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**Examiners' Report**  
**Principal Examiner Feedback**

**October 2021**

**Pearson Edexcel International Advanced  
Subsidiary in Accounting (WAC11/01)**

**Paper 1: The Accounting System and Costing**

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## **General comments**

Following a difficult period centres and candidates coped well with the October examination paper. Centres are again to be congratulated for the preparation of their candidates and candidate's ability to display their knowledge and understanding of accounting principles and then apply these principles to the scenarios set.

## **Specific Comments**

### **Question 1**

Candidates generally prepared very good answers to all sections of the question. The income statement and financial position statement were usually substantially accurate. The correct principles were applied to calculating all ratios and there were many correct answers.

The evaluation was generally well presented with many financial positives and negatives considered.

Common errors

- Calculation of the bank interest for the year. Many candidates failed to adjust for the interest accrued.
- Inclusion of the existing allowance for irrecoverable debts as a new expenditure in the income statement.

### **Question 2**

Again, candidates generally prepared very good answers to the question. The departmental profit and loss account was generally accurately prepared.

Many candidates failed in their understanding of the difference between inventory valuation and inventory rotation, although the question asked for inventory valuation, some candidates considered rotation. Candidates were however generally able to apply the Last In First Out calculation in part (c) with many correct answers.

The quality of the evaluations of the use of individual bonus varied greatly and were divided reasonably equally with half being thorough evaluations which considered a range of positives and negatives for the introduction of such a bonus scheme. The remaining half were very limited in their responses and failed to address the scenario set.

Common error

- Failure to understand the difference between the purpose of inventory valuation and inventory rotation and the purpose for which these will be used.

### **Question 3**

Overall, the question was answered reasonably well. The bank account was substantially accurate but it was common to find the 6% bank loan omitted and the general expenses paid incorrect, with no adjustment for the prepaid and accrued expenses.

The statement of profit or loss and the financial statement were substantially correct with the other payables accurately calculated.

The evaluation question was one which is a slight variation on a topic examined before. Many evaluations failed to address the key arguments, positive and negative, for maintaining formal records.

Common error

- Calculation of the general expenses in the bank account to the general expenses actually paid.
- Identify the arguments for and against maintaining formal records.

### **Question 4**

Candidates could generally identify a difference between receipts and payments and income and expenditure. The trial balance was generally substantially accurate but often with just one or two errors.

The subscriptions account was often inaccurate with incorrect narratives and a failure to bring down the balances correctly. The trading account and income and expenditure accounts were generally in good format and accurate.

The arguments both positive and negative for a 10-year membership were well argued.

Common errors

- Preparation of the subscriptions account with correct narratives and the bringing down of appropriate balances.

### **Question 5**

The manufacturing accounts presented by candidates varied greatly in accuracy. There were many correct or almost correct answers accurately calculated and presented. There was a significant minority for whom there was a lack of understanding in the calculation and presentation of a manufacturing account.

The entries required for the adjustment of a provision for unrealised profit demonstrated a considerable range of understanding. Some candidates were fully aware of the entries required but others were less familiar.

The evaluation generally was prepared with very limited arguments.

Common errors.

- An understanding of the correct calculation and presentation of a manufacturing account.

### **Question 6**

Candidates were generally aware of why a business would operate control accounts.

In (b) the trade receivables control account and the trade payables control account were generally substantially correct with appropriate narratives.

Candidates were generally aware of why a credit balance might occur on trade receivables and why a business would transfer a balance between control accounts.

The evaluation was generally well argued both for and against with a whole range of other considerations that must also be made

### **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.**

1. Candidates need to understand the difference between inventory valuation and inventory rotation and the purpose for which these will be used.
2. Identify the arguments for and against maintaining formal records.
3. In the accounts of non-profit making organisations the preparation of the subscriptions account with correct narratives and the bringing down of appropriate balances.
4. Further work need doing on the basic preparation of manufacturing accounts.