Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Monday 20 October 2025

Morning (Time: 3 hours)

Paper reference **WAC11/01**

Accounting

International Advanced Subsidiary
UNIT 1: The Accounting System and Costing

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **both** questions in Section A and **three** questions from Section B.
- All calculations must be shown.
- Answer the questions in the spaces provided – *there may be more space than you need*.
- Do not return the Source Booklet with the question paper.

Information

- The total mark for this paper is 200.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question*.
- Calculators may be used.
- The source material for use with Questions 1 to 6 is in the enclosed Source Booklet.

Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.

Turn over

Pearson

SECTION A

Answer BOTH questions in this section.

Source material for Question 1 is on pages 2 to 4 of the Source Booklet.

1 (a) Prepare the:

(i) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 September 2025

(18)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(ii) Statement of Financial Position at 30 September 2025.

(17)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(b) Calculate the annual:

(i) cost of operating the proposed security system

(5)

(ii) saving or deficit of operating the proposed security system.

(3)

Anwar is reviewing the future of the business. He is considering closing the shop and making all sales online, cash with order.

(c) Evaluate the possible change of the business to sales online, cash with order.

(12)

(Total for Question 1 = 55 marks)

BLANK PAGE

QUESTION 2 STARTS ON PAGE 10

Source material for Question 2 is on pages 6 to 8 of the Source Booklet.

2 (a) Prepare the following ledger accounts in the books of account of Amos, **including** the transfer to the financial statements that will occur when these are prepared on 30 September 2025.

(i) Insurance Account

(5)

(ii) Rent Receivable Account.

(5)

(b) Prepare the trial balance at 30 September 2025.

(11)

Amos

Trial balance at 30 September 2025

	Dr	Cr
	£	£
Bank overdraft		
Capital		
Cash		
Discount allowed		
Discount received		
Drawings		
General expenses		
Insurance		
Inventory – 1 October 2024		
Non-current assets (at cost)		
Non-current assets (provision for depreciation)		
Purchases		
Rent payable		
Rent receivable		
Revenue		
Trade payables		
Trade receivables		
Wages and salaries		
Suspense		

(c) Prepare the Journal entries showing the correction of all errors.

Narratives are **not** required.

(10)

(d) State **three** types of error which would **not be revealed** by the trial balance.

(3)

1

2

3

(e) Explain the meaning of the following concepts and conventions.

(i) Money measurement

(2)

....

....

....

....

(ii) Realisation

(2)

....

....

....

....

(iii) Going concern.

(2)

....

....

....

....

(f) State **three** advantages of using Information and Communication Technology (ICT).

(3)

1 ....

....

2 ....

....

3 ....

....

Amos is considering expanding his business, which will require a substantial financial investment. To finance the expansion, Amos is considering offering a partnership to Bhutto, who will bring the necessary finance into the business.

Required

(g) Evaluate offering Bhutto a partnership.

(12)

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

SECTION B

Answer THREE questions from this section.

Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

If you answer Question 3, put a cross in the box ☐ .

Source material for Question 3 is on pages 10 and 11 of the Source Booklet.

3 (a) Prepare the Appropriation Section of the Statement of Profit or Loss and Other Comprehensive Income Account for the year ended 31 August 2025.

(5)

(b) Calculate the closing balances on the Current Accounts of Rayya and Tamish at 31 August 2025.

(5)

(c) Prepare the Capital Accounts of Rayya, Tamish and Anika on 1 September 2025.

(7)

(d) Prepare the Statement of Financial Position of the new partnership on 1 September 2025.

(7)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

The new partnership of Rayya, Tamish and Anika agreed to have a written Partnership Agreement prepared by a lawyer.

(e) Evaluate the decision of Rayya, Tamish and Anika to have a written Partnership Agreement prepared by a lawyer.

(6)

(Total for Question 3 = 30 marks)

If you answer Question 4, put a cross in the box ☒ .

Source material for Question 4 is on pages 12 and 13 of the Source Booklet.

4 (a) Explain the terms:

(i) trade discount

(2)

....

....

....

....

(ii) cash discount.

(2)

....

....

....

....

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(b) Prepare a Forecast Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 September 2026.

(20)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

A friend of Albe has advised that more profit could be made if Albe offered a 5% cash discount instead of offering a trade discount.

(c) Evaluate whether Albe should offer a trade discount or a cash discount.

(6)

(Total for Question 4 = 30 marks)

If you answer Question 5, put a cross in the box ☒ .

Source material for Question 5 is on pages 14 and 15 of the Source Booklet.

5 (a) Explain the terms:

(i) daywork remuneration system

(2)

....

....

....

....

(ii) apportionment of overheads.

(2)

....

....

....

....

(b) Prepare the Manufacturing Account of New Products for the year ended 31 August 2025.

(20)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

New Products values its inventory using the First In First Out (FIFO) method. Prices are rising and it is considering changing to the Last In First Out (LIFO) method.

(c) Evaluate whether New Products should change its inventory valuation to the Last In First Out (LIFO) method.

(6)

(Total for Question 5 = 30 marks)

If you answer Question 6, put a cross in the box ☒ .

Source material for Question 6 is on pages 16 and 17 of the Source Booklet.

6 (a) Explain how the owner of HNS Supplies would use the information derived from calculating the following ratios.

(i) Current ratio

(2)

....

....

....

....

(ii) Non-current assets to revenue ratio

(2)

....

....

....

....

(iii) Percentage return on capital employed.

(2)

....

....

....

....

(b) Calculate the:

(i) gross profit as a percentage of revenue

(2)

....

....

....

....

(ii) profit for the year as a percentage of revenue

(2)

....

....

....

....

(iii) inventory turnover (times per year)

(2)

....

....

....

....

(iv) liquid (acid test) ratio

(2)

....

....

....

(v) trade payables payment period (days)

(2)

(vi) trade receivables collection period (days)

(2)

(vii) value of the non-current assets of HNS Supplies.

(3)

(c) Advise the owner of HNS Supplies of **three positive** points from the ratios calculated in part (b).

(3)

1 ....

....

2 ....

....

3 ....

....

Ratios for a single year do not assist management to make decisions. More than one year's ratios will **always** be required.

(d) Evaluate this statement.

(6)

(Total for Question 6 = 30 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 200 MARKS

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

Pearson Edexcel International Advanced Level

Monday 20 October 2025

Morning (Time: 3 hours)

Paper reference **WAC11/01**

Accounting

International Advanced Subsidiary
UNIT 1: The Accounting System and Costing

Source Booklet
Do not return this Booklet with the question paper.

Turn over

P78812A

M:1/1/1/1/

P 7 8 8 1 2 A

Pearson

SECTION A

Answer BOTH questions in this section.

1 Anwar retails computer accessories direct from his shop premises.

The following balances were in his books of account on 30 September 2025.

	£
5% bank loan	10 000
Advertising expenses	3 100
Allowance for irrecoverable debts	200
Bank loan interest paid	350
Bank overdraft	7 250
Capital	60 000
Cash	950
Disposal account	400 Dr
Drawings	12 000
Electricity and water	1 900
Inventory – 1 October 2024	13 400
Manager's salary	11 800
Non-current assets (at cost)	
Premises	80 000
Computers and equipment	50 000
Fixtures and fittings	14 000
Premises running expenses	9 500
Non-current assets (provisions for depreciation)	
Premises	18 000
Computers and equipment	38 000
Fixtures and fittings	10 000
Purchase returns	1 750
Purchases	73 000
Revenue	140 000
Shop assistants' wages	11 900
Sundry expenses	4 200
Telephone and broadband	1 300
Trade payables	9 400
Trade receivables	6 800

Additional information at 30 September 2025

(1) Inventory, £12 150

(2) Advertising expenses include £1 800 for a campaign running from 1 June 2025 to 30 November 2025.

(3) Shop assistants' wages, £700, are accrued.

(4) The 5% bank loan was taken out on 1 October 2024. One quarter is repayable on 1 October of each year for the next four years from 1 October 2025.

(5) A legal claim from a customer who was injured in the shop has been made. A provision for the sum of £2 500 is to be created to cover the possible cost of the claim.

(6) Depreciation is charged on all non-current assets owned at the end of the year as follows.

- Premises at the rate of 2% per annum on cost
- Computers and equipment at the rate of 25% per annum using the reducing balance method
- Fixtures and fittings at the rate of 15% per annum using the straight-line method.

(7) A debt for £300 is considered irrecoverable. The allowance for irrecoverable debts is to be maintained on all remaining debts at a rate of 4% of trade receivables.

Required

(a) Prepare the:

(i) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 September 2025

(18)

(ii) Statement of Financial Position at 30 September 2025.

(17)

Anwar believes that there is a great deal of shoplifting (theft) from his shop. He is considering installing a security system that requires a security tag to be placed on each item and an alarm system that sounds if items are removed from the shop without payment.

Anwar estimates that goods costing £8 500 are lost each year through shoplifting (theft).

The costs of the security system are as follows.

(1) Purchase of security equipment for £12 000. The security equipment will have a life of six years, at the end of which it will have no residual value. Anwar will depreciate the security equipment using the straight-line method.

(2) Installation of the security equipment will cost £3 000

(3) A five-year contract for annual maintenance will cost £2 000 per annum.

(4) Placing security tags on all items for sale will take 10 hours per month of **each** of the two shop assistants' time. The shop assistants are paid at the rate of £5 per hour.

Required

(b) Calculate the annual:

(i) cost of operating the proposed security system

(5)

(ii) saving or deficit of operating the proposed security system.

(3)

Anwar is reviewing the future of the business. He is considering closing the shop and making all sales online, cash with order.

(c) Evaluate the possible change of the business to sales online, cash with order.

(12)

(Total for Question 1 = 55 marks)

BLANK PAGE

2 Amos is in business buying and selling goods.

The following information relates to the transactions in two of his ledger accounts for the year ended 30 September 2025.

Insurance Account

1 October 2024	Amos had prepaid insurance, £230
18 November 2024	Paid Eastern Insurance £780 by cheque for property insurance.
4 January 2025	Paid Dhaka Insurance premium of £500 by cheque less a 20% discount for no claims.
30 September 2025	Estimated prepaid insurance, £210

Rent Receivable Account

Amos rents out office space to another business at £50 per month.

1 October 2024	One month's rent was owing to Amos.
30 December 2024	Four months' rent was paid by cheque to Amos.
26 June 2025	Six months' rent was paid by cheque to Amos.

Required

(a) Prepare the following ledger accounts in the books of account of Amos, **including** the transfer to the financial statements that will occur when these are prepared on 30 September 2025.

(i) Insurance Account

(5)

(ii) Rent Receivable Account.

(5)

Amos prepared a trial balance at 30 September 2025 from the following balances. The trial balance failed to agree because Amos was aware that there were some errors in the books of account. He therefore opened a Suspense Account.

	£
Bank overdraft	7 000
Capital	15 000
Cash	570
Discount allowed	420
Discount received	650
Drawings	4 000
General expenses	6 120
Insurance	**Calculate from part (a)(i)**
Inventory – 1 October 2024	2 900
Non-current assets (at cost)	24 000
Non-current assets (provision for depreciation)	4 800
Purchases	20 800
Rent payable	3 000
Rent receivable	**Calculate from part (a)(ii)**
Revenue	50 800
Trade payables	1 850
Trade receivables	3 900
Wages and salaries	14 600

Required

(b) Prepare the trial balance at 30 September 2025.

(11)

On inspection of his books of account, Amos found that the following errors had been made.

(1) A purchase of goods costing £650 had been recorded in the Purchases Account as £560

(2) A payment to Amos, £400, had been posted to the Wages and Salaries Account.

(3) No entry had been made in the Cash Book for a cash sale of goods, £720

(4) A £250 payment to a supplier, J Ghi, had been posted to the account of J Ghent.

(5) Discount allowed, £180, had been credited to the Discount Received Account.

Required

(c) Prepare the Journal entries showing the correction of all errors.

Narratives are **not** required.

(10)

(d) State **three** types of error which would **not be revealed** by the trial balance.

(3)

Amos prepares his books of account using accounting concepts and conventions.

Required

(e) Explain the meaning of the following concepts and conventions.

(i) Money measurement

(2)

(ii) Realisation

(2)

(iii) Going concern.

(2)

A friend of Amos has suggested that he should purchase a computer and accounting software to maintain his books of account with the use of Information and Communication Technology (ICT).

Required

(f) State **three** advantages of using Information and Communication Technology (ICT).

(3)

Amos is considering expanding his business, which will require a substantial financial investment. To finance the expansion, Amos is considering offering a partnership to Bhutto, who will bring the necessary finance into the business.

Required

(g) Evaluate offering Bhutto a partnership.

(12)

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

BLANK PAGE

SECTION B

Answer THREE questions from this section.

3 Rayya and Tamish are in partnership sharing profits and losses three fifths to Rayya and two fifths to Tamish.

Interest on capital is paid at the rate of 6% per annum.

No salaries are paid to the partners.

No interest is charged on their drawings.

The following balances remained in the partnership books of account at 31 August 2025.

	£
5% loan to business from Rayya	6 000
Bank overdraft	11 000
Capital	
Rayya	40 000
Tamish	20 000
Current Accounts (1 September 2024)	
Rayya	2 000 Cr
Tamish	5 000 Cr
Drawings	
Rayya	8 000
Tamish	7 700
Inventory	20 300
Non-current assets (carrying value)	50 000
Profit for the year (before interest on loan and capital)	15 400
Trade payables	8 500
Trade receivables	21 900

Required

(a) Prepare the Appropriation Section of the Statement of Profit or Loss and Other Comprehensive Income Account for the year ended 31 August 2025.

(5)

(b) Calculate the closing balances on the Current Accounts of Rayya and Tamish at 31 August 2025.

(5)

On 1 September 2025 Rayya and Tamish agreed to admit Anika as a partner.
Their agreement stated:

(1) For the admission of Anika, it was agreed that the goodwill of Rayya and Tamish will be valued at £25 000. Goodwill will **not remain** in the books of account of the new partnership.

(2) The profit-sharing ratio of the new partnership will be two fifths to Rayya, one fifth to Tamish and two fifths to Anika.

(3) Anika will pay £15 000 into the partnership bank account as capital and she will also bring inventory valued at £11 000 and trade receivables valued at £14 000 into the partnership.

(4) Half of the loan to the business from Rayya will be repaid on 1 September 2025.

Required

(c) Prepare the Capital Accounts of Rayya, Tamish and Anika on 1 September 2025.

(7)

(d) Prepare the Statement of Financial Position of the new partnership on 1 September 2025.

(7)

The new partnership of Rayya, Tamish and Anika agreed to have a written Partnership Agreement prepared by a lawyer.

(e) Evaluate the decision of Rayya, Tamish and Anika to have a written Partnership Agreement prepared by a lawyer.

(6)

(Total for Question 3 = 30 marks)

4 Albe is in business buying and selling goods on credit.

The following is the summarised Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 September 2025.

	£	£
Revenue		250 000
Less		
Cost of sales		(150 000)
Gross profit		100 000
Less		
Wages	36 000	
Selling expenses	12 500	
Other expenses	6 500	
Depreciation	7 000	
		(62 000)
Profit for the year		38 000

Albe has been considering offering his regular customers a trade discount of 15% in the next financial year.

He forecasts the following for the next financial year commencing 1 October 2025.

(1) Trade discount will **apply to regular customers**, who account for 80% of total revenue.

(2) Trade discount will increase the goods sold to regular customers by 30%.

(3) The cost of sales will remain the same percentage of revenue as in the year ended 30 September 2025.

(4) Currently three workers are employed. The increased sales will require one additional worker to be employed. Wage levels of all workers will increase by 5%.

(5) Selling expenses will be £2 000 plus 3% of revenue.

(6) Other expenses will increase by £1 500. Price rises will raise the increased total by 7%.

(7) Additional non-current assets will be purchased at a cost of £20 000. The additional non-current assets will have a life of eight years and a residual value of £2 000. Albe uses the straight-line method of depreciation.

Required

(a) Explain the terms:

(i) trade discount

(2)

(ii) cash discount.

(2)

(b) Prepare a Forecast Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 September 2026.

(20)

A friend of Albe has advised that more profit could be made if Albe offered a 5% cash discount instead of offering a trade discount.

(c) Evaluate whether Albe should offer a trade discount or a cash discount.

(6)

(Total for Question 4 = 30 marks)

5 The following were some of the balances available from the books of account of New Products on 31 August 2025.

	£
Canteen expenses	22 000
Carriage on raw materials	7 750
Electricity	13 750
Factory wages	75 000
General expenses	12 000
Inventory – 1 September 2024	
Raw materials	9 800
Work in progress	16 400
Management salaries	58 000
Non-current assets (at cost)	
Factory machinery	120 000
Other equipment	50 000
Non-current assets (provisions for depreciation)	
Factory machinery	40 000
Other equipment	10 000
Purchases of raw materials	81 000
Rent of premises	24 000

Additional information at 31 August 2025

(1) Inventory – Raw materials £15 750
Work in progress £17 600

(2) Half of the general expenses relate to the factory. 40% of the general expenses were direct.

(3) The factory occupied 75% of the floor space of New Products' premises.

(4) Two of the five managers employed are responsible for the factory.

(5) 80% of the electricity is used by the factory. £250 was accrued for electricity at the end of the year.

(6) New Products' 20 employees use the canteen; 14 of those employees work in the factory.

(7) Depreciation on factory machinery and other equipment is charged at the rate of 20% using the diminishing balance method. The factory uses the other equipment 25% of the time.

(8) Finished goods were transferred from the factory to the warehouse at a value of £245 000

Required

(a) Explain the terms:

(i) daywork remuneration system

(2)

(ii) apportionment of overheads.

(2)

(b) Prepare the Manufacturing Account of New Products for the year ended 31 August 2025.

(20)

New Products values its inventory using the First In First Out (FIFO) method. Prices are rising and it is considering changing to the Last In First Out (LIFO) method.

(c) Evaluate whether New Products should change its inventory valuation to the Last In First Out (LIFO) method.

(6)

(Total for Question 5 = 30 marks)

6 The following information is available from the books of account of HNS Supplies on 30 September 2025.

	£
6% bank loan (repayable 2028)	15 000
Capital – 30 September 2025	20 000
Cost of sales	270 000
Bank overdraft	5 000
Expenses (including depreciation)	81 000
Inventory – 30 September 2025	18 000
Non-current assets (carrying value)	**To be calculated**
Revenue	450 000
Trade payables	35 000
Trade receivables	30 000

Additional information

(1) Inventory at 1 October 2024 was £28 000

(2) All purchases were on credit.

(3) 80% of sales were on credit.

Required

(a) Explain how the owner of HNS Supplies would use the information derived from calculating the following ratios.

(i) Current ratio

(2)

(ii) Non-current assets to revenue ratio

(2)

(iii) Percentage return on capital employed.

(2)

(b) Calculate the:

(i) gross profit as a percentage of revenue

(2)

(ii) profit for the year as a percentage of revenue

(2)

(iii) inventory turnover (times per year)

(2)

(iv) liquid (acid test) ratio

(2)

(v) trade payables payment period (days)

(2)

(vi) trade receivables collection period (days)

(2)

(vii) value of the non-current assets of HNS Supplies.

(3)

(c) Advise the owner of HNS Supplies of **three positive** points from the ratios calculated in part (b).

(3)

Ratios for a single year do not assist management to make decisions. More than one year's ratios will **always** be required.

(d) Evaluate this statement.

(6)

(Total for Question 6 = 30 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 200 MARKS

BLANK PAGE

BLANK PAGE

BLANK PAGE