



# Examiners' Report Principal Examiner Feedback

January 2024

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

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## **General comments**

The Examiners noted that the standard achieved in this examination was consistent with the standard seen in recent examinations. In general, the overall standard of responses in the January 2024 examination was more robust than examiners had seen during the pandemic period. Centres are to be congratulated for their work in achieving this improvement.

Candidates answered all questions on the examination paper consistently. In particular, it was noted that the costing elements of questions were less attractive options to candidates and more work needs to be undertaken to ensure that candidates can answer these topics with confidence.

Although the standard of responses generally improved it was again noted that for a minority of candidate's entry to the examination was premature.

## **Specific Comments**

### **Question 1**

Candidates generally prepared good answers to the questions on the financial statements. There were variations in the quality of the manufacturing accounts prepared with major differences mainly of the items to be included in the prime cost. The statement of profit or loss and other comprehensive income was generally substantially correct with expenses generally correctly calculated. This statement did regularly include the total of the allowance for irrecoverable debts even though there was no adjustment to be made to the brought forward allowance.

The statement of financial position was again substantially correct. Appropriate headings were provided for the sections and assets and liabilities were accurately recorded.

Candidates fully understood the difference between capital expenditure and revenue expenditure. The calculation of the cost of production using the existing machinery or a proposed new machine varied greatly. Although there were many fully correct answers other candidates struggled to address the question.

The evaluation of whether the new machinery should be purchased or not was generally very well answered with a range of arguments for and against being made.

### Common errors

- The recording of costs in the manufacturing account and determining which costs were prime costs and which costs were overheads
- Inclusion of the existing total allowance for irrecoverable debts as an expense for the year
- Failure to identify the costs incurred by the new machine and to calculate the cost in total or per ton

### **Question 2**

Candidates generally prepared good answers to the question. The trial balance was generally prepared accurately and was substantially correct. Candidates generally balanced the trial balance by the inclusion of a suspense account. Candidates could also identify the type of errors involved and explain how such errors had occurred.

The correction of the errors by journal entries was not as robust as we have seen in recent examinations. Many candidates were unable to identify the correct ledger accounts to be adjusted.

The adjustments required to the draft profit calculation varied in quality substantially. The evaluation of the effect of using information communication technology (ICT) on the occurrence of errors was answered well by candidates. A range of arguments for and against were prepared and a suitable conclusion made.

### Common errors

- Identification of the ledger accounts to be adjusted by journal entries
- Calculation of the effect on the draft profit of errors made when posting entries to the ledger accounts

### **Question 3**

The need to manage total trade receivables to ensure the continued flow of cash to operate the business was understood by the majority of candidates who could explain how this could be managed effectively.

Candidates calculated the gross profit percentage, rate of inventory turnover and trade receivables collection period with accuracy. The calculation of the liquid (acid test) ratio was generally miscalculated which was surprising as all the component figures were given.

Candidates could generally identify possible reasons why the bank balance had decreased. The evaluation of the performance of the business during the year was generally well answered with candidates using the effect on ratios as the source of information.

#### Common errors

- Calculation of liquid (acid test) ratio from given figures

#### **Question 4**

The question was not a popular choice with candidates but those who did chose it generally generated high scores.

The soundness of the explanations of the terms in part (a) varied and particularly the explanation of allocation of overheads and apportionment of overheads was very limited.

The preparation of the cost of Job 652 was generally accurate for all the elements of cost for those candidates who prepared a quotation.

The evaluation of the possible change to piecework from day work as a means of remuneration was argued well with positive and negative points for each method developed.

#### Common errors

- An understanding of the allocation of overheads and the apportionment of overheads

#### **Question 5**

Candidates' knowledge of the accounting concepts of prudence and consistency varied considerably with some candidates unaware of the meaning of either concept.

Candidates' preparation of the ledger accounts generally resulted in the correct debit or credit entries. However, candidates generally used incorrect narratives to describe the entry. These should state the name of the account where the corresponding entry can be found but were often text taken from the question paper. In addition, invalid abbreviations were often used in the ledger accounts including 'l/S' and 'b/d' or 'b/bd'. It has been stated in previous examiners reports that these abbreviations will not attract marks.

The evaluation was generally answered well.

#### Common errors

- Limited understanding of the concepts of prudence and consistency

- In double entry accounts the use of correct narratives being the name of the other account involved
- The use of full narratives and not abbreviations. 'I/S' will not be accepted for income statement and 'b/d' or 'b/bd' will not be accepted for balance brought down.

### **Question 6**

The calculation of the cash and inventory stolen was accurately made by the majority of candidates. Candidates were also able to accurately prepare the control account, although many candidates failed to show how this informed the decision about restoring the inventory after the theft.

Candidates were generally unable to explain the role of accounting information in supporting a business.

The evaluation of the proposal to sell goods only on credit was well answered.

### Common errors

- Understand the role of accounting in a business

### **Summary**

Centres may wish to consider the following key points which emerged during the January 2024 examination to ensure that their candidates are best equipped to succeed in future examinations.

### Key points for centres to consider

1. The recording of costs in the manufacturing account separating those costs which were prime costs and those which were overheads.
2. Calculation of the effect on the draft profit of errors made when posting entries to the ledger accounts.
3. An understanding of the allocation of overheads and the apportionment of overheads.
4. In double entry accounts the use of correct narratives.
5. The use of full narratives and not abbreviations. 'I/S' will not be accepted for income statement and 'b/d' or 'b/bd' will not be accepted for balance brought down.
6. Understand the role of accounting in a business.

