



Mark Scheme (Provisional)

Summer 2021

Pearson Edexcel International Advanced
Subsidiary

In Accounting (WAC11/01)

Paper 01 The Accounting System and Costing

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Summer 2021

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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.

Mark Scheme
WAC11
June 2021

1(a)(i)

AO1: (1):AO2(4)

AO1: One mark for identifying bank as credit entry

AO2: Four marks for posting correct journal entries

Journal

Date	Details	Dr	Cr
		£	£
26 January 2021	Robin Gems	3 150	AO2 (1)
	Bank AO1 (1)	AO2 (1)	3 150
6 March 2021	Security equipment	6 000	AO2 (1)
	Hove Security	AO2 (1)	6 000

Mark awarded for account name and correct value except for bank. Here, mark awarded for account name and another mark for the correct value.

(5)

(ii)

AO1:(4)AO2(5):AO3(3)

AO1: Four marks for transferring balances or calculating profit

AO2: Five marks for calculating and inserting entries

AO3: Three marks for two stage calculations and inserting entries

George		
Statement of Profit or Loss and Other Comprehensive Income		
for the year ended 30 April 2021		
	£	£
Revenue (sales)		250 000
Less		
Opening inventory	97 000	
Purchases	120 000	
Purchase returns	<u>(8 500)</u>	
	208 500	
Less Closing inventory	<u>(87 500)</u>	
Cost of sales		(<u>121 000</u>) AO3 (1) +w
Gross profit		129 000 AO2 (1of) +w
Less		
Wages 51 400 + 600	52 000 AO2 (1)	
Cleaning expenses	7 100 AO1 (1)	
Rates 15 800 – 2 100	13 700 AO2 (1)	
Electricity and water charges		
11 750 + 550 – 900	11 400 AO3 (1)	
Credit card commission	3 500 AO1 (1)	
Security equipment maintenance	4 750 AO1 (1)	
Depreciation-		
Leasehold premises	4 000 AO2 (1)	
Security equipment	5 800 AO3 (1)	
Fixtures and fittings	<u>4 500</u> AO2 (1)	
		(<u>106 750</u>)
Profit for the year		<u>22 250</u> AO1 (1of) + w (12)

(iii)

AO1:(3)AO2(11):AO3(1)

AO1: Three marks for totalling sub section or transferring balance

AO2: Eleven marks for calculating and inserting balance in correct section

AO3: One mark for correctly calculating security equipment balance

Statement of Financial Position at 30 April 2021

Non-current assets

	Cost Accumulated Carrying depreciation value		
	£	£	£
Leasehold premises	60 000	(46 000)	14 000 AO2 (1of)
Security equipment	35 000	(11 800)	23 200 AO3 (1)
Fixtures and fittings	<u>45 000</u>	<u>(43 500)</u>	<u>1 500</u> AO2 (1of)
	<u>140 000</u>	<u>(101 300)</u>	<u>38 700</u> AO1 (1of)

Current assets

Inventory	87 500 AO2 (1)
Trade receivables	10 700 AO1 (1)
Other receivables	2 100 AO2 (1) + 900 AO2 (1) 3 000
Cash and bank	9 100 – 3 150 <u>5 950</u> AO2 (1)
	<u>107 150</u>
Total Assets AO1 (1)	<u><u>145 850</u></u>

Capital	100 000
Profit for the year	<u>22 250</u> of
	122 250
Drawings	<u>(15 000)</u>
	107 250 AO2 (1of)

Current liabilities

Trade payables	
34 600 – 3 150 AO2 (1) + 6 000 AO2 (1)	37 450
Other payables	600 AO2 (1) + 550 AO2 (1) <u>1 150</u>
	<u>38 600</u>
Total Capital and Liabilities	<u><u>145 850</u></u>

(15)

(b)

AO1:(1)

AO1: Two marks for identifying cost type

Premises costs – Fixed costs **AO1 (1)**

Other costs – Semi-variable costs **AO1 (1)**

(2)

(c)

AO1:(2) AO2:(3)

AO1: Two marks for posting premises costs and calculating profit

AO2: Three marks for calculating revenue and other costs

Forecast Statement of Profit or Loss and Other Comprehensive Income for the
year ended 30 April 2022

	£	
Revenue	300 000	AO2 (1)
Cost of sales	(180 000)	AO2 (1)
Gross profit	120 000 of	
Premises costs	(50 000)	AO1 (1)
All other costs	(45 000)	AO2 (1)
Profit for the year	<u>25 000</u>	AO1 (1of) +w

(5)

(d)

AO1:(1)

AO1: Four marks for explaining differences

Ethics	Social Accounting
Considers the rights and wrongs of actions. e.g honest and integrity	Considering wider factors in decision making. e.g non-financial
Moral aspects of actions taken e.g fraud and corruption	Considers community, environment , effect on employees.
The business or trade association may have a code of ethics .	No code of social accounting.
Ensure long term sustainability for business and society	Environmental benefits to the benefit of society

AO1 (1) x 2 Ethics

AO1 (1) x 2 Social accounting

(4)

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

Positive points in favour of making decisions solely on basis of profit made

Profit is the main driver to reward entrepreneurship.

Businesses must make sufficient profit to pay costs and replace non-current assets.

Maximising profit may lead to efficient control of costs.

Profit ensures that the business is a going concern.

Negative points against making decisions solely on basis of profit made

Wider factors such as the businesses impact on the workers, community and environment should be made.

Consideration of these factors may lead to a more motivated workforce which may increase profits.

Ethical issues should also be considered at all times e.g selling dangerous goods.

Need to gain a good reputation which adds to brand value.

Some organisations are non-profit making e.g clubs and societies.

Accept any other valid points

Decision

Candidates may conclude that decision making solely on the basis of profit is acceptable. 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
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)

A01: (2):A02(18):A03(3)

A01: Two marks for wages and total cost entries

A02: Eighteen marks for calculating and inserting apportionments

A03: Three marks for management and supervision costs

Worlebury Stores Total Costs

	Food	Clothing	Administration
	£	£	£
Wages	91 650	33 550	47 800 (1)
Advertising	18 750 (1)	6 250 (1)	-
Management and supervision	40 000 (1)	15 000 (1)	15 000 (1)
Rent of premises	24 000 (1)	11 200 (1)	4 800 (1)
Electricity	7 000 (1)	1 000 (1)	4 000 (1)
Staff canteen costs	4 000 (1)	1 500 (1)	1 500 (1)
Depreciation-			
Food freezers	12 000 (1)	-	-
Computers	2 000 (1)	2 000 (1)	16 000 (1)
Fixtures and fittings	600 (1)	1 500 (1)	900 (1)
Total costs	200 000	72 000	90 000 (1of)

2 x **A01** for **ALL three** wages entries and **the** total cost entry.

18 x **A02** each calculation and entry

3 x **A03** for each calculation and entry under management and supervision

Note where there is a dash no mark awarded.

(23)

(b)

A02(2)

A02: Two marks for re-apportionment and calculating total cost

	Food	Clothing	Administration
	£	£	£
Total cost	200 000	72 000	90 000
Re-apportionment	67 500	22 500 A02 (1of) Both	(90 000)
Total cost after re-apportionment	267 500	94 500 A02 (1of) Both	-

(2)

(c)

AO1:(5)AO2(3)

AO1: Five marks for transferring balances and use of profit in calculation

AO2: Three marks for calculating the profit for the year and percentages

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 April 2021

	Food	Clothing	
	£	£	
Revenue	900 000	300 000	AO1(1) Both
Cost of sales	(600 000)	(150 000)	AO1(1) Both
Gross profit	300 000	150 000	
Overhead cost	(267 500)	(94 500)	AO1 (1of) Both
Profit for the year	32 500	55 500	AO2 (1of) Both

Candidates may present data in any format

Net profit for the year as a percentage of revenue.

Food Department

$$\frac{\text{£32 500}}{\text{£900 000}} \text{ AO1 (1of)} \times 100 = 3.6\% \text{ AO2 (1of)}$$

Clothing Department

$$\frac{\text{£55 500}}{\text{£300 000}} \text{ AO1 (1of)} \times 100 = 18.5\% \text{ AO2 (1of)}$$

(8)

(d)

AO3(2)

AO3: Two marks for interpreting information

The own figure rule applies to reasons stated

- Greater mark-up on clothing which is 100% and food 33%
- Food is a repeat purchase every day/week with a retailer gaining a small mark-up regularly. Clothing is purchased less often with the retailer gaining a greater profit occasionally.
- Food is perishable and therefore has to be priced to sell quickly.
- The clothing offering may be particularly attractive to customers.
- Clothing department is more efficient.

Accept any other valid points

AO3 (1) x 2 points

(2)

(e)

AO1:(8)

AO1: One mark identifying and the type of expenditure and explaining the reasons.

- (1) Capital expenditure- **AO1 (1)** This increases the value of the non-current assets and will provide benefit for many years. **AO1 (1)**
- (2) Revenue expenditure **AO1 (1)** Redecoration will be needed to be carried out regularly and does not provide benefit for many years and enhance the value of the building. **AO1 (1)**
- (3) Revenue expenditure **AO1 (1)** Advertising signage will change regularly and not provide long term benefit. **AO1 (1)**
- (4) Capital expenditure- **AO1 (1)** New freezers will be a non-current asset and provide benefits for many years. **AO1 (1)**

Accept any other valid reasons

(8)

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

Positive points in favour of preparing departmental accounts using apportionment of costs.

It is a reasonable estimate of how costs relate to departments.

It enables the profit for each department to be calculated.

Decisions can be made supported by information.

Quickly shows the contribution that each department makes to the profitability of the business.

Negative points of preparing departmental accounts using apportionment of costs.

It is only an estimate of costs.

Cost 'drivers' may not allocate a cost accurately/or be difficult to establish.

Decisions may be made on incorrect information.

Complementary departments may be affected by decisions about other departments.

Accept any other valid points

Decision

Candidates may conclude that it is valuable to prepare departmental accounts using apportionment. 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
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
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3(a)

AO1:(2)AO2(3)

AO1: Two marks for opening balance and discount

AO2: Three marks for calculating and posting entry

Bodger and Co Account

Date	Details	£	Date	Details	£
2021			2021		
March			March		
1	Balance b/d	500 AO1 (1)	11	Sales returns	45 AO2(1)
5	Sales	360 AO2 (1)	14	Bank	485 AO2 (1)
				Discount allowed	15
			15	Balance c/d	315 AO1 (1)
		<u>860</u>			<u>860</u>
16	Balance b/d	315			

(5)

(b)

AO1:(1)AO2(3)

AO1: One mark for the corrected balance

AO2: Three marks for adjusted cash discount

Corrected balance

	£
Balance as part (a)	315 Dr of
Adjustment for trade discount $(80 - 10)$ AO2(1) - $(40 - 5)$ AO2 (1)	(35)
Adjustment for cash discount $(25 - 15)$	<u>(10)</u> AO2 (1)
Revised balance	270 AO1 (1of)

Alternative adjustment for trade discount

$(80 - 40)$ **AO2 (1)** - $(10 - 5)$ **AO2 (1)** = (35)

(4)

(c)

AO1:(2)

AO1: Two marks for explaining the difference

Trade receivables ledger contains **all of the individual accounts** of the debtors. **AO1 (1)**

Trade receivables ledger control account also known as **totals account** providing a total check on the individual accounts within the trade receivables ledger. **AO1 (1)**

(2)

(d)(i)

A01:(2)A02(4):A03(3)

A01: Two marks for balance b/d

A02: Four marks for correct entries in account

A03: Three marks for adjusting entries and correct posting

Trade Receivables Control Account

Date	Details	£	Date	Details	£
2021			2021		
April			April		
1	Balance b/d	2 000	1	Balance b/d	45
30	Sales 3 950+500	4 450 A03 (1)	30	Bank 2 700 - 300	2 400 A03 (1)
	Contra	45 A02 (1)		Returns In 220 - 50	170 A03 (1)
	Interest charged	30 A02 (1)		Discount allowed	90 A02 (1)
				Irrecoverable debt	320 A02 (1)
				Balance c/d	3 500
May		<u>6 525</u>			<u>6 525</u>
1	Balance b/d	3 500 A01 (2/1of)			

(9)

(d)(ii)

A01:(2)A02(2)

A01: Two marks for opening balance and details

A02: Two marks for calculating transfer and closing balance with correct posting

Allowance for Irrecoverable Debts Account

Date	Details	£	Date	Details	£
2021			2021		
April			April		
			1	Balance b/d	110 A01 (1)
30	Balance c/d	<u>140</u>	30	Income statement A01 (1)	<u>30 A02 (1)</u>
		<u>140</u>			<u>140</u>
			May		
			1	Balance b/d	140 A02 (1)

(4)

Accept -Income statement or Statement of Profit/(Loss) and Other Comprehensive Income as narrative.

(e) **A02 (1), A03 (2), A04 (3)**

Positive points for ensuring that books are correct

If the control account total is equal to the individual totals of the ledger accounts it is prime facie evidence that the books are correct.

Provides evidence for further investigation to find differences.

Negative points not ensuring that books are correct.

Errors of omission will not be detected.

Errors of commission will not be detected.

Control account itself may contain errors.

Accept any other valid points

Decision

Candidates may conclude that the control account ensures correctness or does not ensure correctness. 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
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4(a)

AO2(8)

AO2: Eight marks for calculating ratios

(i) Current ratio	$\frac{65\,000 + 30\,000 + 4\,000}{35\,000}$ AO2 (1) = 2.83:1 AO2 (1)
(ii) Liquid (acid test) ratio	$\frac{30\,000 + 4\,000}{35\,000}$ AO2 (1) = 0.97:1 AO2 (1)
(iii) Trade receivables collection period (in days)	$\frac{30\,000 \times 365}{150\,000}$ AO2 (1) = 73 days AO2 (1)
(iv) Return on capital employed (percentage).	$\frac{16\,500 + 1\,500}{70\,000 + 25\,000}$ AO2 (1) x 100 = 18.9% AO2 (1)

(8)

(b) **AO3(3)**

AO3: Three marks for discussion of liquidity

The own figure rule applies to discussion of liquidity

Current ratio is sufficient but at 2.83:1 is high possibly due to too much inventory/ idle funds. **AO2 (1)**

Liquid (acid test) ratio is also sufficient and within the recommended range of 0.7 – 1:1. **AO2 (1)**

Trade receivables collection period (in days) is long at 73 days, increase effort in credit control required. **AO2 (1)**

The business has a positive bank balance but this is small and payments may become difficult. **AO2 (1)**

Accept any other valid points

Max 3 x **AO3 (1)**

(3)

(c) **AO1(4)**

A01: Four marks for stating the effect

Profit for the year ended 30 April 2021

Change 1

The profit for the year will **decrease AO1 (1)**

Change 2

Net effect profit for the year will **decrease AO1 (1)**

Liquidity at the 30 April 2021

Change 1

The liquidity will **decrease AO1 (1)**

Change 2

The liquidity will **decrease AO1 (1)**

(4)

(d) **AO1(1):AO2(2)**

A01: One mark for revised profit/loss

A02: Two marks for adjustments to profit

(i)

	£
Draft profit for the year	16 500
Less	
Profit on sale or return	(2 000) AO2 (1)
Irrecoverable debt	(11 000) AO2 (1)
	(13 000)
Revised profit for the year	<u>3 500</u> AO1 (1of)

(3)

(ii)

AO1(2) :AO2(2)

A01: Two marks for unadjusted balance and total

A02: Two marks for adjusted balances

	£
Current assets	
Inventory	67 500 AO2 (1)
Trade receivables	14 500 AO2 (1)
Bank	<u>4 000</u> AO1 (1)
Total	86 000 AO1 (1of) If 3 current assets included

(4)

(e) **AO1(2)**

AO1: Two marks for stating concept

(i)	Goods on sale or return	Realisation	AO1 (1)
(ii)	Irrecoverable debts	Prudence	AO1 (1)
			(2)

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

Positive points for using principles and concepts

Standard approach used across all businesses

Comparison across sectors and within the business valid

Reliability of results

Provides true and fair accounts that stakeholders can rely upon.

Negative points for using principles and concepts

Principles and concepts can contradict each other.

Open to different interpretations.

Requires expertise to implement.

Accept any other valid points

Decision

Candidates may conclude that the use of principles and concepts is positive or negative for a 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
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5(a) **AO1:(4)**

AO1: Four marks for explaining the terms

Job costing

Used where jobs are **unique AO1 (1)** and allocates and apports costs to customers **specific order AO1 (1)**.

Under absorption of overhead.

The **actual expense** of the overhead is **greater AO1 (1)** than the overhead recovered from **chargeable work undertaken. AO1 (1)**

(4)

(b)

AO1(1): AO2(4)

AO1: One mark for total price to be quoted

AO2: Four marks for cost elements and mark up

Quotation

	£	£
Material	£380 + £20	400 AO2 (1)
Direct labour	£25 x 15	375 AO2 (1)
Overhead	£15 x 15	<u>225</u> AO2 (1)
		1 000
Mark up		<u>150</u> AO2 (1of)
		<u>1 150</u> AO1 (1of)

(5)

(c)

AO2(6):AO3(1)

AO2: Six marks for calculating and including balances in the calculation

AO3: One mark for calculating depreciation of loose tools

Profit calculation

	£	£
Revenue	94 000 + 12 500 – 9 800	96 700 AO2 (1)
less		
Materials	22 000 x 85%	(18 700) AO2 (1)
Overheads -General		(30 000) AO2 (1)
Depreciation	2 800 AO2 (1) + 1 150 AO3 (1)	<u>(3 950)</u>
		<u>(52 650)</u>
Profit for the year		<u>44 050</u> AO2 (2/1of)

John's labour charge has been classed as drawings.

(7)

(d) **AO1:(4)**

AO1: Four marks for identifying activities

- Repairing and maintaining equipment
- Preparing quotations
- Preparing accounts
- Travel time
- Preparing government returns
- General management items
- Ordering and collecting materials
- Training
- Remedial work

NOT holiday, sick or leisure time

Accept any other valid points

4 x 1 **AO1** (4)

(e) **AO2(2):AO3(2)**

AO2: Two marks for calculating difference and under/over absorbed

AO3: Two marks for calculating budgeted and actual overheads

Budgeted 1 800 hours x £15 = £27 000 **AO3 (1)**

Actual £30 000 + £3 950 = £33 950 **AO3 (1)**

£6 950 **AO2 (1of)** under absorbed **AO2 (1of)**
(4)

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

Positive points for operating as a sole trader

Is in total control and does not need to seek advice from partners

Has the sole benefit of all profits earned in the business

Not responsible for the actions of other partners

Speed of decision making quicker.

Negative points for operating as a sole trader

Limited range of skills available

No cover for holidays and sickness

Limited capital available

Accept any other valid points

Decision

Candidates may conclude that being a sole trader is/is not the preferable.

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)

Q5	Total marks	30
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6(a) **AO1:(3)**

AO1: Three marks for stating advantages

- Prepare financial statements at regular intervals.
- Reference queries on amounts outstanding to trade payables/trade receivables.
- Establish expenditure to control costs.
- Manage the business more effectively.
- Forms a basis of information required by banks and government.

Accept any other valid points

AO1 (1) x 3 advantages

(3)

(b)(i) **AO1:(3)AO2(5):AO3(3)**

AO1:Three marks for transferring balances

AO2: Five marks for calculating and including balances in the statement

AO3: Three marks for calculating purchases and revenue

Yusuf

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2021

	£	£
Revenue 45 000 AO1 (1) +7 000 +13 250 +5 100 (2) AO3 see note below		70 350
less		
Purchases 29 000 AO1 (1) + 3 200 + 2 800 Both adjustments AO3 (1)	35 000	
Closing inventory	(4 750)	
Cost of sales		(30 250)
Gross profit		40 100
less		
Rent 7 500 – 1 500	6 000 AO2 (1)	
Wages 10 000 +900	10 900 AO2 (1)	
Motor vehicle expenses	1 900 AO1 (1)	
General expenses 4 200 +1 300	5 500 AO2 (1)	
Bank loan interest	400 AO2 (1)	
Depreciation – Motor vehicle	1 100 AO2 (1)	Both
Fixtures and fittings	500	
		(26 300)
Profit for the year		<u>13 800</u>

Notes:

Revenue **(1)** for starting with £45 000. **Plus (1)** for two correct adjustments, plus further **(1)** mark for the third correct adjustment.

If candidate states £70 350 award **3** marks

Purchases **(1)** for starting with £29 000. **Plus (1)** for two correct adjustments.

If candidate states £35 000 award **2** marks.

(11)

(b)(ii) **AO1:(3)AO2(7):**

AO1: Three marks for transferring balances

AO2: Seven marks for calculating figures and correctly recording

Statement of Financial Position at 31 March 2021

Non-current assets	Cost	Accumulated depreciation	Carrying value
	£	£	£
Motor vehicles	5 800	(1 100)	4 700
Fixtures and fittings	2 000	(500)	1 500
	<u>7 800</u>	<u>(1 600)</u>	6 200 AO2 (1)
Current assets			
Inventory		4 750 AO1 (1)	
Trade receivables		5 100 AO1 (1)	
Other receivables		1 500 AO2 (1)	
Bank		<u>1 400</u> AO2 (1)	
			<u>12 750</u>
Total Assets			<u>18 950</u>
Capital		5 000	
Profit for the year		<u>13 800</u> of	
		18 800	
Drawings		<u>(8 750)</u>	
			10 050 AO2 (1of)
Non-current liability			
8% bank loan			5 000 AO2 (1) + w
Current liabilities			
Trade payables		2 800 AO1 (1)	
Other payables 200 (1) + 900 (1)		<u>1 100</u> AO2	
			<u>3 900</u>
Capital and Liabilities			<u>18 950</u>

(10)

(c) **A02 (1), A03 (2), A04 (3)**

Positive points for using ICT

Speed of processing.

Accuracy of processing no arithmetical errors.

Security of information with passwords to restrict access.

Large volume of information contained within a small space.

Single entry errors eliminated as software programme ensures that a second entry is posted.

Negative points for using ICT

Cost of purchasing hardware and software and keeping up to date.

Cost of training and time to learn software or to employ a specialist.

Possible loss of data due to computer failure or outside intervention.

Effect on staff morale.

Accept any other valid points

Decision

Candidates may conclude that ICT is the way forward. 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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