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Mark Scheme (Results)

October 2022

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

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

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1(a)(i) **AO1(2) AO2(2)**

AO1: Two marks for totalling assets and including bank overdraft

AO2: Two marks for including loan, wages accrued and calculating capital

Assets		**Liabilities**	
	£		£
Computer	8 000	Bank overdraft	8 900 **(1)** AO1
Equipment	11 000	5% bank loan	4 000 **(1)** AO2 All 3 items
Motor vehicle	3 000	Trade payables	6 100
Inventory	10 900	Wages accrued	400
Trade receivables	5 600		19 400
	38 500 **(1)** AO1 All items	Capital	19 100 **(1of)** AO2

(4)

(a) (ii) **AO1(3) AO2 (2)**

AO1: Three marks for starting with cheques received and inclusion of cash receipts

AO2: Two marks for adjusting receipts for opening and closing trade receivables and calculating total sales

	£	£
Credit sales		
Cheques from customers	71 400 **(1)** AO1	
Plus Trade receivables 30 September 2022	7 800	
	79 200	
Less Trade receivables 1 October 2021	(5 600) **(1)** AO2	
		73 600
Cash sales		
Cash sales banked	19 600 **(1)** AO1	
Payments made before banking	13 200 **(1)** AO1	
		32 800
Total sales		106 400 **(1of)** AO2

If two items

(5)

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(a) (iii) **AO1 (2) AO2 (2)**

AO1: Two marks for starting with payments to suppliers and adjusting for refunds

AO2: Two marks for adjusting receipts for opening and closing trade payables and calculating total purchases

	£	£
Payments to suppliers	58 000 **(1)** AO1	
Supplier refund	(3 100) **(1)** AO1	
	54 900	
Plus Trade payables 30 September 2022	9 700	
	64 600	
Less Trade payables 1 October 2021	(6 100) **(1)** AO2	
Total purchases		58 500 **(1of)** AO2

If two items

(4)

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(b)(i) **AO1 (1) AO2(9) AO3(5)**

AO1: One marks for transferring balances or calculating appropriation

AO2: Nine marks for calculating and inserting entries

AO3: Five marks for two stage calculations and inserting entries

Bejam
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 September 2022

	£	£
Revenue (sales)		106 400
Opening inventory	10 900	
Purchases	58 500	
Goods taken by owner	(250) **(1)** AO2	
	69 150	
Closing inventory	(8 100)	
Cost of sales		(61 050) **(1of)** AO3 +w
Gross profit		45 350 **(1of)** AO1 +w
Add Profit on sale of motor vehicle		1 200 **(1)** AO2
		46 550
Less expenses:		
Bank interest 900 – 800 **[1]** + 90 **[1]**	190 **(2)** AO2	
Wages 7 100 + 4 750 – 2 500 **[1]** – 400 **[1]** – 300 **[1]**	8 650 **(3)** AO3	
Rent and rates 6 500 - 500	6 000 **(1)** AO2	
General expenses 11 200 + 3 250	14 450 **(1)** AO2	
Depreciation:		
Computers 8 000 – 5 700	2 300 **(1)** AO2	
Equipment 11 000 – 1 500 - 7 000	2 500 **(1)** AO3	
Motor vehicle 9 000 – 6 300	2 700 **(1)** AO2	
Allowance for irrecoverable debts	390 **(1)** AO2	
		37 180
Profit for the year		9 370

(15)

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(b)(ii) **AO1 (7) AO2(8)**

AO1: Seven marks for transferring balances or calculating appropriation

AO2: Eight marks for calculating and inserting entries

Statement of Financial Position at 30 September 2022

Non-current assets			**£**
			At valuation
Computers			5 700 **(1)** AO1
Equipment			7 000 **(1)** AO1
Motor vehicle			6 300 **(1)** AO1
			19 000
Current assets			
Inventory		8 100 **(1)** AO1	
Trade receivables	7 800		
Less Allowance for irrecoverable	(390)	7 410 **(1of)** AO2	
Other receivables			
Rent 500 **[1]** + wages 300 **[1]**		800 **(2)** AO2	
			16 310
Total assets			35 310
Capital		19 100 **of**	
Profit for the year		9 370 **of**	
		28 470	
Drawings 5 200 +2 500 **[1]** +250 **[1]**		(7 950) **(2)** AO2	
			20 520 **(1of)** AO1
			No aliens
Non-current liability			
5% bank loan			2 400 **(1)** AO2
Current liabilities			
Trade payables		9 700 **(1)** AO1	
5% bank loan		800 **(1)** AO2	
Bank overdraft		1 800 **(1)** AO1	
Other payables: Interest 90		90 **(1)** AO2	
			12 390
Total capital and liabilities			35 310

(15)

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(c) **AO1 (1) AO2 (1) AO3 (5) AO4 (5)**

Positive points in favour of a partnership
The increase in capital will be long-term and Bejam will **not be required to repay** the capital.
There need be **no annual interest charges** for the investment.
A new partner will **bring additional skills, ideas** and additional effort into the business which will reduce the burden on Bejam.
Partnership will **not require the repayment of a loan**. A loan would require annual repayments and interest initially of £2 400. Interest will be paid over the five years.

Positive points in favour of a bank loan
Bejam will **pay back the loan over time from the increased business generated** from the expansion.
Bejam will retain **total control of the business**, this will not be diluted by a partnership. He will continue to manage the direction of the business.
The cost of the loan will be fixed and may be far **lower than sharing half** of the profits to a partner.
The profit at present is £9 370 per year, which will be able to **finance the repayments.**
Bejam is in **total control and does not have to consult with a partner**, and therefore, there would be no disagreements.

Decision
Candidates may conclude that it is better to finance the expansion by taking a partner or by a bank loan. Candidates should support that decision with an appropriate rationale.

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Level	Mark	Descriptor
	0	A completely incorrect response.
Level 1	1-3	Isolated elements of knowledge and understanding recall based. Weak or no relevant application to the scenario set. Generic assertions may be present.
Level 2	4 - 6	Elements of knowledge and understanding, which are applied to the scenario. Chains of reasoning are present, but may be incomplete or invalid. A generic or superficial assessment is present.
Level 3	7 - 9	Accurate and thorough understanding, supported throughout by relevant application to the scenario. Some analytical perspectives are present, with developed chains of reasoning, showing causes and/or effects. An attempt at an assessment is presented, using financial and non-financial information, in an appropriate format and communicates reasoned explanations
Level 4	10 - 12	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective application to the scenario. A coherent and logical chain of reasoning, showing causes and effects. Assessment is balanced, wide ranging and well contextualised using financial and non-financial information and makes informed recommendations and decisions.

(12)

Q1	**Total marks**	**55**

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2(a) **AO1 (10)**

AO1: Ten marks for posting balances correctly

Trial Balance at 30 September 2022

	Dr	**Cr**
	£	**£**
Capital		70 000
Drawings	11 400	
Revenue		205 000
Purchases	117 000	
Returns outwards		1 900
Inventory - 1 October 2021	27 500	
Bank overdraft		7 950
Wages	31 500	
Rent payable	9 000	
Rent receivable		4 750
Electricity and water	5 700	
Sundry expenses	18 750	
Non-current assets (cost)	88 000	
Provision for depreciation - non-current assets		22 000
Discount allowed	1 920	
Discount received		4 100
Trade receivables	13 000	
Trade payables		7 270
Allowance for irrecoverable debts		800
	_____	_____
	323 770	323 770

(1) AO1 for each correct two rows or balancing totals.

(10)

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(b) **AO2 (9) AO3 (4)**

AO2: Nine marks for inserting entries with correct orientation

AO3: Four marks for calculating and inserting entries with correct orientation

Revised profit/(loss) for the year ended 30 September 2022

			£
Draft profit for the year			5 980
	Increase	Decrease	
	£	£	
(1) The inventory at 30 September 2022 was recorded in the financial statements as £23 600. The inventory count had been understated and should have been £26 100	2 500 **(2)** AO2		
(2) No adjustment had been made for £2 000 rent receivable which was owing.	2 000 **(2)** AO2		
(3) No adjustments had been made for sundry expenses accrued £700 and for £240 prepaid.		460 **(2)** AO2	
(4) Annual depreciation on non-current assets owned at the end of the year had been charged at the rate of 20% on cost, when this should have been 25% on cost.		4 400 **(2)** AO2	
(5) No adjustment had been made to the allowance for irrecoverable debts which should have been maintained at 4% of trade receivables.	280 **(2)** AO3		
(6) No provision has been made for an injury claim from one of Alexandra's employees. The injury claim would be for 10 weeks loss of earnings at £190 per week plus a total loss of bonus £140		2 040 **(2)** AO3	
Total	4 780	6 900	
Revised profit/(loss) for the year			3 860 **(1of)** AO2

(1) mark for **each** correct calculation of number + **(1)** mark for **each** correct orientation x 6 entries

(13)

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(c) **AO1 (6) AO2(2)**
AO1: Six marks for posting balances and payments
AO2: Two marks for calculating transfer

(i)

Rent Payable Account

Date	Details	£	Date	Details	£
2021			2021		
	Bank	9 650 **(1)** AO1	1 Oct	Balance b/d	650 **(1)** AO1
2022			2022		
30 Sept	Balance c/d	600	30 Sept	Income Statement	9 600 **(1of)** AO2
		10 250			10 250
			1 Oct	Balance b/d	600 **(1)** AO1

No marks for reversal
(4)

(ii)

Rent Receivable Account

Date	Details	£	Date	Details	£
2021			2021		
1 Oct	Balance b/d	250 **(1)** AO1		Bank	5 000 **(1)** AO1
2022			2022		
30 Sept	Income statement	6 750 **(1of)** AO1	30 Sept	Balance c/d	2 000
		7 000			7 000
1 Oct	Balance b/d	2 000 **(1)** AO2			

No marks for reversal
(4)

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(d) **AO2 (12)**

AO2: Twelve marks for explaining the use plus example

Materiality concept	**Example**
Applies to items of **very low value** which are **insignificant to decision making.** Cost of time to record such low value items would outweigh the cost of the item.	Items such as stationery/ calculators will be charged in the period that they are purchased although inventory of stationery from that purchase may remain for future financial periods.
Business entity concept	**Example**
The financial transactions of the **business** must be **kept separate** from the financial transactions of the **owner**.	Payments made for the owner's benefit must be shown as **drawings** in the accounts.
Money measurement concept	**Example**
Recognises that some assets **cannot be measured in monetary terms** and not included in the financial statements.	Some assets to the business such as **people's skill** cannot be recorded on the SOFP.
Annual depreciation charge	**Example**
Non-current assets will **reduce in value in an accounting period** and this therefore must be accounted for **as an expense** of the business.	An appropriate **method** for each non-current asset must be **selected and consistently** applied.
Allowance for irrecoverable debts	**Example**
It is probable that **not all the existing trade receivables will be able to pay** their debts.	There will be a certain number of debts which are irrecoverable. An **estimate, usually in percentage terms,** will be made and this will be **deducted from the gross value of the trade receivables** in the SOFP.
Accounting ethics	**Example**
Businesses should report with **honesty and integrity.** Not misleading by issuing inaccurate statements or financial statements.	Not **withholding relevant information** such as potential lawsuits, sudden value changes of non-current assets, or major barriers to the business in the future which could not reasonably be foreseen by a stakeholder.

Marks awarded **(1)** AO2 for explanation plus **(1)** AO2 for suitable example of application x 6

(12)

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(e) **AO1 (1) AO2 (1) AO3 (5) AO4 (5)**

Positive points in favour of the statement

It is true that if the trial balance does balance, Alexandra may take this as **'prima facie' evidence** that the books are correctly prepared.
By balancing, this is evidence that the 'golden rule' of accounting has been applied and that for **every debit entry a corresponding credit entry** has been made.
Balancing **shows arithmetical accuracy**.

Negative points against the statement

There **may be omissions** where transactions have not been entered at all in the books.
There are **other errors which would not affect the balancing of Alexandra's books**. These include errors of commission, principle, compensation and reversal.
Errors of original entry may have been made where both the debit and credit entries are incorrect, but the same figure has been used.

Decision
Candidates should conclude that the statement is incorrect. Candidates should support that decision with an appropriate rationale.

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(12)

Q2	**Total marks**	**55**

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3(a) **AO1 (4)**

AO1: Four marks for explanation and identification

(i) Costing for a job which is to the customer's specific requirement and therefore is **unique (1)** AO1 and **clearly distinguishable from other jobs/ priced separately. (1)** AO1

(2)

(ii) Examples

- Construction
- Engineering
- Printing
- Car repairs
- House building

2 x **(1)** AO1

(2)

(b) **AO1(3) AO2(6) AO3(3)**

AO1: Three marks for totalling overheads and removing all balance on service departments

AO2: Six marks for calculating re-apportionment

AO3: Three marks for initial two stage calculations and inserting entries

	Machining	Finishing	Stores	Administration
	£	£	£	£
Allocated overheads	50 000	30 000	25 000	27 500
Stores	15 000 **(1)** AO3	7 500 **(1)** AO3	(25 000)	2 500
Administration	15 000 **(1)** AO3	9 000	6 000	(30 000)
Stores	3 600 **(1)** AO2	1 800 **(1)** AO2	(6 000)	600
Administration	300 **(1)** AO2	180 **(1)** AO2	120	(600)
Stores	72 **(1)** AO2	36 **(1)** AO2	(120)	12
Administration	8	4	0	(12) **(1)** AO1
	83 980 **(1of)** AO1	48 520 **(1of)** AO1		

Accept reasonable rounding **(12)**

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(c) **AO2 (4)**
AO2: Four marks for calculations

(i) Machining Department £83 980 of / 4 200 = £20 per hour **(1of)** AO2 **(1)** AO2

(ii) Finishing Department £48 520 of / 1 940 = £25.01 per hour **(1of)** AO2 **(1)** AO2

(4)

(d) **AO1 (2) AO2 (2)**
AO1: Two marks for explanation
AO2: Two marks for possible reasons

(i) The total amount **spent on overheads is greater (1)** AO1 than the total amount recovered from the **hourly recovery rate. (1)** AO1

(2)

(ii) Possible reasons

- Expenditure on overheads is greater than budgeted/ costs too high
- The actual hours worked was less than budgeted
- The non-chargeable hours percentage was higher than budgeted
- Hours worked on recoverable work were less
- Low efficiency.

2 x **(1)** AO2

(2)

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(e) **AO2 (1) AO3 (2) AO4 (3)**

Positive points for LIFO
Raw materials are **issued to production at the most recent prices paid.** This will particularly be beneficial in inflationary times.
Prices **quoted to customers would be more accurate** compared to competitor's prices/ market prices.

Negative points for LIFO
Not accepted as a valid method of inventory valuation by the tax authorities.
In inflationary times **closing inventory will be under-valued and profits will be higher.**
If perpetual valuation used, considerable work involved in valuing inventory.

Decision
Candidates may conclude that LIFO is advantageous or disadvantageous.
Candidates should support that decision with an appropriate rationale.

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Level 2	3-4	Elements of knowledge and understanding, which are applied to the scenario. Some analysis is present, with developed chains of reasoning, showing causes and/or effects applied to the scenario, although these may be incomplete or invalid. An attempt at an evaluation is presented, using financial and perhaps non-financial information, with a decision.
Level 3	5-6	Accurate and thorough knowledge and understanding. Application to the scenario is relevant and effective. A coherent and logical chain of reasoning, showing causes and effects is present. Evaluation is balanced and wide ranging, using financial and perhaps non-financial information and an appropriate decision is made.

(6)

Q3	Total marks	30

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4(a) **AO1(2) AO2(4)**
AO1: Two marks for transferring balances
AO2: Four marks for calculating results
(i)
£420 000 x 100 = 51.22 % **(1)** AO2
£820 000 **(1)** AO1

(2)

(ii)
£12 000 **(1)** AO1 x 100 = 1.46% **(1)** AO2
£820 000

(2)

(iii)
(£12 000 + £25 000) **(1)** AO2 x 100 = 4.63% **(1)** AO2
(£300 000 + £500 000)

(2)

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(b) **AO1(2) AO2(5) AO3(3)**
AO1: Two marks for transferring balances
AO2: Five marks for calculating forecast entries
AO3: Three marks for initial two stage calculations and inserting entries

Forecast Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 September 2023

	£	£
Revenue		750 000 **(2)** AO2/3
Cost of sales	450 000 **(2)** AO2/3	
Wages and salaries	156 000 **(1)** AO3	
Loan interest	37 000 **(1)** AO2	
Depreciation	65 000 **(1)** AO2	
Rent	18 000 **(1)** AO1	
General expenses	60 000 **(1)** AO2	
		(786 000)
Loss for the year		(36 000) **(1of)** AO1 + w

(10)

Workings
Cost of sales 400 000 + 50% = 600 000 **(1)** AO3 less 25% = £450 000 **(1)** AO2
Sales 450 000 x $\frac{100}{60}$ **(1)** AO3 = £750 000 **(1of)** AO2
Wages and salaries 250 000 – 100 000 = 150 000 x $\frac{104}{100}$ = £156 000 **(1)** AO3

(c) **AO1(1) AO2(3)**
AO1: One mark for transferring revenue
AO2: Three marks for calculating ratios

(i)
$\frac{(36\,000)}{750\,000}$ x 100 = (4.80)% **(1of)** AO2

(2)

(ii)
$\frac{((36\,000) + 37\,000)}{(300\,000 + 500\,000 + 200\,000)}$ x 100 = 0.01% **(1of)** AO2 **(1)** AO2

(2)

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(d) **AO1(4)**

AO1: Four marks for identifying affects

Social accounting Aspects	**Ways Affected**
Local community	Less secondary employment with less general expenditure in the local community.
Environment	Larger volumes of extraction of resources. No Government regulation and therefore possible pollution.
Workforce	Less employment with 50 redundancies.
Health and safety	Without Government regulation possible lowering of safety standards.
Use of natural resources	Extracting 50% more natural resource than before. Questions on sustainability.

Explain possible ways affected **(1)** AO1 x 4 **(4)**

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(e) **AO2 (1) AO3 (2) AO4 (3)**

Positive points for purchase
There is **additional investment in the business** with the purchase of non-current assets.
The **gross profit percentage** at 40% is good.
Economies of scale with better and more modern equipment.

Negative points against purchase
The business has **substantial debt** which has been increased to £700 000 to be repaid within five years. Can the business generate the cash flow to repay the five-year bank loans?
The **profitability is very poor** with the ROCE decreasing to 0.01%
Expenses and costs are high.
Profit seems to be driving the business at the expense of a range of **social accounting factors**.

Decision
Candidates may conclude that Primary Metals should/should not be purchased.
Candidates should support that decision with an appropriate rationale.

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Level 2	3-4	Elements of knowledge and understanding, which are applied to the scenario. Some analysis is present, with developed chains of reasoning, showing causes and/or effects applied to the scenario, although these may be incomplete or invalid. An attempt at an evaluation is presented, using financial and perhaps non-financial information, with a decision.
Level 3	5-6	Accurate and thorough knowledge and understanding. Application to the scenario is relevant and effective. A coherent and logical chain of reasoning, showing causes and effects is present. Evaluation is balanced and wide ranging, using financial and perhaps non-financial information and an appropriate decision is made.

(6)

Q4	Total marks	30

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5(a) **AO1(2)**

AO1: Two marks for identifying assets and liabilities

Calculation

Assets	**£**	**Liabilities and capital**	**£**
Trade receivables	11 500	Trade payables	16 300
Goodwill	15 000	Bank overdraft	6 500
Inventory	13 000	Provision for depreciation	14 000
Non-current assets	17 500	Current account	200
	57 000 **[1]**		37 000 **[1]**
		Capital	20 000 **(2)** AO1

(2)

(b) **AO1(1) AO2(3)**

AO1: One marks for balance b/d

AO2: Three marks for posting goodwill split and capital introduced

Capital Accounts

Date	**Details**			**Date**	**Details**		
		Ciara	**Dennis**			**Ciara**	**Dennis**
		£	**£**			**£**	**£**
2021				2021			
1 Oct	Goodwill	9 000	6 000	30 Sept	Balance b/d	20 000 **of**	
	Balance c/d	11 000	14 000	1 Oct	Bank/Assets		20 000
		20 000	20 000			20 000	20 000
					Balance b/d	11 000	14 000

(4)

1 x (1) AO1 balance b/d 3 x **(1)** AO2 goodwill split and capital introduced by Dennis.

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(c) **AO1(4) AO2(3)**

AO1: Four marks for posting entries and calculating closing balance

AO2: Three marks for posting entries

Summarised Bank Account

Date	Details	£	Date	Details	£
2021			2021		
1 Oct	Dennis	12 000 **(1)** AO2	1 Oct	Balance	6 500 **(1)** AO1
	Loan	16 000 **(1)** AO1		Non-current	13 000 **(1)** AO2
	Non-current	1 500 **(1)** AO2		Trade payables	4 500 **(1)** AO1
	Inventory	4 800 **(1)** AO1			
		_____		Balance	10 300
		34 300			34 300
	Balance	10 300			

(7)

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(d) **AO1(2) AO2(3) AO3(3)**
AO1: Two marks for transferring balances
AO2: Three marks for entries requiring calculation
AO3: Three marks for two stage calculations and inserting entries

Statement of Financial Position at 1 October 2021

Non-current Assets	**£**	**£**
Assets (17 500 + 5 000 **[1]** – 8 000 + 13 000 **[1]**)		27 500 **(2)** AO3
Provision for depreciation (14 000 – 6 500)		(7 500) **(1)** AO2
		20 000
Current Assets		
Inventory (13 000 – 4 800 + 3 000)	11 200 **(1)** AO3	
Trade receivables	11 500 **(1)** AO1	
Bank	10 300	
		33 000
Total Assets		53 000
Capital: Ciara	11 000	
Dennis	14 000	
		25 000 **(1of)** AO2 Both
Current account: Ciara		200
Non-current Liability		
Ten-year 5% bank loan		16 000 **(1)** AO1 + heading
Current Liability		
Trade payable (16 300 – 4 500)		11 800 **(1)** AO2
Capital and liabilities		53 000

(8)

(e) **AO2(3)**
AO2: Three marks for calculating profit for the year

	£
Share of profit	
Ciara	6 600
Dennis	4 400
	11 000 **(1)** AO2
Plus Salary: Dennis	7 500 **(1)** AO2
Profit for the year	18 500 **(1)** AO2

(3)

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(f) **AO2 (1) AO3 (2) AO4 (3)**

Positive points for floating capital

Ciara and Dennis personal transactions are in a single account, so a **single point of reference** for personal transaction information.

A single account giving each of the partners investment in the partnership

Negative points against floating capital

Ciara and Dennis **can withdraw long term capital.**

Difficult to **calculate any interest** on capital.

Decision

Candidates may conclude that fixed or floating capital accounts are advantageous. Candidates should support that decision with an appropriate rationale.

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Level 1	1-2	Isolated elements of knowledge and understanding which are recall based. Generic assertions may be present. Weak or no relevant application to the scenario set.
Level 2	3-4	Elements of knowledge and understanding, which are applied to the scenario. Some analysis is present, with developed chains of reasoning, showing causes and/or effects applied to the scenario, although these may be incomplete or invalid. An attempt at an evaluation is presented, using financial and perhaps non-financial information, with a decision.
Level 3	5-6	Accurate and thorough knowledge and understanding. Application to the scenario is relevant and effective. A coherent and logical chain of reasoning, showing causes and effects is present. Evaluation is balanced and wide ranging, using financial and perhaps non-financial information and an appropriate decision is made.

(6)

Q5	Total marks	30

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6(a) **AO2 (10)**

AO2: Ten marks for correct description and value

Journal

	Dr	**Cr**
	£	**£**
Discount allowed/Cash book	60 **(1)** AO2	
Coldstore Traders		60 **(1)** AO2
Collinge	420 **(1)** AO2	
Coldstore Traders		420 **(1)** AO2
Coldstore Traders	1 200 **(1)** AO2	
Revenue (sales)		1 200 **(1)** AO2
Sales returns	530 **(1)** AO2	
Coldstore Traders		530 **(1)** AO2
Coldstore Traders	900 **(1)** AO2	
Scudamore		900 **(1)** AO2

(10)

(b) **AO1(5)**

AO1: Five marks for naming the type of error

	Type of error
4 July	Reversal
8 July	Commission
17 July	Original entry
21 July	Omission
25 July	Principle

5 x **(1)** AO1 **(5)**

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(c) **AO2(2) AO3(3)**
AO2: Two marks for entries requiring calculation
AO3: Three marks for two stage calculations and inserting entries

	£
Original balance	7 980
Discount allowed	(60) **[1]** AO3
Collinge	(420) **[1]** AO2
Sales	1 200 **[1]** AO3
Sales returns	(530) **[1]** AO2
Fixtures and fittings	900 **[1]** AO3
Corrected balance	9 070 **(5)** AO2/AO3

(5)

(d) **AO1(4)**
AO1: Four marks for explaining the difference

Error of reversal	**Error of compensation**
Only **one error**	At **least two errors**
Debiting and crediting will be of the **same value**	Debiting and crediting will be of **different values**
Debiting and crediting will be on the **'wrong side'** of the ledger account.	At least two errors with values **cancelling** each other out in total.

2 differences x **(2)** AO1 **(4)**

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(e) **AO2 (1) AO3 (2) AO4 (3)**

Positive points for cash transactions giving a reduction in errors
There would be no trade receivables or trade payables ledgers so the chance of errors when making entries would be diminished.
There would be less entries and therefore potentially less errors.

Negative points against cash transactions giving a reduction in errors
There would still be entries required in the general ledger so errors may still arise.
Possibility of theft with so much cash around.

Decision
Candidates may conclude that cash transactions would/would not reduce errors in the books of account. Candidates should support that decision with an appropriate rationale.

Level	Mark	Descriptor
	0	A completely incorrect response.
Level 1	1-2	Isolated elements of knowledge and understanding which are recall based. Generic assertions may be present. Weak or no relevant application to the scenario set.
Level 2	3-4	Elements of knowledge and understanding, which are applied to the scenario. Some analysis is present, with developed chains of reasoning, showing causes and/or effects applied to the scenario, although these may be incomplete or invalid. An attempt at an evaluation is presented, using financial and perhaps non-financial information, with a decision.
Level 3	5-6	Accurate and thorough knowledge and understanding. Application to the scenario is relevant and effective. A coherent and logical chain of reasoning, showing causes and effects is present. Evaluation is balanced and wide ranging, using financial and perhaps non-financial information and an appropriate decision is made.

(6)

Q6	Total marks	30

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