financial position statement were usually presented in good format, and these were substantially accurate.

There were many excellent answers to the evaluation, but a minority of candidates just concentrated on the arguments for and against taking a partner. The loan option was completely omitted from the evaluation.

Common errors

- Most candidates failed to identify that there had been a profit on the sale of the motor vehicle to record in the income statement
- The evaluation often failed to consider the possibility of taking a loan as an alternative to admitting a new partner

Question 2

The trial balance was prepared and the effect of revised year-end adjustments on profit were answered well by candidates.

The preparation of the two ledger accounts was again substantially accurate in structure and numerical calculations but candidates need to ensure that the narratives are appropriate. Particularly, the narrative used within the account cannot be the name of the account in which it is recorded.

The explanations of the terms used in financial statements were generally limited and displayed gaps in the candidates' knowledge of concepts and terms. The examples given were therefore generally very limited.

Common errors

- Narratives used in the two ledger accounts e.g., the narrative rent payable should not be a narrative recorded within the rent payable account
- Knowledge of accounting concepts and terms and their application to financial accounts

Question 3

Generally, candidates' knowledge of job costing was weak. Most candidates failed to explain characteristics of job costing or the industries in which it might be used.

Candidates' application of the continuous allotment method was very good and almost all candidates were able to calculate an accurate hourly rate for the two productive departments.

In part (d), candidates were generally aware of the meaning of the term under-absorbed but generally could not suggest possible reasons why this has come about.

The evaluation of using Last In First Out (L.I.F.O) as an issuing value for raw materials was not as good as we had seen in previous examinations. Most candidates failed to consider both positive and negative points but provided only isolated comments.

Common errors

- An understanding of the term job costing and the industries where it might be used
- Failure to identify possible reasons for under-absorbed overhead
- Evaluation of the effects of using Last In First Out (L.I.F.O) when issuing raw materials

Question 4

Candidates generally were very accurate in calculating the ratios in parts (a) and (c). They were also substantially accurate in the projections for the year if the business was purchased and the proposed changes made.

The potential breaches of the social accounting principles were generally identified and developed by candidates. An appropriate evaluation and conclusion was then generally reached after consideration of the ratio percentages, the effect on profit and the social accounting implications.

Common error

- Calculation of the cost of sales after purchase

Question 5

Few candidates accurately calculated the capital of Ciara in part (a) although they were able to prepare accurate capital accounts and a bank account in parts (b) and (c). Again, candidates could have improved the accuracy of their answers by greater attention to the appropriateness of narratives.

The financial statement in part (d) was generally accurate but few candidates accurately calculated the value of the non-current assets following the adjustments for acquisitions and disposals and the depreciation adjustment.

In part (e), most candidates calculated the profit at £11 000 but failed to adjust for the effect of the salary paid to Dennis.

The evaluation was not answered well. Candidates had limited knowledge and understanding of floating capital accounts although this is a specific heading on the Specification.

Common errors

- Failure to calculate capital from opening assets and liabilities
- Evaluation of the use of floating capital accounts for partners

Question 6

Candidates generally prepared accurate journal entries to correct the errors. Narratives were appropriate and values generally accurate.

In part (b), candidates were very accurate in identification of the type of errors from part (a).

In part (c), the question did ask for adjustment of the closing balance, but many candidates adjusted the opening balance. This did cause some candidates some difficulties.

Candidates were generally aware of differences between errors of reversal and errors of compensation, and these were articulated by candidates.

The evaluation was variably answered and is a topic that we have covered before. Some candidates answered a question based on an option between cash and credit sales and others purely on types of errors. This was another evaluation where candidates need to ensure that they are answering the question set.

Common errors

- The calculation of the corrected closing balance of the account
- Evaluation not addressing the question set

Summary

Centres may wish to consider the following key points to ensure that their candidates are best equipped to succeed in future examinations.

Key points for centres to consider

1. Candidates should ensure that they have read the question and are answering what has been asked. Candidates needed to consider a loan versus a partnership in Question 1 not just a partnership. Also, in Question 6 many candidates failed to address the question.
2. More emphasis on candidates' knowledge and understanding of accounting concepts and principles.
3. Costing is an area where candidates seem to have difficulty displaying their knowledge and understanding. In this examination most candidates were unaware of the meaning of the term job costing and the industries where it might be used. They were also unclear about under-absorbed overheads or the effects of Last In First Out (L.I.F.O) when issuing raw materials.
4. An understanding of the working and possible consequences of using floating capital accounts in a partnership.

