www.dynamicpapers.com



Mark Scheme (Results)

Summer 2023

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

www.dynamicpapers.com

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2023

Question Paper Log number P72041A

Publications Code WAC11_01_2306_MS

All the material in this publication is copyright
© Pearson Education Ltd 2023

www.dynamicpapers.com

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.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

www.dynamicpapers.com

1(a) AO1: Five marks for transferring balances or establishing balances
A02: Fifteen marks for calculating the departmental cost
AO3: Six marks for adjusting balance and then calculating the departmental cost

Bernie's Food Store
Statement of Profit or Loss and Other Comprehensive Income for the year ended
30 April 2023

	Fresh Foods	**Packaged Foods**
	£	**£**
Revenue	160 000	640 000 **(1) AO1** Both
less		
Opening inventory	2 000	28 000
Purchases	97 500	549 700
Purchase returns	-	(4 200) **(1)AO1** Both
	99 500	573 500
Closing inventory	(1 500)	(29 500) **(1) AO1** Both
Cost of sales	(98 000)	544 000 **(1) AO2** Both
Gross profit	62 000	96 000
Less		
Wages	21 000	32 000 **(1) AO1** Both
Management salaries	14 700 **(1) AO2**	27 300 **(1) AO2**
Premises running costs	2 400 **(1) AO2**	7 200 **(1) AO2**
Advertising (10 900 + 2 100)	2 600 **(1) AO2**	10 400 **(1) AO2**
Electricity and water (8 400 +280 – 130)	3 420 **(1) AO3**	5 130 **(1) AO3**
Insurance	450 **(1) AO2**	1 350 **(1) AO2**
Credit card expenses	1 100 **(1) AO2**	4 400 **(1) AO2**
Bank loan interest (2 200 + 800)	600 **(1) AO3**	2 400 **(1) AO3**
Depreciation-		
Leasehold premises	1 200 **(1) AO2**	1 800 **(1) AO2**
Fridges and equipment	1 000 **(1) AO3**	1 500 **(1) AO3**
Fixtures and fittings	900 **(1) AO2**	1 350 **(1) AO2**
	(49 370)	(94 830)
Departmental profit for the year	12 630	1 170 **(1of) AO1** + w

(26)

(b) AO1:(5) AO2(10):AO3(2)
AO1: Five marks for transferring balances or totalling sub section
A02: Ten marks for calculating and inserting balances
AO3: Two marks for adjusting for disposal and calculating new balance

Statement of Financial Position at 30 April 2023

Non-current assets			
	Cost	**Accumulated depreciation**	**Carrying value**
	£	**£**	**£**
Leasehold premises	60 000	(15 000)	45 000 **(1)** **AO2**
Fridges and equipment	33 500 **(1)** **AO3**	(23 500) **(1)** **AO3**	10 000
Fixtures and fittings	22 500	(9 750)	12 750 **(1)** **AO2**
	116 000	(48 250)	67 750 **(1)** **AO1**
Current assets			
Inventory		31 000 **(1)** **AO1**	
Trade receivables	55 600		
Less Allowance for ID	(5 000)	50 600 **(1)** **AO2**	
Other receivables:			
Electricity		130 **(1)** **AO2**	
Cash and bank		8 700 **(2)** **AO2**	
(19 400 + 1 300 **[1]** – 12 000 **[1]**)			90 430
Total Assets			158 180
Capital		70 000	
Profit for the year		13 800 **(1of)** **AO1**	
		83 800	
Less drawings		(10 500)	
			73 300 **(1of)** **AO1**
Non-current liabilities			
10% bank loan			40 000 **(1)** **AO2+w**
Current liabilities			
Trade payables		41 700 **(1)** **AO1**	
Other payables:			
Bank interest 800 **[1]**			
Advertising 2 100 **[1]**			
Water 280 **[1]**		3 180 **(3)** **AO2**	
			44 880
Total capital and liabilities			158 180

www.dynamicpapers.com

(17)

Workings

Fixtures and fittings		
	Cost £	**Accumulated depreciation £**
1 May 2022	28 000	26 200
Disposal	(6 500)	(5 200)
Purchase	12 000	-
Carrying value 30 April 2023	33 500	21 000

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

Positive points in favour of using ICT

Speed of producing information for Bernie's business.
Accuracy of information provided.
Ability to process high volumes of information within a short period.
Digital storage to information requires Bernie to provide less space than manual records.
Ability for Bernie to perform reconciliations e.g total of trade receivables ledger can be compared with the trade receivables control account and discrepancies detailed.

Negative points against using ICT

Cost to Bernie of hardware equipment and software.
Possible cost of extra operating staff.
Time in setting up the system and ongoing training and up-dating time.
Bernie's dependence on technology to provide the information to operate the business.
Possible security breaches and the impact that this could have.
Possible extra accommodation space.

Decision

Candidates may conclude that ICT will/ will not be of value to Bernie. Candidates should support that decision with an appropriate rationale.

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

www.dynamicpapers.com

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**

www.dynamicpapers.com

2(a) AO1:(2)
AO1: Two marks for stating the roles

Recording transactions in an organised way.
Analysing and measuring the value of the business, business profits/losses or government spending.
Communication of information to other interested individuals or groups.

(1) **AO1** x 2 Max

(2)

(b) AO1:(6)AO2(4)
AO1: Six marks for posting transfers and balances correctly
A02: Four marks for calculating transfer and closing balances of rent and rates

(i)

Rent and Rates Account

Date	Details	£	Date	Details	£
2022			2022		
1 May	Balance b/d	150	1 May	Balance b/d	400 **(1)** **AO1**
1 June	Bank	900 **(1)** **AO1**			
1 Aug	Bank	1 200 **(1)** **AO1**			
2023			2023		
1 Feb	Bank	1 200	30 April	Income statement	3 225 **(1)** **AO2**
30 April	Balance c/d	400		Balance c/d	225
		3 850			3 850
1 May	Balance b/d	225 **(1)** **AO2**	1 May	Balance b/d	400 **(1)** **AO2**

(6)

(ii)

Commission Receivable Account

Date	Details	£	Date	Details	£
2022			2022		
1 May	Balance b/d	75 **(1)** **AO1**	16 January	Bank	850 **(1)** **AO1**
2023			2023		
30 April	Income statement	825 **(1)** **AO2**	30 April	Balance c/d	50
		900			900
1 May	Balance b/d	50 **(1)** **AO1**			

(4)

www.dynamicpapers.com

(c) AO1:(3) AO2(9)
AO1: Three marks for correct account name
A02: Nine marks for correct narrative and value

Journal

	Dr	Cr
	£	**£**
Drawings **(1) AO1**	900	
Wages		900 **(1) AO2**
Irrecoverable debts **(1) AO1**	3 150	
P. Grimes		3 150 **(1) AO2**
Sundry expenses	14 **(1) AO2**	
Office equipment		14 **(1) AO2**
Discount allowed	240 **(1) AO2**	
Suspense **(1) AO1**		240
Suspense	90 **(1) AO2**	
Jerin		90 **(1) AO2**
Office expenses	45 **(1) AO2**	
Suspense		45 **(1) AO2**

(12)

(d) AO1:(6)
AO1: Six marks for identifying and explaining concepts

1. Business entity **(1) AO1** separate identity between the business and the owner**. (1) AO1**
2. Prudence **(1) AO1** potential losses should be recorded when notified. **(1) AO1**
3. Materiality **(1) AO1** only costs with a substantial value that could distort profit should be recorded as non-current assets. **(1) AO1**

(6)

(e) AO1:(1) AO2(3)
AO1: One mark for original difference
A02: Three marks for entry correct number and narrative

Suspense Account

Date	Details	£	Date	Details	£
2023			2023		
30 April	Original difference	195 **(1) AO1**	30 April	Discount allowed	240 **(1) AO2**
	Jerin	90 **(1) AO2**		Office expenses	45 **(1) AO2**
		285			285

(4)

www.dynamicpapers.com

(f) **AO1:(2)**
AO1: Two marks for explaining the term

Inventory valuation based on the selling price **(1) AO1** less any additional costs required to affect the sale. **(1) AO1**

(2)

(g) **AO1:(1) AO2(5):AO3(1)**
AO1: One mark for adding up the total
A02: Five marks for calculating inventory balances
AO3: One mark for calculating value of inventory requiring repair

Standard		**Extra**	
	Units		**Units**
Opening balance	200		100
Receipts	750		450
	950		550
Sales issues	(700)		(400)
	250 **(1) AO2**		150 **(1) AO2**
Closing balance			
	£		£
200 @ £10 each	2 000 **(1) AO2**	50 @ £15	750 **(1) AO2**
50 @ £12 - £5	350 **(1) AO3**	100 @ £18	1 800 **(1) AO2**
	2 350		2 550
Total	£4 900 **(1of) AO1**		

(7)

(h) AO1 (1), AO2 (1), AO3 (5), AO4 (5)

Positive points in favour of LIFO

Simple Really's inventory would be issued at prices closest to the current replacement value.
Inventory would be valued in the financial position statement at a value probably lower than the current replacement value.
Closing inventory would be lower in times of rising profits and profit for the year would also be lower. (Could also be stated as a negative).

Negative points against LIFO

The method is not widely accepted by the tax authorities.
The inventory of Simple Really would be recorded in the books during times of inflation at a
value lesser than the replacement value. Reduced asset value.

Decision
Candidates may conclude that LIFO would/would not be a better method.
Candidates should support that decision with an appropriate rationale.

www.dynamicpapers.com

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)

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

www.dynamicpapers.com

3(a) **AO2(12)**

A02: Twelve marks for calculating the ratios

(i) Gross profit for the year / Revenue — 150 **(1)** **AO2** x 100 =30% **(1)** **AO2** (500)

(ii) Cost of sales / Average inventory — 350 = 5.38 times **(1)** **AO2** (90 + 40)/2 **(1)** **AO2**

(iii) Profit for the year before interest / Capital + Non-current liabilities — 35 + 10 **(1)**AO2 x 100 =10% **(1)** **AO2** (250 + 200)

(iv) Current assets – inventory / Current liabilities — 80 = 1.14:1 **(1)** **AO2** 20 + 50 **(1)** **AO2**

(v) Trade receivables x 365 / Credit sales — 80 x 365 = =73 days **(1)** **AO2** 400 **(1)** **AO2**

(vi) Trade payables x 365 / Credit purchases — 20 x 365 = 27 days **(1)** **AO2** 270 **(1)** **AO2**

Workings

Opening inventory 350 + 40 – 300 = 90 **(12)**

(b) AO1:(3) AO3(3)

AO1: Three marks for identifying factors

AO3: Three marks for analysing impact

Own figure rule applies

(i) Inventory turnover

The inventory turnover is not as good as the sector average. **(1)** **AO1** This may be caused by the high level of opening inventory **(1)** **AO3** which is increasing the average inventory and reducing the inventory turnover **(1)** **AO3**

MAX 2 marks

(ii) Liquidity

The acid test ratio falls within the accepted boundary of 0.70 – 1:1 **(1)** **AO1** Most of the current assets consist of uncollected debts **(1)** **AO3** resulting in a current liability of a high bank overdraft **(1)** **AO3**, so Magna Bold has limited ability to pay expenses or debts. **(1)** **AO3** **MAX 2 marks**

(iii) Credit control

Magna Bold is taking much longer to collect its debts than pay its debts.**(1)** **AO1**

Magna Bold has poor credit control procedures for its trade receivables which are more than double the sector average collection days. **(1)** **AO3** This is resulting in Magna Bold having to extend its bank overdraft facility. **(1)** **AO3**

MAX 2 marks

www.dynamicpapers.com

(6)

(c) AO1:(6)
AO1: Six marks for explaining any three non-financial factors

Factor	**Development**
Range of products	Does the business have a range of products that are demanded and technologically up to date.
Location	Is the business in an area where it can benefit from e.g proximity to suppliers, the market, a skilled labour force.
Management	Is the management skilled and in control of the business?
Skill of workforce	Have the workforce the correct skills for current and future developments. Are their skills enhanced by ongoing training.

(1) **AO1** for identifying the factor + **(1)** **AO1** for development x 3

(6)

www.dynamicpapers.com

(d) AO2 (1), AO3 (2), AO4 (3)

Positive points for making decision solely on ratios

Comparability is possible for Magna Bold with past performance or performance across the sector.

There are 'common yardsticks' from which the business can be judged e.g profitability and liquidity.

Negative points for making decision solely on ratios

Ratios are calculated from historic data and therefore prospects for the future are not considered.

Comparing the results of different businesses is problematic.

Information used to calculate ratios for different businesses may not be directly comparable.

Decision

Candidates may conclude that the decision should/should not be made solely on ratios. 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)

Q3	Total marks	30

www.dynamicpapers.com

4 (a) AO1:(4)
AO1: Four marks for explaining the difference

	Trade discount	**Cash discount**
1	Given to other traders who are significant customers to enable them to make a profit. **(1) AO1**	Given to encourage prompt payment. **(1) AO1**
2	Not recorded in the ledger books of account. **(1) AO1**	Recorded in the books of account. **(1) AO1**

(4)

(b) AO1:(1) AO2(2)
AO1: One mark for final balance
A02: Two marks for recording income and expenditure correctly

Summarised Bank

Details	**£**	**Details**	**£**
Opening balance	2 000	Trade payables	60 000
Trade receivables	105 000	Fixtures and fittings	6 300
..		Delivery vehicle	7 500
		Rent	11 000
		General expenses	18 000
		Wages	16 500
Balance c/d	17 500	Drawings	5 200
	124 500		124 500
		Balance b/d	17 500

(1) AO2 for every four correct entries/adjustments x 2 = 2 marks

Bank balance £107 000 - £124 500 = £17 500 Cr/Overdraft **(1of) AO1**

(3)

www.dynamicpapers.com

(c) (i) AO1:(1) AO2(7):AO3(1)
AO1: One mark for recording wages
A02: Seven marks for recording expenses requiring multiplication of adjustment
AO3: One mark for calculating revenue

Anaya
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 April 2023

	£	£
Revenue		
(300 x £300) + (100 x £255) + (50 x £225)		126 750 **(1) AO3**
less		
Purchases (500 x £150)	75 000	
Purchase returns (10 x £150)	(1 500)	
	73 500 **(1) AO2**	
Closing inventory (40 x £150)	(6 000) **(1) AO2**	
Cost of sales		(67 500)
Gross profit		59 250
Plus		
Discount received		700 **(1) AO2**
		59 950
Discount allowed	4 000 **(1) AO2**	
Rent (11 000 + 1 000)	12 000 **(1) AO2**	
General expenses (18 000 + 630 – 900)	17 730 **(1) AO2**	
Wages	16 500 **(1) AO1**	
Depreciation:		
Fixtures and fittings	1 300 **(1) AO2** Both	
Delivery vehicle	1 700	
		(53 230)
Profit for the year		6 720

(9)

www.dynamicpapers.com

(ii)AO1:(3) AO2(3):AO3(2)
AO1: Three marks for transferring totals into statement
A02: Three marks for calculation and transfer into statement
AO3: Two marks for calculating trade receivables and trade payables balances

Statement of Financial Position at 30 April 2023

	£	£
Non-current assets		
Delivery vehicle		5 800
Fixtures and fittings		5 000
		10 800 **(1) AO1**
Current assets		
Inventory	6 000 **(1of) AO1**	
Trade receivables	17 750 **(1) AO3**	
(126 750 – 105 000 – 4 000)		
Other receivables: Gen exp 900	900 **(1) AO2**	
		24 650
Total Assets		35 450
Capital	2 000	
Plus Profit for the year	6 720	
	8 720	
Less Drawings	(5 200)	
		3 520 **(1) AO2**
Current liabilities		
Trade payables	12 800 **(1) AO3**	
(73 500 – 60 000 – 700)		
Other payables:	1 630 **(1) AO2**	
Rent 1 000 Gen exp 630		
Bank	17 500 **(1of) AO1**	
		31 930
Total Capital and Liabilities		35 450

(8)

www.dynamicpapers.com

(c) AO2 (1), AO3 (2), AO4 (3)

Positive points for using a full set of books of account

Anaya can manage her business better because she will have more information about expenses, income, profit earned.
Queries from customers and suppliers can be checked in the ledger.

Negative points for preparing a full set of books of account

Anaya will save time which can be spent concentrating on the management of her business.
The cost of specialist book-keepers and other equipment such as computers will be saved.

Decision

Candidates may conclude that maintaining a full set of books of account is positive or negative for the business. 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)

Q4	Total marks	30

www.dynamicpapers.com

5(a)**AO1:(3)AO2(4):AO3(2)**
AO1: Three mark for totalling wage
A02: Four marks for calculating basic pay and overtime
AO3: Two marks for calculating the bonus

Name	Basic hours	Rate (£)	Total Basic (£)	Ov'me hours	Rate (£)	Total Ov'me (£)	Bonus £	Total wage (£)
Aadya	40	6	**240**	16	8	**128 (1) AO2**	**170 (1) AO3**	**538 (1) AO1**
Brandon	24	6	**144(1) AO2**	-	8	**-**	**-**	**144 (1) AO1**
Chanaka	40	6	**240(1) AO2**	5	8	**40 (1) AO2**	**20 (1) AO3**	**300 (1) AO1**

(9)

(b) AO2(3)
A02: Three marks for calculating output per hour

Name	Total (hours)	Total output (orders)	Output per hour (number)
Aadya	56	840	15 **(1) AO2**
Brandon	24	480	20 **(1) AO2**
Chanaka	45	540	12 **(1) AO2**

(3)

(c) **AO3(1)**
AO3: One mark for identifying the most productive worker

Brandon in the most productive employee. **(1) AO3**

(1)

www.dynamicpapers.com

(d) AO1:(2)AO2(5)
AO1: Two marks for totalling wages and transferring order selected and packed
A02: Five marks for calculating component totals and cost per order
(i)

Name	Basic hours	Rate (£)	Total Basic (£)	Ov'me hours	Rate (£)	Total Ov'me (£)	Bonus £	Total wage (£)
Aadya	40	7	**280**	10	10.50	**105**	**35**	**420**
Brandon	40	7	**280**	10	10.50	**105**	**35**	**420**
Chanaka	40	7	**280**	10	10.50	**105**	**35**	**420**
Total			**840 (1) AO2**			**315 (1) AO2**	**105 (1) AO2**	**1 260 (1) AO1**

(ii) Total wage £1 260 **(1of) AO2** = £0.60 per order selected and packed **(1) AO2**
Orders 2 100 **(1) AO1**

(7)

(e) AO1(4)
AO1: Four marks for explaining disadvantages

Disadvantages
Less direct incentive **(1) AO1** than in individual bonus schemes or piecework **(1) AO1**
There may be dissatisfaction from more productive workers **(1) AO1** towards workers who are slower. **(1) AO1**
Less productive workers will receive the same wages and bonus **(1) AO1** as more productive workers. **(1) AO1**
Quality issues **(1) AO1** still remain and supervision of quality will be required. **(1) AO1**

2 Points X 2 Marks

(4)

www.dynamicpapers.com

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

Positive points for Aadva

Aadva will work fewer hours per week down from 56 to 50 hours.
She has to select and pack fewer items per hour to meet the target. Week 23 (840 divided by 56 hours) 15 per hour, Week 24 (2 000 divided by 150 hours) 13 per hour.

Negative points for Aadva

Aadva's income will fall significantly from £538 to £420 per week.
All three members of the group will receive the same wages although one member is considerably slower.

Decision

Candidates may conclude that the change in remuneration is positive or negative for Aadva. Candidates decision should be supported by 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)

Q5	Total marks	30

www.dynamicpapers.com

6(a) **AO1(2):AO2(4):AO3(2)**

AO1: Two marks calculating balances in fixtures and fittings with single deductions or additions

A02: Four marks for calculating missing balances with two figures in sub section

AO3: Two marks for calculating missing figures with more than two figures in sub section

Schedule of Non-current Assets at 30 April 2023

	Motor vehicles	**Equipment**	**Fixtures and fittings**
	£	£	£
Cost at 1 May 2022	185 000	90 000	15 000 **(1) AO1**
Additions for year	40 000 **(1) AO3**	15 000	5 000
Disposals for year	(25 000)	(5 000) **(1) AO2**	-
Non-current assets (cost)	**200 000 (1) AO2**	**100 000**	**20 000**
Less Depreciation			
Provision at 1 May 2022	(50 000)	(35 000)	(9 000) **(1) AO2**
Accumulated depreciation on disposals	10 000	4 000 **(1) AO3**	-
Depreciation for the year ended 30 April 2023	(40 000) **(1) AO2**	(10 000)	(3 000)
Accumulated depreciation	**(80 000)**	**(41 000)**	**(12 000)**
Carrying value at 30 April 2023	**120 000**	**59 000**	**8 000 (1) AO1**

(8)

www.dynamicpapers.com

(b) AO2(5):AO3(1)
A02: Five marks for inserting correct figures and making calculations
AO3: One mark for calculating value of non-current asset before depreciation for the year

(i) 40 000 **(1of) AO2** x 100 = 25% **(1of) AO2**
200 000 **of** – (80 000-40 000) **(1of) AO3**

(3)

(ii) 3 000 **(1) AO2** x 100 = 15% **(1) AO2**
20 000 **(1) AO2**

(3)

(c) AO1:(4)
AO1: Four marks for explaining the reasons for charging depreciation on non-current assets

- The non-current assets will reduce in value **(1) AO1** as time progresses and therefore need to be recorded in the books of account at an estimate of their current value. **(1) AO1**
- To ensure that profit is not overstated **(1) AO1** as depreciation is an expense of the trading period. **(1) AO1**
- To comply with accounting concepts **(1) AO1** of going concern, prudence and consistency. **(1) AO1**

2 Points x 2 Marks **MAX (4)**

(d) AO1:(3) AO2(3)
AO1: Three marks for inserting given figures
A02: Three marks for calculating figures and correct recording

Non-current Assets Disposal Account

Date	Details	£	Date	Details	£
2022/23			2022/23		
Year 1 May	Motor vehicles	25 000 **(1) AO1**	Year- 1 May	Prov for dep'n - MV	10 000 **(1) AO1**
2022 to	Equipment	5 000 **(1) AO2**	2022 to	Prov for dep'n - Eq	4 000 **(1) AO2**
30 April	Income statement	500 **(1) AO2**	30 April	Bank	14 000 **(1) AO1**
2023	/Profit on sale		2023	Bank	2 500 **Both**
		30 500			30 500

(6)

www.dynamicpapers.com

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

Positive points for using the same method

It would be consistent across all the non-current assets of Timmis Enterprises..

It would probably be easier to use the same method across all non-current assets.

Negative points for using different methods

The depreciation charged by Timmis Enterprises for the year may not reflect the reduction in value of the non-current asset.

Profits could be distorted by under/ over-charging depreciation to a single year.

Decision

Candidates may conclude that straight line depreciation for non-current assets is positive or negative for the business. 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

www.dynamicpapers.com

Pearson Education Limited. Registered company number 872828
with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom