Examiners' Report/
Principal Examiner Feedback

January 2015

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

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General Comments

Centres are again to be congratulated on their preparation of students for the January 2015 examination. The vast majority of students prepared examination responses which were of good quality and in good IAS format. Students demonstrated the application of a wide range of accounting knowledge and skills throughout the paper. However, for a small minority of students, entry to the examination was premature.

Major strengths were demonstrated by students in the preparation of financial statements for the business entities set within the examination. The evaluation of business scenarios was again good with students generally offering a range of informed comments both for and against proposals, before reaching a measured conclusion.

Again, a general weakness was observed in the preparation of double entry book-keeping. This remains a continuing weakness observed from previous examinations. In Q3(c) few students were able to prepare ledger accounts over a three year period. The balancing of the accounts and the narratives used was often incomplete or inappropriate. In Q4 students could prepare journal entries in good format and with reasonable accuracy, but the posting of those journals to the ledger in part (b) of the question were often not accurate and without appropriate narratives. The preparation of ledger accounts remains an essential part of the IAL Accounting syllabus and centres should consider strategies to remedy this deficiency.

Specific Comments

Question 1

The question was generally answered well by students, who scored high marks on the question.

In part (a) many students omitted the opening bank balance in the calculation of the capital, but included all other elements. Part (b) was well presented and substantially accurate. Students generally showed all workings and should continue to do so. A breakdown of the calculation of revenue and purchases in student's answers enabled component marks to be awarded. This remains good practice by students.

In part (c) the quality of responses was mixed with some students able to suggest appropriate advantages of maintaining double entry accounts but other students were unable to make any valid points.

Common errors:

- Failure to include the opening bank balance in the calculation of capital
- Incorrect valuation of closing inventory
- Identifying advantages of using double entry accounts.

Question 2

Students generally prepared good answers to the question. In part (a) students allocated and apportioned the expenses to departments deriving a departmental profit for each department. The question did request a profit for the business as a whole which some students omitted.

The ratio calculations in parts (b), (d) and (e) were answered very well with many correct answers. Part (c) was less well answered with most students repeating the percentages calculated in part (b) without suggesting underlying reasons for the difference.

Common errors:

- Failure to calculate the profit for the business as a whole
- Failure to suggest valid possible reasons for the differences in the gross profit percentages.

Question 3

There were parts of the question which were answered very well and other parts where the responses were poor and demonstrated a general weakness in students underpinning knowledge of double entry.

In part (a) of the question answers were very accurate with the only common error was to fail to record the profit on disposal, some students recorded this as an expenditure. In part (b) students were generally aware of the difference between capital expenditure and revenue expenditure and could apply those principles to given scenarios.

Part (c) was generally very poorly answered. The accounts were often not balanced from year to year and narratives were often inappropriate. A significant number of students failed to attempt this part of the question.

Part (d) was answered well with many correct answers.

Common errors:

- Failure to record correctly the profit on disposal
- The application of double entry to the Equipment and Provision for Depreciation accounts.

Question 4

The question was generally answered well by students. Students prepared good answers to part (a) although error 1, did result in a range of values being tendered by students with 150 and 450 being common figures used. Students were less able to carry through their journal entries into the revised account in part (b). The failure to post the errors detailed in the journal into the account was common amongst students.

Part (c) of the question was very well answered with many students achieving full marks. A minority of students appeared not to have read the question and failed to name and explain. They only named but failed to explain, losing valuable marks.

Common errors:

- Posting errors from the journal to the ledger account
- Briefly explaining the errors not revealed by the trial balance.

Question 5

Students prepared answers to part (a) which were accurate and in good format. In part (b) there was a great diversity of answers with some students addressing the question but other students failing to explain the principle involved and the actions which would be taken.

Parts (c) and (d) were very well answered.

Common error:

- Ability to explain the purpose of a provision for unrealised profit.

Question 6

All parts of the question were very well answered. Responses were substantially accurate and were generally rewarded with high marks.

Common errors:

- None.

Question 7

Students were generally able to identify the concepts breached in part (a) of the question. The identification of concepts was much improved from recent examinations.

In part (b) the adjusted accounts were generally recorded with a high degree of accuracy. Some students omitted to prepare the adjusted income statement recording only the financial position statement.

Common errors:

- Failure to prepare an adjusted statement of comprehensive income.

Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:
http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx

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