



# Examiners' Report

## Principal Examiner Feedback

Summer 2023

Pearson Edexcel International Advanced Level  
In Accounting (WAC11/01)  
Unit 1: The Accounting System and Costing

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## **IAL Accounting – The Accounting System and Costing**

### **Examiners' Report – June 2023**

#### **General comments**

The Examiners noted that the standard achieved in this examination showed a marked improvement on some recent examinations following a difficult period for centres and candidates. In general, the overall standard of responses to the June 2023 examination were more robust than examiners had seen in recent examinations during the pandemic period. Centres are to be congratulated for their work in achieving this improvement.

However, it was seen that candidates generally answered Section A questions well and in the case of question one very well indeed, but in the more specialist application questions in Section B candidates did not always demonstrate the same progress with limited and incomplete knowledge on these topics. For a minority of candidates, entry to the examination was premature.

#### **Specific Comments**

##### **Question 1**

Candidates generally prepared excellent answers to all sections of this question. The departmental statement of profit or loss and other comprehensive income was generally substantially correct with expenses correctly calculated and apportioned between the two departments.

The statement of financial position was again substantially correct. Appropriate changes had generally been made to the fridges and equipment non-current asset. The current assets were generally correct, but a minority of candidates failed to make either of the two adjustments to the cash and bank. The capital and liabilities sections were generally accurate with the correct division between non-current and current.

The evaluation of the use of information communication technology (ICT) was generally extensive, wide ranging and well developed, with appropriate conclusions drawn.

##### **Common errors**

- There were no common errors or areas requiring improvement on this question.

## Question 2

This was a question that required the demonstration of many different accounting knowledge and skills. Candidates generally demonstrated the application of most of these skills.

Few candidates could accurately explain the roles of accounting.

There was a wide range of ability displayed in the preparation of the two ledger accounts. Examiners noted that the appropriateness of narratives used within the accounts varied substantially. Candidates need to ensure that they have used the name of the other account involved in the transaction, not a description of the payment method. Although the use of correct narratives for balances has improved substantially there are still candidates who use 'bd' or 'bbd'. The use of this narrative attracts no marks. In this part of the question 5 of the 10 marks available were for balances.

The journal entries to correct the ledger were generally accurate, A common error was to state 'trade receivable' instead of the name of the debtor.

Candidates could generally identify the three accounting concepts that had been broken and give a brief explanation as to why this had occurred. The suspense account was generally substantially correct from journals prepared previously.

Although candidates were aware of the meaning of net realisable value they were generally unable to apply it to the standard product in the question. In addition, many candidates applied the perpetual valuation rather than the periodic valuation to the inventory valuation.

The evaluations varied greatly. A majority of candidates addressed the advantages and disadvantages of using Last In First Out (LIFO) and prepared an appropriate conclusion from their arguments. A minority of candidates discussed inventory rotation not inventory valuation, concluding that the first inventory purchased would deteriorate or become obsolete.

### Common errors

- Explain the roles of accounting.
- The use of appropriate narratives in ledger accounts.
- The application of net realisable value to valuing inventory.
- Failure to read the question and apply perpetual valuation instead of periodic valuation.
- Failure to understand the difference between inventory rotation and inventory valuation.

### **Question 3**

Candidates' generally prepared accurate calculations of the profitability and liquidity ratios. There were many correct answers.

The comments about inventory turnover, liquidity and credit control often just compared the calculation with the sector average and stated that one was higher/lower than the other without stating whether this was good or bad for the business and making a failure to make some qualitative judgement.

Candidates could generally identify a range of non-financial factors that should be considered when purchasing a business and this was extended into the evaluation where candidates generally correctly identified that a purchaser should consider financial ratio analysis in addition to a range of non-financial factors.

Common errors

- Failure to provide qualitative judgements of ratios for inventory turnover, liquidity and credit control.

### **Question 4**

Many candidates could explain trade discount and cash discount and its use. A significant minority were unaware or gave the reversed definitions. The calculation of the closing bank balance was substantially accurate.

Candidates generally prepared an accurate income statement with the gross profit accurately shown. Very few candidates included the discount received and discount allowed but all other items were recorded generally accurately.

The statement of financial position generally contained elements which were correct but many elements were the result of incorrect calculations such as trade receivables, trade payables and other payables.

The evaluation of maintaining a full set of double entry records was generally argued well and contained a range of relevant points.

Common error

- An understanding of the difference between trade discount and cash discount.

## **Question 5**

There was a great range of the quality of work seen by the examiners. The calculation of the total wages generally contained all three elements, basic, overtime and bonus with a total derived. The basic and the bonus were generally accurately calculated, however, the overtime payment was often incorrect. The question was to calculate, many candidates displayed this as a formula string leaving the examiners to calculate. These examples received no marks.

Candidates generally accurately calculated the productivity of the three employees and could identify the most productive member of the team.

The calculation of the total wage under the proposed group bonus scheme was substantially correct but again candidates often miscalculated the overtime payment.

Candidates could identify a range of disadvantages of the group bonus scheme. Candidates need to ensure that they read the question carefully to ensure that they are answering this correctly. A minority of candidates evaluated the use of group bonus schemes generally and failed to answer the question set of how the scheme would impact upon one member of the team, Aadva.

Common errors.

- The calculation of individual elements must show the result of that calculation and not just be left in formula format for the examiner to calculate.
- Candidates need to read the question clearly and make sure that they are answering the question asked. The question was about the impact on Aadva, specifically.

## **Question 6**

Candidates could generally accurately complete the schedule of non-current assets and calculate the rates of depreciation charged in the year.

Candidates were generally aware of the reasons for depreciation and could prepare an account recording the disposal of non-current assets during the year.

In the evaluation many candidates answered the question whether to use straight-line or diminishing balance for different assets as opposed to answering the question which was solely about the use of the straight-line method.

Common errors.

- Candidates need to read the question clearly and make sure that they are answering the question asked. The question was about the straight-line method only.

## **Summary**

Centres may wish to consider the following key points which emerged during the June 2023 examination to ensure that their candidates are best equipped to succeed in future examinations.

### **Key points for centres to consider.**

1. Ensure that narratives used generally, but specifically in ledger accounts, are appropriate and are not abbreviated. Balancing of accounts with appropriate narratives which are unabbreviated.
2. Ensuring that candidates are answering the question set. Candidates should read the question carefully and then address that question.
3. Ensuring that when candidates are asked to calculate, that this process is completed and that the answer given is not a formula for the examiner to calculate the answer.
4. Further work is required to ensure that candidates are aware of the difference between inventory valuation and inventory rotation.
5. The difference between trade discount and cash discount and its use and recording.

