

Examiners' Report/
Principal Examiner Feedback

January 2016

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

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January 2016

Publications Code IA042979

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International Advanced Level Accounting (WAC01) January 2016

General comments

Centres are to be congratulated on their preparation of students for the January 2016 examination. Students performed well across all questions in the paper both in Section A and in Section B.

International Accounting Terminology was much more widely used in this examination and the IAS layout of financial position statements is being adopted in most centres. This is positive progress.

Although there are still two legacy papers available for this specification centres moving to the new specification for June 2016 should note the requirements of levels based assessment of evaluation under the new specification. Many students currently state a number of advantages and disadvantages. This will still be important, but students will be required to reach a brief conclusion, having 'weighed' the arguments.

Specific Comments

Question 1

Students generally prepared good and accurate answers to the question. The manufacturing account was generally correct in format and with correct narratives. Some students did conclude the account at production cost and failed to record the transfer and profit on manufacture.

The income statement was substantially correct but with the general omission of the profit on manufacture. The financial position statement was accurate and well presented.

Students generally gave good and balanced arguments to evaluate the proposal in (b) arriving at a supported decision.

Common errors:

- Failure to record the transfer and profit on manufacture
- Failure to record the profit on manufacture in the income statement.

Question 2

The question was answered well by students. In part (a) the ratios were generally calculated accurately. The calculation of the return on capital employed was much improved from previous examinations. Students seemed to be somewhat uncertain as to why ratios had changed in (b). Students generally were able to identify reasons why the bank balance had increased.

The calculation of the current ratios was very accurate and students were generally aware of the implications of the change.

Evaluation was generally very good with students providing convincing arguments to support their responses.

Common errors:

- Uncertainty about why ratios might have changed in part (b).

Question 3

In part (a) students were aware of the difference between capital expenditure and revenue expenditure. Although students could distinguish between the capital expenditure and the revenue expenditure they generally failed to explain how this would be treated in the ledger and the financial statements.

The income statement and appropriation were generally accurate. The loan interest was often calculated as £1 600 and sometimes included in the appropriation of profit.

Most students were unaware of the term purchases ledger and often described the purchases account.

Students could present coherent arguments for trading as a partnership.

Common errors:

- Explanation of how capital expenditure and revenue expenditure would be treated in the ledger and the financial statements
- Inclusion of partners' loan interest in appropriation
- Explanation of the term purchases ledger.

Question 4

The question was generally answered well by students. In part (a) many students prepared a calculation rather than a statement of financial position and failed to gain full credit. The calculation of revenue and purchases was substantially accurate as were the financial statements.

Students were generally aware of the arguments for and against maintaining full double entry records.

Common errors:

- In part (a) preparation of a statement of financial position instead of a calculation.

Question 5

The costing question was answered more accurately than in previous examinations. The calculations of cost in part (b) was very accurate by the vast majority of students. There was also a good understanding of fixed and variable costs although students generally failed to state that variable costs increased directly/proportionately.

Students generally were unable to explain the revaluation method of depreciation. They were also generally unaware of the advantages and disadvantages of using straight line depreciation for a motor vehicle.

Common errors:

- An understanding that variable costs increase directly or proportionately
- An understanding of how the revaluation method of depreciation is calculated
- Knowledge of the advantages and disadvantages of straight line depreciation for a motor vehicle.

Question 6

Students were adept at identifying the accounting concepts in part (a) of the question. In part (b) the adjustment to the draft profit was not so well done with the correct figure being regularly calculated but the adjustment being incorrectly applied. Most notably, the £2 100 expenses were often added and the £1 360 expenses deducted.

In part (c) students had a good understanding of the value of concepts to the accounting process.

Common errors:

- Adjustment of the draft profit.

Question 7

Students were generally unclear about the circumstances in which a suspense account would be used or not used. Journals were substantially accurate with none of the five scenarios causing general difficulty to students.

The statement of financial position extract was generally prepared with substantial accuracy and it was good to see students clearly showing their workings which could be appropriately rewarded. Evaluation was appropriate to the scenario set.

Common errors:

- An understanding of when to use the suspense account.

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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