



Pearson
Edexcel

Examiners' Report

Principal Examiner Feedback

January 2021

Pearson Edexcel International Advanced
Subsidiary

In Accounting (WAC11/01)

Unit 1: The Accounting System and Costing

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General comments

Candidates generally performed well in the January 2021 examination paper and Centres are again to be congratulated for the preparation of their candidates. Candidates generally displayed a good knowledge and understanding of accounting principles and could then apply these principles to the scenarios set.

Again, the general issue that many candidates failed to reach a decision in the evaluation section of many questions was evident for the second examination in succession. Centres and candidates should be aware that to obtain full marks in an evaluation section a conclusion/decision, together with appropriate reasoning for that decision should be provided.

Specific Comments

Question 1

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

The statement of profit, loss and other comprehensive income was generally substantially correct and accurate. Only the bank interest and allowance for irrecoverable debts caused problems in accurate calculation. The statement of financial position was complete and again was substantially accurate. The only common error was the failure to divide the bank loan between current and non-current.

In part (d) the preparation of the capital accounts. Most candidates started with the closing balances of £40 000 and £50 000 balances, before making the two correct adjustments. The basis of the question was that candidates needed to work back from £40 000 and £50 000 to the opening balances of £65 000 and £30 000.

The evaluation of the scenario of whether to admit an existing manager as a partner was generally answered well. Candidates considered a range of points both for and against before generally arriving at a reasoned conclusion.

Common errors.

- Failure to divide bank loan between current and non-current in the statement of financial position.
- Preparation of the capital accounts ending with the closing balances of £40 000 and £50 000.

Question 2

The question was generally answered well by candidates. The trial balance was substantially accurate with many correct calculations of the suspense account balance. Candidates were generally aware of the types of error in part (b).

The journal entries in (c) were substantially correct. Entries in the suspense account were generally correct from a double entry perspective although the narratives were often incorrect including the regular narrative suspense in the suspense account. Candidates often created a new balancing figure rather than using the balance calculated in the trial balance.

The standard of evaluations varied considerably. Many candidates considered the benefits and drawbacks of using ICT generally rather than relating it to the question which was as a tool to eliminate errors.

Common errors.

- Not transferring the suspense balance from the trial balance to suspense account.
- Evaluating the use of ICT generally rather than its use to eliminate errors.

Question 3

Overall, the question was well answered. Candidates generally could explain the concepts of going concern and business entity. The departmental trading account was generally in good format and accurately presented.

There were many correct answers to the value of goods stolen. The annual cost of the security system was often inaccurately calculated. Many candidates added the total capital cost to the annual maintenance cost.

The evaluation considered a range of valid points both for and against in arriving at a conclusion to purchase or not to purchase.

Common error.

- The calculation of the annual cost of the security system.

Question 4

Candidates generally understood the meaning of capital expenditure and could identify capital expenditure and revenue expenditure items.

The majority of candidates prepared the motor vehicle ledger accounts with considerable accuracy.

The evaluation of depreciation alternative methods was argued well by many candidates but less so by a significant minority who failed to demonstrate an understanding of the rationale for different depreciation methods.

Common error.

- Failure to understand the rationale for selection of different depreciation methods.

Question 5

Candidates were generally unsure why a business would use apportionment of costs to departments.

The number of hours that would be available for productive work in the year was generally accurately calculated. Activities that would not be directly recoverable from a customer invoked a variety of responses. Holiday and sickness are not accepted as business activities to be undertaken, nor are general costs such as depreciation. The key word is activities, undertaken within a normal working period.

The calculation of the profit/loss from raw material, labour and overheads were generally reasonably accurately calculated, and there were many correct answers.

Candidates were familiar with the term piecework and could present arguments for and against its use.

Common error.

- The reasons why a business would use apportionment of costs to departments.

Question 6

Candidates were generally aware of the terms liquidity and capital employed and could explain the meaning of each of these terms.

Ratios were generally accurately calculated. Candidates were able to apply the formulae accurately.

There were plenty of issues that could be cited in the evaluation and these were raised by candidates. Often candidates merely stated that one ratio for A was greater/smaller than Z. The examiners are looking for a qualitative judgement that one ratio is better/worse in one business rather than the other, ideally with some reasoning as development.

Common error.

- Reaching conclusions from ratios that are qualitative rather than quantitative.

Summary

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

Key points for centres to consider

The key points for centres to take forward in improving the performance of their candidates in the examination are very much the same as those which were identified in the October 2020 series. The main points were.

1. Again, in this examination the examiners observed that in the evaluation section of each question, a minority of candidates identified and developed points both for and against, often with excellent development, but failed to arrive at a decision. Centres may wish to work with candidates on this point as Section A questions have 3 marks and Section B questions 2 marks per question for arriving at a reasoned decision. 12 marks or 6% of the total mark will be allocated to decisions in every candidate's examination score.
2. Costing also continues to be a weakness in the understanding and application of candidates. Centres may wish to review their approach to costing to improve the skills of candidates in addressing costing questions set.
3. Candidates must also read the question carefully to ensure that they are answering the question set. In Question 2 many candidates 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.

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