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# **Examiners' Report**

## Principal Examiner Feedback

January 2017

Pearson Edexcel International Advanced Level in  
Accounting (WAC11)  
Paper 01 The Accounting System and Costing

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## General Comments

Centres are again to be congratulated on the preparation of students for the January 2017 examination. Students demonstrated a wide range of accounting knowledge and skills throughout the paper.

Presentation of answers was in good format and it is pleasing to see that all students are now presenting their answers using International Accounting Standard (IAS) terminology and layouts.

The two major issues with the students work in this examination were firstly, students understanding and ability to prepare answers to question 5 on costing. Students struggled with an understanding of the costing terms and the presentation of profit analysis. Secondly, there remains an underpinning weakness in the preparation of double entry accounts, which in this paper were found in question 1.

Evaluation was generally good on all questions on this paper. The examiners would draw centres attention to the need for a concluding decision to the evaluation if the student is to achieve maximum marks. Many students did provide that concluding decision, but many more provided good developed points for and against without a conclusion. Centres are advised that to achieve the highest level in the levels based assessment a reasoned conclusion is required. Students just need to be reminded by their centres to provide a concluding decision so that the examiners can award marks at the highest level.

## Specific Comments

### Question 1

The application of double entry principles is still an issue with students. Many students did not attempt an answer and in many other cases answers were incomplete and inaccurate.

Students generally prepared accurate answers to the statement of profit and loss, current accounts and financial position statement. The only commonly seen errors were the failure to record the partners salaries already paid, in the current account, and to adjust the non-current assets in the financial position statement for the sale and purchase of the delivery vehicles.

The evaluation of the admission of a new partner was answered very well by most students who proposed a range of points for and against and generally arrived at a reasoned decision.

### Common errors

- Recording of Delivery Vehicle Accounts.
- Failure to record partners salary paid in current accounts.
- Incorrect adjustment of sale and purchase of delivery vehicles in non-current assets.

### Question 2

The statement of profit and loss was generally accurately prepared and presented in good format. The method of apportionment was generally accurately identified and calculated.

The evaluation of the proposal for closure of the café was well argued by students with a range of points for and against.

Students were less certain in explaining day work and group bonus schemes. Most students were unable to explain the term day work or explain the advantages of its use. Students generally could not explain the working of a group bonus scheme.

### Common errors

- Understanding of the remuneration systems of day work and group bonus scheme.

### Question 3

Students generally prepared good answers to the question. Gross profit and profit for the year to revenue were accurately calculated. The percentage return on capital employed was more accurately calculated than in recent examinations, but many students still did not adjust the profit for the interest on the bank loan.

The projected statement of profit and loss was generally well presented and accurate. The common error was the calculation of the cost of sales with £270 000 regularly seen. Students had just taken 10% from the existing cost of sales without accounting for the increased volume.

Students demonstrated a limited understanding of examples of social accounting. Their knowledge of ethical accounting was very weak.

Student's evaluation was generally good with a range of arguments for and against being made.

### Common errors

- Calculation of cost of sales accounting for increased volume.
- Limited explanation of social accounting factors and very limited understanding of the meaning of ethical accounting.

#### Question 4

The narratives for journal corrections were generally accurate. Students often failed to account for the numerical impact of entries which had been placed on the wrong side of the Kamila ledger account eg doubling of the £1 400 for the correction. Within the Kamila Account students accurately recorded the transfers from the Journal.

Students could generally explain the differences between compensation and reversal, and principle and commission.

The evaluation of the use of a trial balance was generally well presented.

#### Common errors

- Failure to account for the numerical impact of entries which had been placed on the wrong side of the Kamila ledger account.

#### Question 5

This question was generally poorly answered. Students generally knew the difference between mark up and margin. Students are still unaware of the difference between semi-variable and semi-fixed (step) costs and confuse the two.

In the calculation of the annual profit many students failed to distinguish between costs and incomes. Both of the raw materials sales and owners income based on an hourly rate were regularly shown as expenditure. This did not facilitate the calculation of a projected hourly rate. Often the business was shown as having no income. The job quotation was often inaccurate including overheads which had already been calculated in the labour rate.

The evaluation of the use of ICT was thorough and well presented.

#### Common errors

- Knowledge of the difference between semi-fixed and semi-variable cost.
- Distinguishing between incomes and costs when calculating the profit for the year.
- Calculating the hourly rate required to achieve a given income.
- Preparing a job quotation.

## Question 6

Students generally prepared good answers to all sections of the question. Students were aware of the difference between capital expenditure and revenue expenditure and could generally explain the difference between capital and capital employed.

The calculation of revenue and purchases was substantially correct, but many students failed to include the cash revenue and cash purchases. The statement of profit or loss was generally correct in structure and content using the own figures calculated in the previous section.

Evaluation of the failure to maintain double entry records was generally informed and well balanced.

### Common errors

- Omission of cash revenue and cash purchases from calculations.