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Examiners' Report Principal Examiner Feedback

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Pearson Edexcel IAL
In Accounting (WAC11)
Paper 01 The Accounting System and Costing

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General comments

Again, centres are to be congratulated for preparing students for this examination. Students demonstrated very good knowledge and application of accounting skills.

There were some common errors and these are detailed in this report, but overall the standard was good and appropriate to that required by the IAL.

Although evaluations remain good overall with points for and against and a decision recommended. Many students could improve their marks considerably if the points for or against had an appropriate amount of development. Often this only requires a single sentence. Levels based assessment requires relevant application to the scenario which carries a good proportion of the marks.

Specific comments

Question 1

Students prepared good answers to all sections of the question. The capital accounts generally recorded the correct adjustment for goodwill. The current accounts were substantially accurate and the income statement and financial position statement were substantially accurate and in good format. The evaluation generally considered a number of points for and against joining the partnership and arrived at a reasoned conclusion.

Common errors:

- Calculation of interest for the year on the bank loan
- Inclusion of the salary already paid to Bitan and Chaman as a debit in the current accounts.

Question 2

The majority of students identified the three errors requiring a suspense account from the seven errors in the question. A small minority of students merely listed the types of errors not revealed by the trial balance and received no marks for this part of the question.

The journals were reasonably accurate with the entries in the suspense account being accurately applied. A limited number of students still complete the journal to the book of original entry eg sales day book. The journal narrative must be made to the account. No mark will be awarded for a journal to a day book.

Entries to the three ledger accounts were generally accurate, although students should ensure that their narratives for entries are accurate. The adjustment of the draft profit was substantially accurate.

The evaluation was mixed, with the majority of students considering points for and against. A small minority of students focused their whole evaluation on the process of finding and correcting the errors. This was not the focus of the question and marks were lost.

Common errors:

- Listing errors not revealed by the trial balance in Q2(a)
- Recording the journal narrative as Sales Day Book
- Concentrating the evaluation on the process of correcting the errors.

Question 3

Students generally prepared accurate calculations of the revenue, purchases and closing inventory. Calculations of the bank balance often included miscellaneous other items but were substantially correct. The income statement was prepared with accuracy.

Students generally could identify the concept of business entity and describe its application. The method of revaluation was identified as the depreciation method used although students remain uncertain of how this method is calculated.

The evaluation was good and considered relevant points.

Common errors:

- Explaining the working of the method of revaluation for calculating annual depreciation.

Question 4

Students were able to explain the application of the concepts of going concern and consistency. The calculation of the annual depreciation for land and buildings and motor vehicles were generally accurate. Students were less certain about the calculation of the depreciation on loose tools using revaluation.

The schedule of non-current assets was completed using correct or own figures. Students coped well with this relatively new topic.

The evaluations were very limited. Students rarely challenged why land would be depreciated or whether 10% was an appropriate percentage for land and buildings, which would normally be charged at a much lower level.

Common errors:

- Application of method of revaluation for depreciation
- Evaluation challenge to depreciating land and charging 10% on land and buildings.

Question 5

Students generally appear less confident when answering questions on costing. Students could explain the term semi-variable cost but were less assured about allocation or absorption.

The apportionment in Q5(b) was substantially accurate with only the insurance sometimes causing a variation in answer. Hourly rates were accurately calculated from the students own figures.

The completion of a quotation continues to be challenging for students. The quotation must contain a cost for materials, labour and overheads, but often the labour element is omitted. This is a similar observation to previous examinations.

Students were aware of how apportionment worked but were limited in identifying its usefulness.

Common errors:

- Preparation of a quotation including materials, labour and overheads.

Question 6

Students were aware of the term liquidity and its importance. Students were less certain about the term profitability and often just described profit.

In Q6(b) the calculation was generally accurate but some students did record the loan taken out of £300 000 as a payment not a receipt. The ratios were generally accurately calculated which gave rise to valid points for and against which were included in the evaluation.

Common errors:

- Not identifying the difference between profit and profitability.

