

Examiners' Report/
Principal Examiner Feedback

January 2014

Pearson Edexcel International
Advanced Level in Accounting
(WAC01) Paper 01 The Accounting
System and Costing

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International Advanced Level Accounting (WAC01)

January 2014

General comments

Students were prepared particularly well for the January 2014 examination. Centres are again to be congratulated on their preparation of students.

Student's attention to detail was much improved, narratives and the balancing of accounts was substantially correct.

Specific comments

Question 1

Students generally prepared very sound answers to the financial statements. The common error made by students was a failure to adjust for the writing off of goodwill when calculating the interest on capital. The preparation of the opening journal was generally inaccurate with no narrative.

Common errors:

- Failure to prepare journal entries and/or narratives recording the opening capital of the partnership
- Calculation of interest on capital taking into account the reduction of capital following the writing off of goodwill
- The arguments for depreciating land and buildings.

Question 2

Students generally made accurate adjustments for the inventory adjustments, although many students had difficulty calculating the adjustments for sale or return goods and goods containing a mark-up. The Statement of Comprehensive Income was generally well prepared, but the recording of the other income items was inaccurate. The calculation of liquidity was generally accurate and the comments appropriate.

Common errors:

- Adjustments to inventory for sale or return goods and goods containing a mark-up
- Recording of other income.

Question 3

Students generally prepared accurate manufacturing accounts and statements of comprehensive income both in structure and content. The only common omission was the failure to record the profit on manufacture in statements of comprehensive income. The accounts for office computers were generally well prepared.

Common errors:

- Recording of the profit on manufacture in the statement of comprehensive income.

Question 4

The correction journals were generally well prepared. The Purchases Ledger Control Account was generally accurate with many of the correct adjustments for the errors. Students generally were unable to suggest possible reasons for a debit balance on the account. Students were aware of the value on control accounts to a business.

Common errors:

- Suggestions of possible reasons for a debit balance on the Purchases Ledger Account.

Question 5

Students prepared excellent answers with many achieving full marks.

Common errors:

- No common errors.

Question 6

Students generally prepared good answers to the question. Students calculated the mark-up and profit as a percentage of revenue accurately. Students were generally unable to suggest reasons for the variance in mark-up. Students generally defined return on capital employed, although many failed to state that the profit was before interest. Students identified goodwill and were aware of the reasons for its value to the business.

Common errors:

- Failure to suggest possible reasons for the actual mark-up achieved being greater than that projected
- Failure to define the profit in return on capital employed as being before interest.

Question 7

Students generally prepared an accurate Trial Balance. The Subscriptions Account was substantially correct with good narrations. The common error was to 'net' the donations from the bank receipts rather than record the two entries.

Common errors:

- Failure to record donations in the Subscriptions Account.

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