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**Examiners' Report**  
**Principal Examiner Feedback**

**October 2020**

Pearson Edexcel International Advanced  
Subsidiary  
In Accounting (WAC11)  
Paper 1: The Accounting System and Costing

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## **Introduction:**

Students coped well with the October examination paper and Centre's are again to be congratulated for the preparation of their students. Students generally displayed a good knowledge and understanding of accounting principles and could then apply these principles to the scenarios set.

One general issue is that it became evident in this examination that many students failed to reach a decision in the evaluation section of many questions. Centre's and students should be aware that to obtain full marks in an evaluation question a decision together with reasoning for that decision.

## **Question 1:**

Students generally prepared very good answers to the question. The manufacturing, statement of profit or loss and other comprehensive income accounts and the statement of financial position were generally substantially accurate with many substantially correct answers.

Within the manufacturing account students generally prepared accurate answers with the correct groupings and narratives. A minority of students incorrectly recorded the production wages as a production overhead. All other aspects of the manufacturing account were generally accurately recorded.

In part (b) the calculation of the cost per jar was generally accurately calculated, but the value of the provision for unrealised profit caused difficulty with many students who did not accurately calculate the revised provision.

The statement of profit or loss and other comprehensive income was generally accurate. Some students failed to include the profit on production and the decrease in the provision for unrealised profit. The statement of financial position was complete and substantially accurate. The only common error was the adjustment of the inventory of finished goods for the provision for unrealised profit.

The evaluation of the decision to extend production and supply was answered well with a range of valid points raised for and against.

Common errors:

- Calculation of the revised provision for unrealised profit.
- Adjustment of the inventory of finished goods for the provision for unrealised profit in the statement of financial position.

## **Question 2:**

Responses to this question generally started well but students then often lost their way in completing the question. The four ratios were generally accurately calculated, students could generally explain liquidity and meaningfully comment on the ratios that they had calculated.

Very few students were able to accurately calculate the value of the goodwill. There was a mixed response to the calculation of the individual current asset and current liability balances at the end of the period. Most students were very accurate, but a minority of students did not equip themselves well on this part of the question being unable to identify the impact of the summarised transactions on the closing balances.

At this point in the question some students appeared to have been unable to meaningfully prepare the closing statement of profit or loss and other comprehensive income accurately or meaningfully calculate the closing current ratio and return on capital employed.

Students generally addressed the question and attempted to evaluate the change in the liquidity and profitability over the three-month period using their own figures.

Common error:

- Identifying the movement of balances of individual current assets and current liabilities resulting from the transactions within the period.

## **Question 3:**

Overall, the question was well answered. However, many students were unable to calculate the adjustment due to the change of depreciation method. Students were able to identify appropriate causes of depreciation for a computer. They were also aware of the significance of the two accounting concepts as they result to depreciation.

The calculation of the depreciation charge for the year was generally not accurately calculated. Students were however able to prepare the asset account and disposal account with considerable accuracy.

The evaluation considered a range of valid points both for and against, but this was one of those questions where students often failed to reach a decision on how to proceed.

Common error:

- The calculation of the annual depreciation at the end of the year where a change in method is proposed.

#### **Question 4:**

Students were generally aware of the effect of the loan and interest charge on the financial statements. Students also generally accurately calculated the 9% interest on drawings charged. The calculation of the share of profit to the two partners was generally accurately calculated.

The capital accounts and current account were generally very accurate. The only general omission was the loan interest in the current account. The evaluation contained a range of arguments for and against partnership generally with a recommendation.

Common errors:

- There were no common errors.

#### **Question 5:**

The question was primarily based upon numerical calculations. Students prepared answers demonstrating a wide range of accuracy.

Students were generally not aware of the meaning of the term productivity. Students were however generally able to calculate output per hour and identify the option with the highest productivity level.

Students generally were unable to give an accurate cost of the production lines from the scenarios set. The basic pay calculations were generally accurate, but the overtime and bonus payments were generally inaccurate.

Students were familiar with the issues for and against group bonus schemes and these were discussed in student's responses.

Common errors:

- An understanding of the meaning of productivity.
- Calculation of the cost of operating production lines from the scenarios set.

### **Question 6:**

Students were generally aware of the purpose of a suspense account. They could also identify most of the types of errors from the errors given. In the journal students were generally accurate and corrected the given errors.

The evaluation concerned the use of ICT (information and communication technology) in the books. A majority of students addressed this issue. However, a significant minority of students failed to address this issue and instead outlined general advantages and disadvantages of ICT. This was not the question set.

### **Paper Summary:**

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

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

- In the evaluation section of each question, a minority of students identified and developed points both for and against but failed to arrive at a decision. Centres may wish to work with students on this point as Section A questions have 3 marks and Section B questions 2 marks per question for arriving at a reasoned decision.
- Costing continue to be a weakness in the understanding and application of students. Centres may wish to review their approach to costing to improve the skills of students in addressing costing questions set.
- Students must also read the question carefully to ensure that they are answering the question set. In Question 6 many students saw ICT and stated a general range of advantages and disadvantages when the question was about ICT's ability to ensure that there are no errors in the books.

