

# INTERNATIONAL ADVANCED LEVEL

## Accounting

### SPECIFICATION

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Pearson Edexcel International Advanced Subsidiary in Accounting (XAC11)

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Pearson Edexcel International Advanced Level in Accounting (YAC11)

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For first teaching in September 2015

First examination June 2016

Issue 1



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(XAC11)

Pearson Edexcel International Advanced Level in Accounting (YAC11)

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### *Acknowledgements*

This specification has been produced by Pearson on the basis of consultation with teachers, examiners, consultants and other interested parties. Pearson would like to thank all those who contributed their time and expertise to the specification's development.

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## About this specification

The Pearson Edexcel International Advanced Level in Accounting is designed for use in schools and colleges outside the United Kingdom. It is part of a suite of International Advanced Level qualifications offered by Pearson.

This qualification has been approved by Pearson Education Limited as meeting the criteria for Pearson's Self-regulated Framework.

Pearson's Self-regulated Framework is designed for qualifications that have been customised to meet the needs of a particular range of learners and stakeholders. These qualifications are not accredited or regulated by any UK regulatory body.

**Structure:** two units comprising one IAS unit and one IA2 unit.

**Content:** updated, engaging and relevant to international customers using International Accounting Standard (IAS) terminology and requiring presentation in International Standard format.

**Assessment:** 100% external assessment, with January and June assessment opportunities.

**Approach:** designed using Pearson's Efficacy Framework, developed in line with world-class principles.

Students who successfully complete this qualification will have a good knowledge and understanding of the principles, concepts and techniques of accounting. This qualification provides a secure foundation for further study. It also provides a worthwhile course for students who will end their study at the International Advanced Subsidiary or International Advanced Level stage.

### Specification updates

This specification is Issue 1 and is valid for the Pearson Edexcel International Advanced Subsidiary and International Advanced Level examination from 2015. If there are any significant changes to the specification Pearson will write to centres to let them know. Changes will also be posted on our website.

For more information please visit: [qualifications.pearson.com/en/qualifications/edexcel-international-advanced-levels/accounting.html](http://qualifications.pearson.com/en/qualifications/edexcel-international-advanced-levels/accounting.html)

### Using this specification

This specification has been designed to give teachers guidance and to encourage effective delivery of the qualification. The following information will help you get the most out of the content and guidance.

**Compulsory content:** as a minimum, all the bulleted content must be taught.

Teachers should deliver the qualification using a good range of examples to support assessment of the unit content.

Students need to demonstrate knowledge of technical language where required.

**Depth and breadth of content:** teachers should prepare students to respond to assessment questions. Teachers should use the full range of content and all the Assessment Objectives given in *Specification overview*.

### Abbreviations

International Advanced Level – IAL

International Advanced Subsidiary – IAS

International Advanced Level 2 (the additional content required for an IAL) – IA2



## **Qualification aims and objectives**

The aims of the International Advanced Level in Accounting are to encourage learners to develop:

- an understanding of the importance of effective accounting information systems and an awareness of their limitations through a critical consideration of current financial issues and modern business practices
- an understanding of the purposes, principles, concepts and techniques of accounting
- the transferable skills of numeracy, communication, ICT, application, presentation, interpretation, analysis and evaluation in an accounting context
- an appreciation of the effects of economic, legal, ethical, social, environmental and technological influences on accounting decisions
- a capacity for methodical and critical thought which would serve as an end in itself, as well as a basis for further study of accounting and other subjects.





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# Specification at a glance

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## Unit overview

<b>IAS Unit 1: The Accounting System and Costing</b>	<b>*Unit code WAC11</b>	
<ul style="list-style-type: none"><li>Externally assessed</li><li>Availability: January and June</li><li>First assessment: June 2016</li></ul>	<b>100% of the total IAS raw marks</b>	<b>50% of the total IAL raw marks</b>
<p><b>Content summary</b></p> <p>Students will be assessed on their knowledge, understanding and skills of accounting systems and costing.</p> <p>The unit is divided into six topics:</p> <ol style="list-style-type: none"><li>Principles of accounting and double entry book-keeping</li><li>Control procedures</li><li>Financial statements of organisations</li><li>Introduction to costing</li><li>Analysis of accounting statements</li><li>Social and ethical accounting.</li></ol>		
<p><b>Assessment</b></p> <p>200 marks</p> <p>3 hours</p> <p>Section A – Two compulsory 55-mark, multi-part questions based on given data.</p> <p>Section B – Three optional 30-mark, multi-part questions from a choice of four.</p>		

\* See *Appendix 2* for description of this code and all other codes relevant to this qualification.

<b>IA2 Unit 2: Corporate and Management Accounting</b>	<b>*Unit code WAC12</b>	
<ul style="list-style-type: none"> <li>• Externally assessed</li> <li>• Availability: January and June</li> <li>• First assessment: June 2017</li> </ul>	<b>100% of the total IA2 raw marks</b>	<b>50% of the total IAL raw marks</b>
<p><b>Content summary</b></p> <p>Students will be assessed on their knowledge and understanding of and skills in corporate and management accounting.</p> <p>The unit is divided into nine topics:</p> <ol style="list-style-type: none"> <li>1. Limited companies</li> <li>2. Investment ratios</li> <li>3. Statement of cash flows</li> <li>4. Budgeting</li> <li>5. Standard costing</li> <li>6. Project appraisal</li> <li>7. Break-even analysis</li> <li>8. Marginal costing and absorption costing</li> <li>9. Information and communication technology (ICT) in accounting.</li> </ol>		
<p><b>Assessment</b></p> <p>200 marks</p> <p>3 hours</p> <p>Section A – Two compulsory 55-mark, multi-part questions based on given data.</p> <p>Section B – Three optional 30-mark, multi-part questions from a choice of four.</p>		

\* See *Appendix 2* for description of this code and all other codes relevant to this qualification.

# Specification overview

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## Summary of assessment requirements

Unit number and title	Level	Assessment information	Number of raw marks allocated in the unit
Unit 1: The Accounting System and Costing	IAS	200 marks 3 hours	200
Unit 2: Corporate and Management Accounting	IA2	200 marks 3 hours	200

## Assessment Objectives and weightings

		% in IAS	% in IA2	% in IAL
<b>AO1</b>	Demonstrate knowledge of accounting procedures and techniques and an understanding of the principles and concepts upon which they are based	30	20–25	25
<b>AO2</b>	Select and apply knowledge and understanding of accounting procedures, techniques, concepts and principles to a variety of accounting situations. Present accounting information in an appropriate format	40–45	40	42.5
<b>AO3</b>	Analyse financial information, interpret financial data and information and communicate reasoning, showing understanding	15–20	20–25	20
<b>AO4</b>	Evaluate financial and non-financial evidence and make informed recommendations and decisions	10	15	12.5
		100%	100%	100%

## Relationship of Assessment Objectives to units

Unit number	Assessment Objective			
	AO1	AO2	AO3	AO4
Unit 1	14%	20%	7%	9%
Unit 2	14%	20%	7%	9%
<b>Total for International Advanced Level</b>	28%	40%	14%	18%



# Accounting unit content

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Unit 1: The Accounting System and Costing	7
Unit 2: Corporate and Management Accounting	13

## Course structure

- The Pearson Edexcel International Advanced Level in Accounting comprises two units and contains an International Advanced Subsidiary (IAS) subset of one IAS unit.
- The International Advanced Subsidiary is the first half of the International Advanced Level course and consists of Unit 1. It may be awarded as a discrete qualification or contribute 50 per cent of the total International Advanced Level marks.
- The full International Advanced Level course consists of one IAS unit (Unit 1), plus one IA2 unit (Unit 2), which makes up the other 50 per cent of the International Advanced Level marks. Students wishing to take the full International Advanced Level must, therefore, complete both units.



# Unit 1: The Accounting System and Costing

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**IAS compulsory unit**

**Externally assessed**

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## Unit description

**About this unit** Students will be assessed on their knowledge and understanding of, and skills in, accounting systems and costing.

The unit is divided into six topics:

1. Principles of accounting and double entry book-keeping
2. Control procedures
3. Financial statements of organisations
4. Introduction to costing
5. Analysis of accounting statements
6. Social and ethical accounting.

## Assessment information

Examination length: 3 hours

Examination paper in 2 sections

Total for paper: 200 marks

# Unit content

## 1.1 Principles of accounting and double entry book-keeping

### What students need to learn

<b>Role and purpose of accounting</b>	1.1.1	The role of accounting as a need to record, analyse and communicate accounting information to users.
	1.1.2	The purpose of accounting information as an aid to the management of a business.
<b>Double entry system</b>	1.1.3	Transaction recording in books of account.
	1.1.4	Transaction recording in books of prime entry.
	1.1.5	End of period transfers and adjustments.
	1.1.6	Ledger accounts to create and maintain allowance for doubtful debts, including calculation from a schedule of trade receivables.
	1.1.7	The use of information and communication technology (ICT) in recording transactions and preparing reconciliations (control accounts, trial balance) and financial statements. Note: candidates will not be examined on the use of specific applications or software packages.
<b>Accounting concepts and conventions</b>	1.1.8	The concepts of going concern, prudence, accruals and consistency.
	1.1.9	The concepts and conventions of historic cost, materiality, money measurement, realisation and business entity.
	1.1.10	The use of International Accounting Standards (IAS).
<b>Capital expenditure and revenue expenditure</b>	1.1.11	Capital expenditure and revenue expenditure.
	1.1.12	The correct accounting treatment of capital expenditure and revenue expenditure with reference to relevant accounting concepts.
<b>Non-current asset depreciation</b>	1.1.13	The causes of depreciation of non-current assets.
	1.1.14	The reasons for charging depreciation on non-current assets.
	1.1.15	The depreciation of non-current assets using reducing balance, straight line and revaluation methods.
	1.1.16	Ledger accounts for non-current assets and provisions of depreciation.
	1.1.17	The effect on profit of different methods of depreciation.
	1.1.18	The effect on profit of a change in the method of depreciation.
	1.1.19	Disposal and disposal accounts for non-current assets.
	1.1.20	Schedule of non-current assets.

## 1.2 Control procedures

### What students need to learn

<b>Trial balance</b>	1.2.1	The trial balance.
	1.2.2	The limitations of a trial balance.
<b>Control accounts</b>	1.2.3	Control accounts as an independent check on receivable and payable ledgers.
	1.2.4	Control accounts for receivable and payable ledgers.
<b>Correction of errors</b>	1.2.5	The errors that do and do not affect the balancing of the trial balance.
	1.2.6	Journal entries to correct errors.
	1.2.7	The suspense account.
	1.2.8	Statements of revised profit.
	1.2.9	Correction of errors in control accounts.

## 1.3 Financial statements of organisations

### What students need to learn

<b>Financial statements of sole traders</b>	1.3.1	Statements of comprehensive income showing the gross profit and profit for the year.
	1.3.2	Statements of financial position.
<b>Year-end adjustments</b>	1.3.3	Prepaid or accrued income or expenditure.
	1.3.4	The nature and use of provisions.
	1.3.5	Provisions for depreciation.
	1.3.6	Bad debts and allowances for doubtful debts.
<b>Departmental records</b>	1.3.7	Statements of comprehensive income in columnar format to show departmental profits/losses.
<b>Incomplete records</b>	1.3.8	Statements of comprehensive income and statements of financial position from incomplete records and information.

## **Partnership**

- 1.3.9 Statements of comprehensive income and appropriation accounts.
- 1.3.10 Partners' current accounts and capital accounts on a fixed or floating basis.
- 1.3.11 Use of the Partnership Agreement in appropriation of profit/loss.
- 1.3.12 Provisions of Section 24 of the Partnership Act 1890 in relation to partners' salaries, division of profit or loss, interest on loans, capital and drawings.
- 1.3.13 Introduction (or retirement) of a partner, including the introduction of assets and treatment of goodwill.

## **Clubs and non-profit-making organisations**

- 1.3.14 Receipts and payments accounts.
- 1.3.15 Trading accounts of different activities.
- 1.3.16 Subscription accounts.
- 1.3.17 Long-term/ life membership.
- 1.3.18 Losses of inventory or cash.
- 1.3.19 Income and expenditure accounts and statements of financial position.

## **Manufacturers**

- 1.3.20 Manufacturing accounts with subheadings for prime cost, factory overhead, work in progress and production cost.
- 1.3.21 Allocation and apportionment of costs between products and functions.
- 1.3.22 Unrealised profit resulting from goods manufactured.

## **1.4 Introduction to costing**

### **What students need to learn**

#### **Valuation of inventory**

- 1.4.1 Characteristics of Last In First Out (LIFO), First In First Out (FIFO) and Net Realisable Value (NRV) as methods of inventory valuation.
- 1.4.2 Inventory valuations using FIFO and LIFO on a perpetual and periodic basis.
- 1.4.3 The effect of different methods of inventory valuation on profit and the statements of financial position inventory value.

#### **Labour costs**

- 1.4.4 Labour productivity.
- 1.4.5 Methods of remuneration, day work, piecework, individual and group bonus schemes.
- 1.4.6 Employer cost and employee earnings under different remuneration methods.

<b>Overhead costs</b>	1.4.7	The characteristics of overhead expenses, fixed, semi-fixed, semi-variable and variable.
	1.4.8	Allocation, apportionment and absorption of overheads.
	1.4.9	Apportionment and continuous allotment of service departments.
	1.4.10	Machine hour and labour hour rates per hour.
	1.4.11	Over absorption and under absorption of overheads.
	1.4.12	Characteristics of job costing.
<b>Job costing</b>	1.4.13	Job costing of batch production and customer orders.

## 1.5 Analysis of accounting statements

### What students need to learn

<b>Ratios</b>	1.5.1	Ratios:
		<ul style="list-style-type: none"> <li>• gross profit as a percentage of revenue</li> <li>• profit for the year as a percentage of revenue</li> <li>• percentage return on capital employed</li> <li>• non-current assets to revenue</li> <li>• inventory turnover</li> <li>• current ratio</li> <li>• liquid (acid test) ratio</li> <li>• trade payables payment period</li> <li>• trade receivables collection period.</li> </ul>
	1.5.2	The profitability, liquidity and use of asset ratios in appraising sole traders and partnership financial statements.
	1.5.3	Use of ratios to make future financial projections.

## 1.6 Social and ethical accounting

### What students need to learn

<b>Social accounting</b>	1.6.1	The implications of accounting decisions in the social context of the local community, environment, workforce, health and safety, and use of natural resources.
	1.6.2	Significance of non-financial factors.
	1.6.3	Effect of accounting decisions on different stakeholders.
	1.6.4	Ethics in accounting analysis and decision making.
<b>Ethics</b>		



# Unit 2: Corporate and Management Accounting

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**IA2 compulsory unit**

**Externally assessed**

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## Unit description

### About this unit

Students will be assessed on their knowledge and understanding of and skills in accounting systems and costing.

The unit is divided into nine topics:

1. Limited companies
2. Investment ratios
3. Statement of cash flows
4. Budgeting
5. Standard costing
6. Project appraisal
7. Break-even analysis
8. Marginal costing and absorption costing
9. Information and communication technology (ICT) in accounting.

## Assessment information

Examination length: 3 hours

Examination paper in 2 sections

Total for paper: 200 marks

# Unit content

## 2.1 Limited companies

### What students need to learn

#### Financial statements

- 2.1.1 Financial statements in accordance with International Accounting Standards (IAS) 1:
- statement of comprehensive income
  - statement of changes in equity
  - statement of financial position.
- 2.1.2 The role of the auditor and content and importance of the Auditors' Report and the Directors' Report, including the role of the auditor in corporate governance.
- 2.1.3 The importance of disclosing continuing and discontinued activities and the significance of exceptional items.

#### Capital structure

- 2.1.4 Capital reserves and revenue reserves.
- 2.1.5 How the following reserves are created and utilised:
- retained earnings
  - general
  - foreign exchange
  - share premium
  - revaluation
  - capital redemption.
- 2.1.6 Authorised, issued and called-up share capital.
- 2.1.7 Rights issues and bonus issues.
- 2.1.8 Ledger accounts and journal entries to record the issue of new shares, bonus issues and rights issues.
- Note: Candidates will not be examined on the forfeiture of shares.
- 2.1.9 The features of shares and debentures.
- 2.1.10 Capital gearing and its implications.
- 2.1.11 The creation and features of provisions.



## **Merger or purchase of limited companies**

- 2.1.12 Journal entries and ledger accounts for the purchase of a limited company or the merger of two companies:
- revaluation account
  - realisation account
  - sundry shareholders account
  - acquisition account
  - purchase of a limited company using shares or cash
  - merger of limited companies using shares or cash.
- 2.1.13 Calculation of purchase price of a company:  
revaluation of assets and liabilities
- 2.1.14 Statement of financial position of a limited company following purchase of or the merger with another company.
- 2.1.15 The calculation and correct treatment of goodwill.

## **2.2 Investment ratios**

### **What students need to learn**

#### **Investment ratios**

- 2.2.1 Investment ratios:
- earnings per share
  - price earnings
  - dividend per share
  - dividend yield.
  - dividend cover
  - return on capital employed.

Note: Candidates will need to be familiar with ratios relating to profitability, liquidity and use of assets tested in Unit 1.

## **2.3 Statement of cash flows**

### **What students need to learn**

#### **Statement of cash flows**

- 2.3.1 Statement of cash flows in accordance with International Accounting Standard (IAS) 7.
- 2.3.2 The importance of liquidity to a company.

## 2.4 Budgeting

### What students need to learn

- Budgeting**
- 2.4.1 The role of budgeting as a management tool for planning, forecasting and control.
  - 2.4.2 The process of budget preparation.
  - 2.4.3 Budgets for:
    - revenue
    - production
    - purchases
    - inventory
    - trade receivables
    - trade payables
    - capital
    - cash.
  - 2.4.4 Budgeted statement of comprehensive income and statement of financial position.
  - 2.4.5 Flexible budgets for variations in activity level.

## 2.5 Standard costing

### What students need to learn

<b>Standard costing</b>	2.5.1	The purpose of standard costing.
	2.5.2	The stages in establishing a standard costing system <ul style="list-style-type: none"><li>• collection of data from accounting records.</li></ul>
	2.5.3	Variances: <ul style="list-style-type: none"><li>• material variances (price, usage and total)</li><li>• labour variances (rate, efficiency and total)</li><li>• total fixed overhead variance</li><li>• total variable overhead variance.</li></ul>
	2.5.4	Possible reasons for variances.
	2.5.5	Possible interrelationships between variances.
	2.5.6	The principle of management by exception to variance analysis.

## 2.6 Project appraisal

### What students need to learn

<b>Project appraisal</b>	2.6.1	The application of: <ul style="list-style-type: none"><li>• net present value</li><li>• weighted average cost of capital</li><li>• profitability index</li><li>• internal rate of return.</li></ul>
	2.6.2	The application of the non-discounted methods: <ul style="list-style-type: none"><li>• average rate of return (accounting rate of return)</li><li>• payback period.</li></ul>

## 2.7 Break-even analysis

### What students need to learn

#### **Break-even analysis**

- 2.7.1 Calculation of fixed, semi-fixed, semi-variable, variable costs, selling price and net profit.
- 2.7.2 Contribution, break-even point and margin of safety.
- 2.7.3 Graphical representation of break-even analysis:
  - fixed costs
  - total costs
  - sales revenue
  - break-even point
  - margin of safety
  - angle of incidence
  - area of profit or loss.

## 2.8 Marginal costing and absorption costing

### What students need to learn

<b>Marginal costing and absorption costing</b>	2.8.1	The concepts of marginal costing and absorption costing.
	2.8.2	The advantages and disadvantages of marginal costing and absorption costing.
	2.8.3	The valuation of inventory using marginal costing and absorption costing.
	2.8.4	Marginal costing in decision making for: <ul style="list-style-type: none"><li>• the acceptance/refusal of new orders</li><li>• make or buy decisions</li><li>• the continuation/discontinuation of a service or manufacture of a product.</li></ul>
	2.8.5	Profit and loss statements using marginal costing and absorption costing.
	2.8.6	The preferred course of action when there are limiting factors.

## 2.9 Information and communication technology (ICT) in accounting

### What students need to learn

<b>Information and communication technology (ICT) in accounting</b>	2.9.1	The uses of ICT in accounting in relation to costing products or services and the provision of management information: <ul style="list-style-type: none"><li>• spreadsheets, e.g. for budgeting</li><li>• software packages available for producing invoices, debtors list, payroll, tax returns etc.</li><li>• Electronic Point of Sale for a stock control system.</li></ul>
	2.9.2	Advantages and disadvantages of using ICT in accounting, including audit trail, financial aspects, technical aspects, human aspects.  Note: Candidates will not be examined on the use of specific applications or software packages.

# Assessment and additional information

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## Assessment objectives

Students must:		% in IAS	% in IA2	% in IAL
AO1	Demonstrate knowledge of accounting procedures and techniques and an understanding of the principles and concepts upon which they are based	E	20–25	25
AO2	Select and apply knowledge and understanding of accounting procedures, techniques, concepts and principles to a variety of accounting situations. Present accounting information in an appropriate format	40–45	40	42.5
AO3	Analyse financial information, interpret financial data and information and communicate reasoning, showing understanding	15–20	20–25	20
AO4	Evaluate financial and non-financial evidence and make informed recommendations and decisions	10	15	12.5

## Entering candidates for the examinations for this qualification

Details of how to enter candidates for the examinations for this qualification can be found in the *International Information Manual*, copies of which are sent to all examinations officers. The information can also be found on our website [qualifications.pearson.com/en/qualifications/edexcel-international-advanced-levels/accounting.html](http://qualifications.pearson.com/en/qualifications/edexcel-international-advanced-levels/accounting.html)

## Resitting of units

There is one resit opportunity allowed for each unit prior to claiming certification for the qualification. The best available result for each contributing unit will count towards the final grade.

After certification, all unit results may be reused to count towards a new award. Students may re-enter for certification only if they have retaken at least one unit.

Results of units are held in the Pearson unit bank and have a shelf life limited only by the shelf life of this specification.

## Awarding and reporting

The International Advanced Subsidiary qualification will be graded and certificated on a five-grade scale from A to E. The full International Advanced Level will be graded on a six-point scale A\* to E. Individual unit results will be reported.

A pass in an International Advanced Subsidiary subject is indicated by one of the five grades A, B, C, D, E of which grade A is the highest and grade E the lowest. A pass in an International Advanced Level subject is indicated by one of the six grades A\*, A, B, C, D, E of which grade A\* is the highest and grade E the lowest. To be awarded an A\* students will need to achieve an A for the full International Advanced Level qualification and an A\* aggregate of the IA2 units. Students whose level of achievement is below the minimum judged by Pearson to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.

## Performance descriptions

Performance descriptions give the minimum acceptable level for a grade. See *Appendix 1* for the performance descriptions for this subject.

## Unit results

The minimum uniform marks required for each grade for each unit:

### Unit 1 and Unit 2

Unit grade	A	B	C	D	E
Maximum uniform mark = 300	240	210	180	150	120

Students who do not achieve the standard required for a grade E will receive a uniform mark in the range 0–119.

## Qualification results

The minimum uniform marks required for each grade:

### International Advanced Subsidiary cash-in code XAC11

Qualification grade	A	B	C	D	E
Maximum uniform mark = 300	240	210	180	150	120

Students who do not achieve the standard required for a grade E will receive a uniform mark in the range 0–119.

**International Advanced Level cash-in code YAC11**

Qualification grade	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Maximum uniform mark = 600	<b>480</b>	<b>420</b>	<b>360</b>	<b>300</b>	<b>240</b>

Students who do not achieve the standard required for a grade E will receive a uniform mark in the range 0–239.

To be awarded an A\* students will need to achieve an A for the full International Advanced Level qualification and an A\* aggregate of the IA2 units.

**Language of assessment**

Assessment of this specification will be available in English only. Assessment materials will be published in English only and all work submitted for examination must be produced in English.



## **Additional information**

### **Malpractice**

For up-to-date information on malpractice, please refer to the latest Joint Council for Qualifications (JCQ) *Suspected Malpractice in Examinations and Assessments*: document, available on the JCQ website [www.jcq.org.uk](http://www.jcq.org.uk)

### **Access arrangements and special requirements**

Pearson's policy on access arrangements and special considerations for GCE, GCSE, IAL and Entry Level is designed to ensure equal access to qualifications for all students (in compliance with the Equality Act 2010) without compromising the assessment of skills, knowledge, understanding or competence.

Please see the JCQ website ([www.jcq.org.uk](http://www.jcq.org.uk)) for their policy on access arrangements, reasonable adjustments and special considerations.

Please see our website ([qualifications.pearson.com](http://qualifications.pearson.com)) for:

- the forms to submit for requests for access arrangements and special considerations
- dates for submissions of the forms.

### **Equality Act 2010**

Please see our website ([qualifications.pearson.com](http://qualifications.pearson.com)) for information on the Equality Act 2010.

### **Prior learning and progression**

#### **Prior learning**

Students who would benefit most from studying an International Advanced Level in Accounting are likely to have a Level 2 qualification such as an International GCSE in Accounting at grades A\* to C.

#### **Progression**

This qualification supports progression into further education, training or employment.

## **Combinations of entry**

Only units achieved from this qualification may contribute to the certification of the International Advanced Subsidiary in Accounting or the International Advanced Level in Accounting.

## **Student recruitment**

Pearson's access policy concerning recruitment to our qualifications is that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

# Support, training and resources

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## Support

Pearson aims to provide the most comprehensive support for our qualifications. Here are just a few of the support services we offer:

- Subject Advisor – subject experts are on-hand to offer their expertise to answer any questions you may have on delivering the qualification and assessment
- Subject Page – written by our Subject Advisors, the subject pages keep you up to date with the latest information on your subject
- Training – see 'Training' below for full details.

For full details of all the teacher and student support provided by Pearson to help you deliver our qualifications, please visit [qualifications.pearson.com/en/qualifications/edexcel-international-advanced-levels/accounting.html](http://qualifications.pearson.com/en/qualifications/edexcel-international-advanced-levels/accounting.html)

## Training

Our programme of professional development and training courses, covering various aspects of the specification and examinations, is arranged each year on a regional basis. Pearson training is designed to fit you, with an option of face-to-face, online or customised training so you can choose where, when and how you want to be trained.

### Face-to-face training

Our programmes of face-to-face training have been designed to help anyone who is interested in, or currently teaching, an Edexcel qualification. We run a schedule of events throughout the academic year to support you and help you to deliver our qualifications.

### Online training

Online training is available for international centres who are interested in, or currently delivering our qualifications. This delivery method helps us run training courses more frequently to a wider audience.

To find out more information or to book a place please visit our website.

Alternatively, email [internationaltfp@pearson.com](mailto:internationaltfp@pearson.com) or telephone +44 (0) 44 844 576 0025

## Resources

Pearson is committed to ensuring that teachers and students have a choice of resources to support their teaching and study.

Teachers and students can continue to use their existing GCE A Level resources for International Advanced Levels.

To search for Pearson GCE resources, please visit [www.pearsonschoolsandfecolleges.co.uk](http://www.pearsonschoolsandfecolleges.co.uk)

To search for endorsed resources from other publishers, please visit [qualifications.pearson.com](http://qualifications.pearson.com)

# **Specifications, Sample Assessment Materials and Teacher Support Materials**

Specifications, Sample Assessment Materials (SAMs) and Teacher Support Materials (TSMs) can be downloaded from the International Advanced Level subject pages.

To find a complete list of supporting documents, including the specification, SAMs and TSMs, please visit [qualifications.pearson.com/en/qualifications/edexcel-international-advanced-levels/accounting.html](http://qualifications.pearson.com/en/qualifications/edexcel-international-advanced-levels/accounting.html)

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## **Appendix 1: Performance descriptions**

Performance descriptions describe the outcomes of learning and levels of attainment likely to be demonstrated by a representative candidate performing at the A/B and E/U boundaries for IAS and IA2.

In practice, most candidates will show uneven profiles across the attainments listed, with strengths in some areas compensating in the awarding process for weaknesses or omissions elsewhere. Performance descriptions illustrate expectations at the A/B and E/U boundaries of the IAS and IA2 as a whole; they have not been written at unit level.

Grade A/B and E/U boundaries should be set using professional judgement. The judgement should reflect the quality of candidates' work, informed by the available technical and statistical evidence. Performance descriptions are designed to assist examiners in exercising their professional judgement. They should be interpreted and applied in the context of individual specifications and their associated units. However, performance descriptions are not designed to define the content of specifications and units.

## Performance descriptions for Accounting

	<b>Assessment Objective 1</b>	<b>Assessment Objective 2</b>	<b>Assessment Objective 3</b>	<b>Assessment Objective 4</b>
Assessment Objectives	Demonstrate knowledge of accounting procedures and techniques and an understanding of the principles and concepts upon which they are based.	Select and apply their knowledge and understanding of accounting procedures, techniques, concepts and principles to a variety of accounting situations. Present accounting information in an appropriate format.	Analyse financial information, interpret financial data and information and communicate reasoning, showing understanding.	Evaluate financial and non-financial evidence and make informed recommendations and decisions.
A/B boundary performance descriptors	Candidates will be able to: Demonstrate both depth of knowledge and understanding of accounting.	Candidates will be able to: Demonstrate application of knowledge, understanding and numerical techniques.	Candidates will be able to: Analyse financial information, interpret financial data and information and communicate logical, coherent chains of reasoning, showing full understanding of connection between cause and effect.	Candidates will be able to: Evaluate and make informed recommendations from the evidence by assessing the current situations and its alternatives. Clear recommendations are based upon judgement of the evidence.
E/U boundary performance descriptors	Candidates will be able to: Demonstrate knowledge and understanding of some elements of accounting.	Candidates will be able to: Demonstrate sound application of only limited elements of knowledge, understanding and numerical techniques.	Candidates will be able to: Analyse financial information, interpret financial data and information. Some chains of reasoning are presented. Connections between cause and effect are incomplete.	Candidates will be able to: Evaluate and make informed recommendations from the evidence by assessing current situations. Recommendations are made on limited evidence and lack consideration of alternatives available.



## Appendix 2: Codes

Type of code	Use of code	Code number
Unit codes	Each unit is assigned a unit code. This unit code is used as an entry code to indicate that a student wishes to take the assessment for that unit. Centres will need to use the entry codes only when entering students for their examination.	Unit 1: WAC11 Unit 2: WAC12
Cash-in codes	The cash-in code is used as an entry code to aggregate the student's unit scores to obtain the overall grade for the qualification. Centres will need to use the entry codes only when entering students for their qualification.	IAS: XAC11 IAL: YAC11
Entry codes	The entry codes are used to: <ol style="list-style-type: none"> <li>1 enter a student for the assessment of a unit</li> <li>2 aggregate the student's unit scores to obtain the overall grade for the qualification.</li> </ol>	Please refer to the <i>Pearson Information Manual</i> , available on our website



## Appendix 3: Glossary of International Accounting Standards (IAS) terminology

The following is a glossary of the comparison between International Accounting Standards terminology and UK GAAP (Generally Accepted Accounting Practice in the UK) terminology. Examiners will use these terms throughout Unit 1 and Unit 2.

<b>IAS terminology</b>	<b>Previously used UK GAAP terminology</b>
Financial statements	Final accounts
<b>Statement of profit or loss and other comprehensive income</b>	<b>Trading and profit and loss account</b>
Revenue	Sales
Raw materials/ordinary goods purchased	Purchases
Cost of sales	Cost of goods sold
Inventory	Stock
Work in progress	Work in progress
Gross profit	Gross profit
Other operating expenses	Sundry expenses
Allowance for doubtful debt	Provision for doubtful debt
Other operating income	Sundry income
Investment revenues/ finance income	Interest receivable
Finance costs	Interest payable
Profit for the year	Net profit
Retained earnings	Profit/loss balance
<b>Statement of changes in equity (limited companies)</b>	<b>Appropriation account</b>
<b>Statement of financial position</b>	<b>Balance sheet</b>
<b>Non-current assets</b>	<b>Fixed assets</b>
Property	Land and buildings
Plant and equipment	Plant and equipment
Investment property	Investments
Intangible assets	Goodwill etc

<b>IAS terminology</b>	<b>Previously used UK GAAP terminology</b>
<b>Current assets</b>	<b>Current assets</b>
Inventory	Stock
Trade receivables	Debtors
Other receivables	Prepayments
Bank and cash	Bank and cash
<b>Current liabilities</b>	<b>Current liabilities/creditors: amounts due within 12 months</b>
Trade payables	Creditors
Other payables	Accruals
Bank overdraft and loans	Loans repayable within 12 months
<b>Non-current liabilities</b>	<b>Long-term liabilities/creditors: amounts falling due after 12 months</b>
Bank (and other) loans	Loans repayable after 12 months
<b>Capital or equity</b>	<b>Capital</b>
Share capital	Share capital
<b>Statement of cash flows</b>	<b>Cash flow statement</b>
<b>Other terms</b>	
Inventory count	Stock take
Carrying value	Net book value

## Appendix 4: Formulae

The formulae below will not be supplied in the examination. Please note that a formula may be applied in more than one section.

### Profitability

- 1 Gross Profit as a Percentage of Revenue =  $(\text{Gross Profit}/\text{Revenue}) \times 100$
- 2 Net Profit for the Year as a Percentage of Revenue =  $(\text{Net Profit for the Year}/\text{Revenue}) \times 100$
- 3 Percentage Return on Capital Employed =  $(\text{Net Profit Before Interest (NPBI)}/\text{Capital Employed}) \times 100$

For a sole trader or partnership (Capital Employed = Operating Capital + Non-current Liabilities (NCL))

- 5 Percentage Return on Capital Employed for Corporate Bodies =  $(\text{Net Profit Before Interest (NPBI)}/\text{Capital Employed}) \times 100$

For a Company (Capital Employed = Issued Shares + Reserves + Non-current Liabilities)

### Liquidity

- 5 Current Ratio =  $\text{Current Assets}/\text{Current Liabilities}$
- 6 Liquid Ratio (Acid Test) =  $(\text{Current Assets} - \text{Inventory})/\text{Current Liabilities}$
- 7 Rate of Inventory Turnover =  $\text{Cost of Sales}/\text{Average Inventory (Times per Accounting Period)}$
- 8 Trade Payables Payment Period =  $(\text{Trade Payables}/\text{Credit Purchases}) \times 365$
- 9 Trade Receivables Collection Period =  $(\text{Trade Receivables}/\text{Credit Sales}) \times 365$

### Use of assets

- 10 Revenue to Non-current Assets =  $\text{Revenue}/\text{Non-current Assets}$

## Investment

11 Gearing Ratio =  $(\text{Fixed Cost Capital (Debt)} / (\text{Total Capital Employed (Debt + Equity)}) \times 100$

12 Earnings per Share =  $(\text{Net Profit after Tax} - \text{Preference Share Dividend}) / \text{Number of Issued Ordinary Shares}$

13 Price Earnings Ratio =  $\text{Market Price per Share} / \text{Earnings per Share}$

14 Dividend per Share =  $\text{Total Ordinary Dividend Paid} / \text{Number of Issued Ordinary Shares}$

15 Dividend Yield =  $\text{Dividend Paid per Share} / \text{Market Price of Share}$

16 Dividend Cover =  $(\text{Profit after Tax} - \text{Preference Dividends}) / \text{Total Ordinary Dividend Paid}$

## Appendix 5: Command words used in examinations

The following table lists the command words used in the external assessments.

Command word	Definition
<b>State</b>	This requires the recall of one or more pieces of information.
<b>Identify</b>	This requires information to be selected from a range of possibilities, list or given stimulus.
<b>Define</b>	To state the precise meaning of an accounting term and/or provide a description.
<b>Comment</b>	The answer must include a simple statement based on the scenario and also a summary of why/how that statement is important to the scenario.
<b>Explain</b>	This requires a linked justification/exemplification of a point.
<b>Complete</b>	This requires the completion of a table or structure. This may include a calculation which will then be required to fill the incomplete table/structure.
<b>Prepare</b>	This will involve arranging financial information into a standard format.
<b>Calculate</b>	This will involve working out a numerical problem using mathematical processes and formulae, showing relevant working.
<b>Recommend</b>	This will involve suggesting a solution/decision by reviewing information from a scenario and providing a justification/exemplification for that choice.
<b>Evaluate</b>	This will involve reviewing information and then bringing it together to form a conclusion, drawing on evidence including strengths, weaknesses, alternative actions, relevant data or information. A supported judgement/decision will be reached in relation to its context.

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