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Examiners' Report

Principal Examiner Feedback

January 2023

Pearson Edexcel International Advanced
Subsidiary

In Accounting (WAC11/01)

Unit 1: The Accounting System and Costing

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IAL Accounting – The Accounting System and Costing

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General comments

The Examiners again accept that this has been a difficult period for centres and candidates. In general, the overall standard of responses to the January 2023 examination were not as robust as the examiners had seen in previous examinations prior to and during the pandemic. The candidates' knowledge, understanding and application to the scenarios examined was again not quite as thorough as previously seen. Again it was seen that 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 manufacturing account and income statement. Expenses were generally recorded in the correct sections of the appropriate accounts and were accurately calculated.

The ability to prepare the provision for unrealised profit account varied substantially with many correct answers but also many examples where candidates failed to attempt the question.

The evaluation was generally sound but candidates often offered a very limited range of arguments both for and against the proposal of buying rather than manufacturing the product.

Common errors

- An understanding of why the provision for unrealised profit is prepared.

Question 2

The capital accounts and current accounts of the partners were generally prepared accurately by candidates. Most candidates were also able to calculate the interest on capital and drawings percentages and the share of profit.

The preparation of the loan ledger accounts generally showed a great variation in the ability to prepare a ledger account from given information. Candidates need to ensure that the narratives used within the account are appropriate and are the name of the other account involved in the double entry. So often this was not the case.

The trade payables ledger control account was generally accurately prepared, but again candidates should be careful in the use of the correct narrative for each entry.

The extract from the financial statement was substantially accurate. Candidates were also generally aware of the importance of the business entity and money measurement concepts.

The quality of the evaluation varied with some candidates correctly highlighting the positives and negatives of complying with International Accounting Standards. However, a minority of candidates answered the question by explaining a range of specific accounting concepts and when they should be used.

Common errors

- Narratives used in the ledger account e.g the narrative 6% loan should not be a narrative recorded within the 6% loan account.
- Knowledge of the use of International Accounting Standards.

Question 3

Candidates' understanding of capital expenditure and revenue expenditure was excellent and their application to the characteristics of overheads was good.

In part (c) the calculation of the cost of operating one delivery vehicle was substantially correct with the common error being the cost of annual depreciation. Many candidates included the total cost of purchasing the vehicle in the first year costs.

The projection of income and expenses in part (e) were substantially accurate.

The evaluation was generally good with candidates suggesting both financial and non-financial reasons for the course of action.

Common errors

- Inclusion of the total cost of purchase of a non-current asset in the annual cost of a delivery vehicle.

Question 4

The accounts of non-profit making organisations are a topic which is regularly asked by the examiners. The question contained the common elements of subscription account, bank account, trading account and income and expenditure account detailed in the specification. Many candidates produced very poor answers with limited content.

As a result the evaluation often had little material to base an argument and a decision upon.

Common error

- Preparation of the subscription account, bank account, trading account and income and expenditure account of a not profit-making organisation.

Question 5

The question was generally answered well by candidates. The inventory valuation was generally accurately calculated and the trading account accurately prepared.

The ratios in part (d) were generally accurately calculated and as a result candidates were able to prepare an informative evaluation.

Common errors.

- There were no common errors observed.

Question 6

Candidates were generally familiar with the accounting concepts of prudence and consistency.

In part (b) candidate's ability to identify the accounting concept applicable to the scenario set was limited.

In part (c) many candidates reversed the adjustment to revenue for trade receivables but all other elements of the revised comprehensive income statement were substantially complete and correct.

In the evaluation candidates were generally able to present good arguments for cash and credit purchases which were valid.

Common errors.

- Calculation of revised revenue with impact of trade receivables reversed.

Summary

Centres may wish to consider the following key points which emerged during the January 2023 examination to ensure that their candidates are best equipped to succeed in future examinations.

Key points for centres to consider.

1. An understanding of why the provision for unrealised profit is prepared when businesses transfer goods from manufacturing to finished goods at a profit.
2. Accurate narratives in ledger accounts using the name of the other account in the transaction.
3. Knowledge of the use of International Accounting Standards, their advantages and drawbacks.
4. Preparation of the subscription account, bank account, trading account and income and expenditure account of a not profit-making organisation.

