



Examiners' Report
Principal Examiner Feedback

January 2022

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

Paper 1: The Accounting System and Costing

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General

The Examiners accept that this has been a difficult period for centres and candidates. In general, the standard of responses to the January 2022 examination were not as robust as the examiners had seen in October 2021 and other examinations during the pandemic. The knowledge and its application to the scenarios examined was certainly not as thorough as previously seen. In particular other than the financial statements in Question 1 which were answered accurately and thoroughly, candidates demonstrated limited and incomplete knowledge on the remainder of the paper. It was particularly noted that the evaluations to all questions was extremely limited and in many cases no attempt was made to answer that section of each question.

Centres are however congratulated for the preparation of their candidates under what are the most extreme of circumstances.

Reports on individual questions

Question 1

Candidates generally prepared very good answers to the financial statements. The income statement and financial position statement were usually substantially accurate. The forecast statement projecting the results for home deliveries were generally complete and substantially accurate.

The evaluation varied quite substantially, ranging from a thorough analysis to a single sentence conclusion or a failure to attempt the question.

Common errors

- Calculation of the bank charges and loan interest for the year.
- An evaluation which failed to consider potential positives and negatives of the proposal.

Question 2

Elements of Question 2 were answered well, but other elements were not answered as well as what might have been expected.

The calculations of depreciation for the year varied greatly. Some candidates were extremely accurate but others failed to take account of any additions or disposals during the year. In general candidates either scored highly or very poorly on this section.

The inventory valuation was substantially accurate but few candidates factored in the calculation for net realisable value for one of the products.

The trade receivables ledger control account was answered well and was substantially accurate.

The evaluation of whether the business should continue to use the straight-line method of depreciation for all non-current assets often contained some rational elements of the arguments for and against such a decision. However, these were generally not developed or a conclusion reached.

Common errors

- Calculation of depreciation for the year.
- Effect of net realisable value on inventory valuation.
- The extract from the statement of financial position generally did not consider the allowance for irrecoverable debts.

Question 3

Overall, the question was answered reasonably well by many candidates. The understanding of the term liquidity was limited. The calculation of the four ratios was substantially accurate in most cases.

Candidates in commenting upon the liquidity ratios generally stated that a particular ratio was 'higher or lower than the year before' when what was required was a qualitative statement stating whether the situation had improved or deteriorated together with a reason for that change.

The evaluation was really a discussion between the prudence and historic cost concepts. Many candidates identified these concepts and prepared good arguments for one or the other.

Common errors

- Explanation of the meaning of liquidity.
- Failure to make qualitative comments on the effect of movements in ratios over the year.

Question 4

Candidates generally were unable to explain differences between floating and fixed capital accounts.

The journal entries in part (b) were generally accurate although many candidates failed to see that the goodwill was already in the books of account. They then proceeded to write the goodwill into the books of account and then write it out, where only the latter was required. This error then resulted in incorrect capital calculations for Amman and Belinda.

The appropriation account generally contained all the correct elements with the profit split in the correct ratio. The evaluation was well answered.

Common error

- Journalising the goodwill to write it into the books of account when it was already in the books.

Question 5

Candidates generally made a good attempt at the question. In part (a) answers were substantially correct although many candidates failed to allow for the wastage of material. The calculation of total labour and overhead costs were substantially accurate.

The evaluation was very limited in reasoning both for or against.

Common errors.

- Failure to include the cost of wasted material in the total cost of material.
- Evaluating whether apportioning overheads is beneficial to a business.

Question 6

Candidates could generally explain the two accounting concepts. The income statement was generally substantially complete and accurate.

Candidates did generally have difficulty preparing the bank account. Many candidates failed to adjust from the amount incurred to the amount paid for many of the items.

The evaluation was poorly answered and is a topic that we have covered many times before. Most candidates did not evaluate whether the business should maintain formal records.

Common errors.

- The preparation of a bank account from incomplete information.
- Evaluation of whether a business should maintain formal double entry records.

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. The calculation of depreciation for a period where there are purchases and sales of non-current assets during the year.
2. Effect of net realisable value on inventory valuation.
3. Failure to make **qualitative** comments on the effect of movements in ratios over the year.
4. Evaluations need to consider a number of points both for and against before arriving at a conclusion.
5. Identify the arguments for and against maintaining formal records.