



# Mark Scheme (Results)

June 2025

Pearson Edexcel International Advanced Level  
In Accounting (WAC11)

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.

1(a)(i) A01:(5) A02(8):A03(3)

A01: Five marks for recording given balances

A02: Eight marks for calculating and correct use of balance

A03: Three marks for making two stage calculations

**Really Tasty  
Manufacturing Account for the year ending 30 April 2025**

	£	£
Opening inventory of raw materials	4 500	
Purchases of raw materials	90 000	
Carriage inwards	<u>8 000 (1) A01</u>	
	102 500	
Closing inventory of raw materials	<u>(5 500) (1) A01</u>	
Cost of raw materials		97 000 (1) A03 +W
Manufacturing wages (86 000 + 3 200)		89 200 (1) A02
Direct manufacturing expenses		<u>9 800 (1) A01</u>
<b>Prime cost</b>		196 000 (1of) A02 +W
Overheads:		
Electricity and water	6 000 (1) A02	
Indirect manufacturing expenses	12 400 (1) A01	
Insurance	1 900 (1) A02	
Management salaries	51 000 (1) A02	
Rent and rates	6 700 (1) A03	
Repairs to machinery	7 200 (1) A01	
Depreciation of machinery	<u>9 200 (1) A02</u>	
		<u>94 400</u>
		290 400 (1of) A02
Work in progress:		
1 May 2024	6 300	
30 April 2025	<u>(7 500)</u>	(1 200) (1) A02
		<u>289 200 (1of) A03</u> +W
<b>Cost of production</b>		

**(16)**

**Examiners notes**

Prime cost requires correct label, no abbreviation

Total of prime cost and overheads own figure mark. Overheads must have been added, not deducted from prime cost.

No abbreviations such as PC for prime cost, R & R for rent and rates. If so, marks lost.

Cost of production accept wording Factory cost, Manufacturing cost, transfer price but **not** Total cost.

Cost of production own figure must have prime cost, overheads added and an adjustment for work in progress and **NO ALIENS** in the account.

(ii) A01:(5) A02(6):A03(3)

A01: Five marks for recording given balances

A02: Six marks for calculating and correct use of balance

A03: Three marks for two stage calculations

**Statement of Profit or Loss and Other Comprehensive Income Account**

	£	£
Revenue		480 000 <b>(1) A01</b>
Opening inventory	37 600	
Transferred goods/ Cost of production	<u>289 200</u> <b>(1of) A01</b>	
	326 800	
Closing inventory	<u>(40 100)</u>	
<b>Cost of sales</b>		<u>(286 700)</u> <b>(1) A03+w</b>
Gross profit		193 300 <b>(1of) A01</b>
		+w
Administrative wages	75 000 <b>(1) A01</b>	
Increase in allowance for irre'ble debts	400 <b>(1) A03</b>	
Electricity and water	6 000 <b>(1) A02</b>	
General administrative expenses	14 500 <b>(1) A01</b>	
Insurance	1 900 <b>(1) A02</b>	
Irrecoverable debts (4 000+2 000)	6 000 <b>(1) A02</b>	
Management salaries	51 000 <b>(1) A02</b>	
Rent and rates	6 700 <b>(1) A03</b>	
Depreciation – Office computers	4 500 <b>(1) A02</b>	
- Fixtures and fittings	<u>3 000</u> <b>(1) A02</b>	
		<u>(169 000)</u>
Profit for the year		24 300

**(14)**

**Examiners notes**

No abbreviations such as COS for cost of sales, or E & W for electricity and water.

No aliens in the Trading account - if aliens do not award Gross Profit OF.

(b) A01:(3) A02(8):A03(2)

A01: Three marks for recording given balances

A02: Eight marks for calculating and correct use of balance

A03: Two marks for two stage calculations

Statement of Financial Position at the 30 April 2025

<b>Non-current assets</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Machinery	96 000	(59 200)	36 800 <b>(1of) A02</b>
Office computers	45 000	(34 500)	10 500 <b>(1of) A02</b>
Fixtures and fittings	<u>30 000</u>	<u>(21 000)</u>	<u>9 000 (1of) A02</u>
	<u>171 000</u>	<u>(114 700)</u>	56 300 <b>(1) A01</b>
<b>Current assets</b>			
Inventory			
Raw materials	5 500		
Work in progress	7 500		
Finished goods	<u>40 100</u>		
		53 100 <b>(1) A02</b>	
Trade receivables	48 000 <b>(1) A02</b>		
Less allowance for ID	<u>(2 400) (1) A02</u>		
		45 600 <b>(1of) A03</b>	
Other receivables		1 400 <b>(1) A02</b>	
Cash and bank		<u>5 800 (1) A01</u>	
			<u>105 900</u>
<b>Total Assets</b>			<u>162 200</u>
Capital		120 000	
Profit for the year		24 300 <b>of</b>	
		144 300	
Drawings		<u>(15 000)</u>	
			129 300 <b>(1of) A03</b>
<b>Current liabilities</b>			
Trade payables		29 700 <b>(1) A01</b>	
Other payables		<u>3 200 (1) A02</u>	
			<u>32 900</u>
<b>Total capital and liabilities</b>			<u>162 200</u>

(13)

### **Examiners notes**

Allow own figure for non-current assets if carrying value between

Machinery 45 999 – 36 799

Office computers 14 999 – 10 499

Fixtures and fittings 11 999 – 8 999

Total of non-current assets is a figure mark

Capital must contain all elements, opening, profit for year, drawings, closing

Allowance for ID must follow Trade receivables.

(c) A01 (1), A02 (1), A03 (5), A04 (5)

### **Points in favour of the statement to borrow £50 000 for advertising to expand the production and sales**

An advertising campaign will bring the Really Tasty product to the attention of more customers and therefore there should be increased demand.

Really Tasty will gain a larger market share.

There should be social benefits with increased employment and a financial boost to the local economy.

### **Points against the statement to borrow £50 000 for advertising to expand the production and sales**

It is uncertain what effect the advertising campaign will have on demand for the product. This may be far lower than estimated.

Increasing production requires a considerable cash injection for additional non-current assets, the employment of additional staff, additional raw material purchases and other expenses. There is no additional borrowing for this.

If successful, the business will quickly run out of cash and liquidity levels will be insufficient to meet their financial obligations.

Have they got spare capacity to increase production e.g. do they have the floor space and machinery to expand.

### **Decision**

Candidates may conclude that it is/is not appropriate to borrow £50 000 to expand the business. Candidate's decision should be supported by an appropriate rationale.

### **Do not reward arguments relating to the benefits and limitations of the bank loan.**

(12)

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.

Q1	Total marks	55
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2(i) AO1:(13) AO2(22)

AO1: Thirteen marks for recording given balances

AO2: Twenty-two marks for calculating and correct use of balance

**Potting Garden Centre**  
**Departmental Account for the year ended 30 April 2025**

	Plants	Garden tools	Cafe
	£	£	£
Revenue	450 000 (1) AO1	450 000 (1) AO1	100 000 (1) AO1
Cost of sales	(150 000) (1) AO1	(300 000) (1) AO1	(25 000) (1) AO1
Gross profit	300 000	150 000	75 000
Less			
Delivery expenses	12 800 (1) AO2	3 200 (1) AO2	-
General expenses	9 000 (1) AO2	9 000 (1) AO2	2 000 (1) AO2
Light and heat	7 500 (1) AO2	5 250 (1) AO2	2 250 (1) AO2
Management salaries	45 000 (1) AO1	20 000 (1) AO1	15 000 (1) AO1
Rates	4 000 (1) AO2	2 800 (1) AO2	1 200 (1) AO2
Redecoration	-	-	3 500 (1) AO1
Wages	91 000 (1) AO2	44 000 (1) AO2	30 000 (1) AO1
Depreciation:			
Buildings	10 000 (1) AO2	7 000 (1) AO2	3 000 (1) AO2
vevEquipment	1 250 (1) AO2	2 500 (1) AO2	6 250 (1) AO2
Fixtures and fittings	600 (1) AO2	3 000 (1) AO2	2 400 (1) AO2
Provisions	-	4 000 (1) AO1	600 (1) AO1
	(181 150)	(100 750)	(66 200)
Departmental profit	118 850	49 250	8 800

(35)

### Examiners notes

All marks are figure marks.

No abbreviations of narratives e.g COS or L & H for Light and Heat If abbreviation lose first mark on the row. Accept alternative narratives for the Provisions - Irrecoverable debts legal claim/ injury are acceptable alternatives

Depreciation must state Depreciation or at least 'Dep' plus the name of the non-current asset being depreciated. If not lose the first correct mark for that category of NCA

(b) A01 (1), A02 (1), A03 (5), A04 (5)

#### **Points in favour of allocating one third to each department**

The process would be speedier/ less time consuming

Less demanding/ simpler.

Less costly as no requirement for expertise

No need to consider each overhead in turn and determine its 'cost driver' before apportioning so much time saved.

No need for considerable research to provide the information to enable the apportionment to take place, e.g calculation of the floor area, would be saved.

Less estimation.

#### **Points in favour of apportioning as at present**

It is a realistic estimate of cost incurred by each department but it will be much more accurate than just allocating one third.

Departments using a large proportion of a particular overhead can be identified and apportioned that cost. A straight one third allocation would seriously under represent the real costs incurred by that department.

Management decision making will be improved when more accurate cost information is available making higher quality decision making possible.

Fairer and realistic apportionment of costs allows accurate pricing of products

#### **Decision**

Candidates may conclude that it is/is not appropriate to allocate one third of the overheads to each department. Candidate's decision should be supported by an appropriate rationale.

## Examiner notes

Be wary of duplicate arguments when awarding marks - award the advantage of allocating one third but do not award if the candidate goes on to argue it is a disadvantage of apportioning.

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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.

(c) A01:(2) A02(2):A03(1)

A01: Two marks for recording given balances

A02: Two marks for calculating and correct use of balance

A03: One marks for two stage calculations

### Forecast Profit and Loss Statement for Proposed Toy Department

	£	£
Revenue		360 000
Less		
Cost of sales		(240 000) (1) A03
Gross profit		120 000 (1of) A02
Staffing	39 200 (1) A02	
Overheads	65 000 (1) A01	
		(104 200)
Forecast profit		15 800 (1of) A01

(5)

#### Examiners notes

Ignore narratives as a calculate question

Must see a figure for gross profit to award the mark for 120 000 OF

Ignore aliens

(d) A01:(3)

A01: Three marks for stating reasons to retain the café

Toys are not a complimentary product to garden products.

A café can attract people of all ages who will also look around the garden centre and make purchases.

The profit made from toys is not much greater than from the café.

The café business is all year round, but the toy sales may be seasonal.

Toys have a greater cost of sales than the café, meaning more capital invested in inventory etc.

Cafe has a higher gross profit as a % of revenue/net profit as a %of revenue

Although the forecast profit for the Tos department is higher, figure are only estimates

3 x (1) A01

(3)

Q2	Total marks	55
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3 (a) AO1:(4)

AO1: Four marks for explanations

Provision

An expected **liability/future liability (1) AO1** the value/timing of which is **uncertain/estimated. (1) AO1**

Prudence concept

Profits and **assets are not overstated (1) AO1** and losses and **liabilities are not understated (1) AO1**

**(4)**

**Do not accept estimated as an alternative to over or understated**

(b)(i) AO2(1)

AO2: One mark for calculating and correct balance

£5 000 – £500 = Irrecoverable debt £4 500 **(1) AO2**

**(1)**

(ii) AO1:(1) AO2(1):AO3(1)

AO1: One mark for recording given balances

AO2: One mark for calculating and correct use of balance

AO3: One mark for two stage calculation

	£	
Draft profit	14 000	
Less Irrecoverable debt	(4 500)	<b>(1of) AO2</b> (From (b))
Adjustment to allowance for Irrecoverable debts (900 to 800)	<u>100</u>	<b>(1) AO3</b>
Revised profit	9 600	<b>(1of) AO1</b>

**(3)**

### **Examiners notes**

Revised profit must have an adjustment for the irrecoverable debt and the allowance to be awarded the own figure.

Must start with £14 000 as draft profit for final OF

Accept 500 - 5000

Calculate question, so labels not required, ignore aliens

(c)(i) A01:(3):A03(1)  
 A01: Three marks for recording given balances  
 A03: One mark for calculating adjustment

Allowance for Irrecoverable Debts Account

Date	Details	£	Date	Details	£
2025			2025		
30 April	Income statement	100 <b>(1) A03</b>	30 April	Balance b/d	900 <b>(1) A01</b>
	Balance c/d	<u>800 (1) A01</u>			—
		900			<u>900</u>
			1 May	Balance b/d	800 <b>(1of) A01</b>

(4)

**Examiners notes**

- Marks are to be awarded for number and narrative. Ignore dates.
- No abbreviations such as I/S or b/d, bb/d
- Balance b/d must be on credit side.

(c)(ii) A01:(1) A02(2):A03(1)  
 A01: One marks for recording total current assets  
 A02: Two marks for entries for trade receivables  
 A03: One marks for correct trade receivables balance

Financial Position Statement (extract) at 30 April 2025

**Current assets**

Inventory	£	£	17 500
Trade receivables	20 000	CF	
Less Allowance for ID	<u>(800)</u>	<b>(1of) A02</b>	from c(i)
		19 200	<b>(1of) A03</b>
Other receivables		1 400	
Bank (3 500 + 500)		<u>4 000</u>	<b>(1) A02</b>
42 100	<b>(1of) A01</b>		

(4)

**Examiners notes**

Only award 19 200 OF if the allowance is deducted from the correct figure trade receivables

All 5 elements need to be present for total £42 100 own figure mark and NO alien items

Does not need Current assets heading

(d) A02(8)

**A02: Eight marks for recognition and development of actions**

Take out credit or bank references before supplying on credit.

Make first supply only for cash.

Limit the value of credit supplies to a single customer.

Send invoices immediately after supply.

Regular monthly statements of account.

Credit controller making regular calls to 'chase up' debt.

Accept other valid ways of reducing risk of irrecoverable debts

**(1) A02** x 4 for recognition + **(1) A02** x 4 for development

**(8)**

**Do not reward cash discounts or charging of interest**

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

**Points in favour of credit transactions**

The potential market for sales is much larger as customers do not need cash available to purchase.

Dealing only in cash is a security risk.

**Points in favour of only cash transactions**

Eliminates the risk of irrecoverable debts.

Liquidity is generally better and easier to control.

Costs will be lower as credit control and 'chasing' debts is eliminated.

**Decision**

Candidates may conclude that it is/is not better to trade only for cash.

Candidate's decision should be supported by an appropriate rationale.

**(6)**

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.

Q3	Total marks	30
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4 (a) A01:(4)

A01: Four marks for recording given balances

(i) **Inventory count**

Is a **physical count (1) A01** of the inventory of a business at a **specific time**, usually at the **end of a reporting period. (1) A01**

(ii) **Capital expenditure**

Expenditure by a business on **acquiring/improving non-current assets (1) A01** which will provide a **long-term benefit/more than one year. (1) A01**

**(4)**

(b) A01:(5) A02(12):A03(3)

A01: Five marks for recording given balances

A02: Twelve marks for calculating and correct use of balance and orientation

A03: Three marks for calculating two stage balances

**Abhik**  
**Statement of revised profit for the year ended 30 April 2025**

			<b>£</b>
Draft profit 30 April 2025			16 400
	<b>Increase</b>	<b>Decrease</b>	
	<b>£</b>	<b>£</b>	
1. Returns inwards		1 960 <b>(1)</b> AO3	
2. Inventory count	225 <b>(1)</b> AO2		
3. Commission receivable	270 <b>(1)</b> AO2		
4. General expenses and equipment repairs		550 <b>(1)</b> AO2	
5. Loan to employee	500 <b>(1)</b> AO1		
6. Office stationery		600 <b>(1)</b> AO1	
7. Office fixtures	4 250 <b>(1)</b> AO3		
8. Legal case provision		2 000 <b>(1)</b> AO1	
9. Allowance for e of the adjustment.irrecoverable debts	550 <b>(1)</b> AO3		
Total	5 795	5 110	
Revised profit for the year			17 085 <b>(2)/(1of)</b> AO1

In 4. Accept increase £170 and decrease £720

In 7. Accept increase £5 000 and decrease £750

**AO2 x 9 marks for correct orientation of increase or decrease.**

**AO1/2/3 x 9 marks for correct adjustment for each error.**

**(2)/(1of) AO1** for revised profit total.

**(20)**

**Examiner notes**

Reward each response where the direction of the adjustment is correct and clear, ie if the candidate uses ticks in the increase and decrease columns or use brackets to indicate a decrease.

Reward each correct value of the adjustment.

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

**Points in favour of the First In First Out (FIFO) method**

It is logical in the fruits and vegetables industry you would wish to issue your oldest inventory first.

Accepted by the tax authority/ IAS

Closing inventory valuation is based on most recent prices paid for the inventory.

Higher closing inventory valuation, reduces CoS and increases profit.

**Points against the First In First Out (FIFO) method**

Cost of inventory issues is likely to be undervalued and so selling price might be set too low.

The increase in profit will increase the amount of tax to be paid.

Might not conform to the concept of prudence by increasing the profit and the asset valuation

**Decision**

Candidates may conclude that it is/is not better to use First In First Out method. Candidate's decision should be supported by an appropriate rationale.

(6)

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.

Q4	Total marks	30
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5 (a) A02(7):A03(3)

A02: Seven marks for calculating costs and quotation price

A03: Three marks for calculating profit

**Quotation  
Job 96**

	£	£
<b>Raw materials</b>		
Mechanical components	600 <b>(1) A02</b>	
Electrical components	200 <b>(1) A02</b>	
		800
<b>Direct labour</b>		
Assembly	1 000 <b>(1) A02</b>	
Testing and packing	500 <b>(1) A02</b>	
		1 500
<b>Overheads</b>		
Assembly	1 500 <b>(1) A02</b>	
Testing and packing	400 <b>(1) A02</b>	
		<u>1 900</u>
<b>Total cost</b>		4 200
Profit at 20%		<u>1 050 <b>(3of) A03</b></u>
<b>Quotation price</b>		<u>5 250 <b>(1of) A02</b></u>

Profit       $\frac{\text{Cost } \pounds 4\,200 \text{ of } \times 20}{(100 - 20)}$  **[1] A03** = 1050 **[1of] A03**

**(10)**

**Examiners notes**

Profit and Quotation price must be based upon all three elements, raw materials, direct labour and overheads. If not, no marks awarded for profit or final quotation price.

(b) A01:(1) A02(5)

A01: One mark for recording profit as per quotation

A02: Five marks for calculating revisions and final profit

### Actual profit for Job 96

			£	£
Profit as per quotation				1 050 <b>(1of)</b> A01
less				
Raw material increase				
	Quoted	Actual		
	£	£		
Mechanical components	600 <b>of</b>	704	104 <b>(1of)</b> A02	
Electrical components	200 <b>of</b>	231	<u>31</u> <b>(1of)</b> A02	
				(135)
plus				
Direct labour decrease	1 500 <b>of</b>	1 350	150 <b>(1of)</b> A02	
Overheads decrease	1 900 <b>of</b>	1 700	<u>200</u> <b>(1of)</b> A02	
				<u>350</u>
Actual profit on Job 96				<u>1 265</u> <b>(1of)</b> A02

**(6)**

#### Examiners notes

Layouts may vary considerably common approach is using Quotation Price - actual cost to calculate the actual profit.

5250 (1 OF) less 3985 (4) less (704 (1) + 231 (1) + 1350 (1) + 1700 (1)) = £1265 (1OF) - OF actual profit must be based on OF quotation price less actual cost with all three elements.

Differences must be identifiable between own figure quotation price and correct total actual prices stated as paid in the question for the three elements.

Own figure total actual profit for Job 96 must be based upon all three of raw materials, labour and overheads for the mark

(c) A01:(4)

A01: Four marks for explanations of the terms

Job costing

**Specific/unique order costing (1) A01** where work is undertaken to **customers' special requirements (1) A01** /or each order is of comparatively short duration.

Day work

A remuneration system where employees are paid by a **rate per hour (1) A01** times the **number** of hours **(1) A01** worked in a period.

**(4)**

## Examiner notes

For day work, a rate per time period is required as is the number of time periods, so rate per day times number of days is acceptable.

(d) AO1:(4)

AO1: Four marks for identification of type of expense

- (1) Fixed (1) AO1
  - (2) Semi-fixed (1) AO1
  - (3) Semi-variable (1) AO1
  - (4) Fixed (1) AO1
- (4)**

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

### Points in favour of piecework

Piecework will require workers to be quicker in completing a task and this will increase production in a given time period and reduce the cost per unit.

Workers generally will be motivated by the increased reward available.

Less supervision will be required as workers are self-motivated.

### Points against piecework

Quality of the work will become an issue as workers do the minimum required. Therefore, quality inspection will need to be increased.

Working at speed may result in an increased accident rate.

Setting a rate for work completed may be difficult with job costing

### Decision

Candidates may conclude that piecework is/is not the only way to reduce costs. Candidate's decision should be supported by an appropriate rationale

**(6)**

	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.

Q5	Total marks	30
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6 (a) AO1:(4)

AO1: Four marks for explanation

### Social accounting

When businesses are **accountable to society/ stakeholders. (1) AO1**

It involves both financial and non-financial factors to assess the **impact of business decisions/actions** on stakeholders **(1) AO1**

### Accounting ethics

**Moral principles or values. (1) AO1** Business should report with **honesty, issue correct statements and not withhold relevant information/** financial statements should give a **true and fair view** of the financial position of the business. **(1) AO1**

**(4)**

(b) A01:(3)

A01: Three marks for calculating working capital

	£	
Current assets	50 000	[1] A01
Current liabilities	<u>30 000</u>	[1] A01
Working capital	20 000	(3) A01

(3)

(c)(i) A02(10)

A02: Ten marks for calculating ratios

$$\frac{20\,000 + 26\,000 + 4\,000}{30\,000} \text{ (1) A02} = \frac{50\,000}{30\,000} = 1.67:1 \text{ (1) A02}$$

(ii)

$$\frac{26\,000 + 4\,000}{30\,000} \text{ (1) A02} = 1:1 \text{ (1) A02}$$

(iii)

$$\frac{30\,000 \times 365}{270\,000} \text{ (1) A02} = 40.56 \text{ days (1) A02}$$

(iv)

$$\frac{26\,000 \times 365}{300\,000} \text{ (1) A02} = 31.63 \text{ days (1) A02}$$

(10)

(d) A01(2):A03(2)

A01: Two marks for identifying issue

A03: Two marks for qualitative development

- The inventory appears to be at an acceptable level and controlled.
- the current ratio at 1.67:1 is within the accepted yardstick of 1.4-2:1
- The liquid ratio at 1:1 is within the accepted yardstick of 0.7:1- 1.2
- The trade payables payment period at 40.55 days is longer than yardstick and therefore the business is getting a form of cheap funding. It does retain cash in the business in the short term.
- The trade receivables collection period at 31.63 days is acceptable showing that credit control procedures appear to be working.
- There is a positive bank balance which would enable business expenses to be met.

(1) A01 x 2 for identification + (1) A03 x 2 for qualitative development.

(4)

(e) A02(2):A03(1)

A02: Two marks for calculating current assets and liquid (acid test) ratio

A03: One mark for current liabilities

$$\frac{26\ 000}{30\ 000 + 21\ 000} = 0.51:1$$

(1) A02 (1) A03

(3)

(f) A02 (1), A03 (2), A04 (3)

### Arguments for paying by cheque

Daamin may be able to get the best price and the best discounts. There will be no additional costs associated with the purchase such as interest payments.

### Arguments for alternative payment

The payment would severely reduce his liquid (acid test) ratio down to 0.51:1 and his ability to meet business payments.

The bank balance would be in overdraft and will incur interest charges and facility payments.

Borrowing of some sorts would enable Daamin to spread the payment of the non-current asset over a much longer period.

### Decision

Candidates may conclude that the payment should/should not be made by cheque. Candidate's decision should be supported by an appropriate rationale.

(6)

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.

Q6	Total marks	30
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### Mark Schemes Updates

Stage	Date
Stage 8	30 March 2025
Examiners notes	1 May 2025