



Mark Scheme (Results)

January 2026

Pearson Edexcel in International A Level in Accounting
WAC11/01A

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

January 2026

Question Paper Log Number P87582A

Publication Code WAC11_01A_2601_MS

All the material in this publication is copyright

© Pearson Education Ltd

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 (6), A02 (6) A03 (1)

A01: Six marks for transferring balances to the income statement.

A02: Six marks for adjusting balances and transferring to the income statement.

A03: One mark for cost of sales

	Pence	
	£	£
Revenue		430 000
Opening inventory	22 000	
Purchases	285 000	
Carriage inwards	<u>1 500 (1)A01</u>	
	308 500	
Goods taken by owner (drawings)	<u>(400) (1)A02</u>	
	308 100	
Closing inventory	<u>(17 100)</u>	
Cost of sales		<u>(291 000) (1of)A03+w</u>
Gross profit		139 000
Commission receivable (4 700+1 300)		<u>6 000 (1)A02</u>
		145 000
Less		
Depreciation -Premises	3 000 (1)A02	
Equipment	4 000 (1)A02	
Fixtures and fittings	2 000 (1)A02	
Wages	82 000 (1)A01	
Rates (12 000 - 900)	11 100 (1)A02	
Carriage outwards	9 650 (1)A01	
Insurance	7 200 (1)A01	
Equipment repairs	2 450 (1)A01	
General expenses	<u>14 300 (1)A01</u>	
		<u>(135 700)</u>
Profit for the year		<u>9 300</u>

(13)

(ii) A01 (5), A02 (6), A03 (1)

A01: Five marks for transferring balances to the financial position statement.

A02: Six marks for balances requiring adjustment/ or correct treatment in the financial position statement.

A03: One mark for closing capital calculation showing all elements

Statement of Financial Position at 31 December 2025

Non-current assets

	Cost	Accumulated depreciation	Carrying value
	£	£	£
Premises	150 000	50 000	100 000 (1of)A02
Equipment	24 000	12 000	12 000 (1of)A02
Fixtures and fittings	<u>20 000</u>	<u>14 000</u>	<u>6 000 (1of)A02</u>
	<u>194 000</u>	<u>76 000</u>	118 000

Current assets

Inventory	17 100 (1)A01	
Trade receivables	6 150 (1)A01	
Other receivables (900 [1] +1 300 [1])	2 200 (2)A02	
Cash and bank	<u>5 900 (1)A01</u>	<u>31 350</u>
Total assets		<u>149 350</u>

Capital	120 000	
Profit for the year	<u>9 300 of</u>	
	129 300	
Drawings	<u>(16 750)</u>	
16 350 [1] A01 +400 [1] A02		112 550 (1of)A03

Current liabilities

Trade payables	<u>36 800 (1)A01</u>	<u>36 800</u>
Capital and liabilities		<u>149 350</u>

(12)

1(b) A01 (4), A02 (5)

A01: Four marks for transferring given balances to the bank account.

A02: Five marks for deriving and transferring balances to the bank account.

Bank Account (summarised)

Date	Details	£	Date	Details	£
2026			2026		
1 January	Balance b/d	5 900	January	Trade payables	18 400 (1)A02
January	Equipment sale/disposal	7 800 (1)A01		Staff redundancy	9 000 (1)A02
	Fixtures sale	800 (1)A02		New fixtures	8 500 (1)A01
	Inventory sale/disposal	17 100 (1)A02		Refurbishment	10 000 (1)A02
	Trade receivables	6 150 (1)A01		Running costs	8 000 (1)A01
31 January	Balance c/d	16 150			
		<u>53 900</u>			<u>53 900</u>
			1 February	Balance b/d	16 150

(9)

(c) A01 (2), A02 (3), A03(4)

A01: Two marks for transferring given balances.

A02: Three marks for balances requiring adjustment or calculation.

A03: Four marks for balances requiring two stage calculation.

Pence		
Forecast Statement of Profit or Loss and Other Comprehensive Income for the 11 months ending 31 December 2026		
	£	£
Revenue (1 500 x 47 x£5)		352 500 (1)A03
Cost of sales		<u>(70 500)</u> (1of)A03 if 20%
Gross profit		282 000 (1of)A02 if 80%
less		
Running costs	90 000 (1)A01	
Depreciation- premises	3 400 (1)A02	
fixtures	1 850 (1)A02	
Loss on sale of equipment	4 200 (1)A03	
Loss on sale of fixtures	2 200 (1)A03	
Redundancy costs	<u>9 000 (1)A01</u>	
		<u>(110 650)</u>
Forecast profit for the year		<u><u>171 350</u></u>

(9)

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

Points in favour of the change to coffee shop

The coffee shop is more profitable a projected £171 350 against £9 300
Gross profit margins are high at 80%. Far higher than the grocery business.
Profit has been steadily falling for the grocery business in recent years as competition rises. The coffee shop will reverse the trend of profit.
Better use of premises and the capital of Pence.

Points against the change from food retailer

The forecast is only an estimate therefore there is always the possibility that this could be wrong. Projected customer numbers are high which may not be achievable. There will be training and learning costs for staff.
Social accounting aspects need consideration. Four staff have been made redundant. Also consider loss of the grocery shop to the local community
To carry out the change a £16 150 overdraft is required in January. This will increase substantially in February when the second payment for trade payables and refurbishment are required to be paid.

Decision

Candidates may be in favour or against the change of business type. The decision should be supported by an appropriate rationale.

(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
----	-------------	----

2 (a) A02 (3)

A02: Three marks for correctly identifying the errors requiring a suspense account.

Item (1) (1) A02

Item (4) (1) A02

Item (6) (1) A02

(3)

(b)A01 (3), A02 (13)

A01: Three marks for correctly identifying the account.

A02: Thirteen marks for correctly identifying the account, the correct entry and value.

	Journal		
	Dr	Cr	
	£	£	
Suspense	3 250		(1) A02
Revenue/Sales		3 250	(1) A02
Golan	850		(1) A02
Gayesha		850	(1) A02
Inventory (1) A01	900		
Income statement		900	(1) A02
Discount Allowed	560		(1) A02
Suspense (1) A01		560	
Rent	2 000		(1) A02
Income statement (1) A01		2 000	
Telephone (Expenses)	180		(1) A02
Suspense		180	(1) A02
Computer	5 000		(1) A02
Computer Expenses		5 000	(1) A02
Income statement/depreciation	1 250		(1) A02
Provision for depreciation		1 250	(1) A02

(16)

(c) A01 (2), A02 (3)

A01: Two marks for establishing the opening balance of the account.

A02: Three marks for posting the correct narrative and value.

Suspense Account			
	£		£
Revenue/Sales	3 250	(1) A02 Balance b/d	2 510
		Telephone (exp.)	180
		Discount all.	<u>560</u>
	<u>3 250</u>		<u>3 250</u>
			(5)

(d)A01 (9)

A01: Nine marks for recording the correct entry and narrative or balancing the account.

(i)

Inventory Account					
2025		£	2025		£
1 Jan	Balance b/d	41 600	31 Dec	Balance c/d	42 500
		(1) A01			
	Income Statement	900			
		(1) A01			
		<u>42 500</u>			<u>42 500</u>
2026			2026		
1 Jan	Balance b/d	42 500			
		(1of) A01			

(ii)

Discount Allowed Account					
2025		£	2025		£
31 Dec	Balance b/d	1 320	31 Dec	Balance c/d	1 880
		(1) A01			
	Suspense	560			
		(1) A01			
		<u>1 880</u>			<u>1 880</u>
2026			2026		
1 Jan	Balance b/d	1 880			
		(1of) A01			

(iii)

Computer Expenses Account

2025		£	2025		£
31 Dec	Balance b/d	12 300 (1) A01		Computer Account	5 000 (1) A01
				Balance c/d	7 300
		<u>12 300</u>			<u>12 300</u>
2026			2026		
1 Sept	Balance b/d	7 300 (1of) A01			

(9)

(e) A02 (7), A03(3)

A02: Seven marks for identifying the correct effect of the error.

A03: Three marks for correctly calculating the correct figure

			£
Draft profit for the year			23 350
	Increase	Decrease	
	£	£	
(1) Sales Day Book	3 250 (1) A02		
(2) Purchases on credit	No effect (1) A02		
(3) Inventory count	900 (1) A02		
(4) Discount allowed		560 (1)A02+ (1) A03	
(5) Rent	2 000 (1) A02		
(6) Telephone expenses		180 (1) A02 + (1) A03	
(7) The purchase of a new computer	5 000 (1) A02	1 250 (1) A03	
Sub total	11 150	1 990	
Revised profit for the year			<u>32 510</u>

(10)

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

Potential arguments for preparing draft accounts

Gives a reasonable estimate and an early indication of profit allowing accounting staff more time to gather their information together.

Although the information is incorrect to some degree it gives an indication of the outcome for the period.

Assists the making of decisions, perhaps it is better to have inaccurate information rather than no information at all.

Potential arguments against preparing draft accounts

Total reliance cannot be placed upon the information which is not accurate.

The work needs to be repeated to adjust the financial statements in the future, this takes time and will incur cost.

There is the risk that decisions made upon draft information may be incorrect when the accurate information becomes available: in the question set, the actual profit was considerably greater than the draft profit and this under estimate might have resulted in a bad decision e.g. a proposed investment might have been rejected as profit was thought to be too low.

Decision

Candidates may conclude that draft financial statements with errors are useful or not very useful. The candidates must support their decision with a rationale.

(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.

Q2	Total marks	55
----	-------------	----

3 A01 (4)

A01: Four marks for stating the difference between trade receivable ledger and sales day book.

The trade receivables ledger consists of the individual accounts of customers (1)A01 to whom we have sold goods or services on credit (1)A01.

The sales day book lists all of the credit sales (1)A01 made in a day/specific period. before it is totalled and posted to the ledger. (1)A01

(4)

(b) A01 (2), A02 (4)

A01: Two mark for identifying the account.

A02: Four marks for calculating the figure and inserting this correctly in the journal.

Journal

	Dr £	Cr £
Sales returns (1)A01 Mille Street Stores	70 (1)A02	70 (1)A02
Mille Street Stores Revenue (Sales) (1)A01	45 (1)A02	45 (1)A02

(6)

(c) A01 (2), A02 (2),

A01: Two marks for recording the opening and closing balances.

A02: Two marks for making the correct adjustments.

Mille Street Stores		
	£	
Balance b/d	700	(1)A01
Less Returns	<u>(70)</u>	(1)A02
	630	
Plus Trade discount	<u>45</u>	(1)A02
Corrected balance	<u>675</u>	(1of)A01

(4)

- (d) A01 (1), A02 (6), A03 (3),
 A01: One mark for recording the correct closing credit balance.
 A02: Six marks for correctly applying the monthly balances to the account.
 A03: Three marks for calculating the corrected figure from the journal adjustment before applying the corrected figure to the account.

Trade Receivables Ledger Control Account

	£		£
Balance b/d	3 450	Balance b/d	50
Revenue 7830(1)A02 +45	7 875 (1)A03	Sales returns 470(1)A02 +70	540 (1)A03
Bank (cash refund)	210 (1)A02	Discount allowed	520 (1)A02
Interest charged	95 (1)A02	Bank(receipts)	6 695 (1)A02
Balance c/d	150	Balance c/d	3 975
	11 780		11 780
Balance b/d	3 975(1of)A03	Balance b/d	150 (1)A01

Note:

There is an error in the ledger to be investigated by the owner.

(10)

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

Potential positive arguments for control accounts

- Checking device on the double entry to reveal errors.
- Owner can see total trade payables and total trade receivables.
- Quicker to prepare financial statements with total balances.
- Restricts fraud (not prevents fraud).

Potential negative points against control accounts

- Additional resources required to prepare. (give time/cost as one point)
- Requires an experienced book-keeper to prepare.
- Not all errors will be revealed in control accounts.

Decision

Candidates may conclude that control accounts are useful/not useful.
 Candidates should support their answer with 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
----	-------------	----

4 A01 (4),
A01: Four marks for stating differences

Club	Sole trader
Non-profit making organisation	Profit making business
Income and expenditure account to calculate surplus/deficit	Statement of Profit and Comprehensive Income to calculate profit
Accumulated fund representing net assets	Owner invests capital
Primarily for pursuit of mutual interest not trading	Primarily for trading to generate profit
Ownership by the members	Owned by an entrepreneur
Funded by subscriptions	Funded by Sales Revenue/Profit

2 x 2 marks A01 for stating differences

(4)

(b) AO2 (2), AO3 (1)

AO2: Two marks for identifying incomes and expenditures and adjusting to opening balance

AO3: One mark for the cash stolen correct figure

Cash Account

	£		£
Balance	250 }	Wages	400 }
Receipts from hire charges	525 } AO2	Cleaning	190 } AO2
Subscriptions	310 }	Refund	25 }
		Sundry	120 }
		Cash stolen	<u>350</u> AO3
	<u>1085</u>		<u>1085</u>

1 mark (1)AO2 for £525 and £310 added to the op. bal. (anchor figure)

1 mark (1)AO2 for deducting £400, £190, £25 and 120

1 mark (1)AO3 for cash stolen £350

(3)

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

AO2: Three marks for calculating the purchases, cost of sales and gross profit

AO3: One mark for calculating the inventory stolen

Trading Account 1 December to 27 December 2025

	£	£
Revenue		4 200
Less		
Opening inventory	3 500	
Purchases	<u>3 200</u> (1)AO2	
	6 700	
Closing inventory	(2 300) (1)AO2	
Inventory stolen	<u>(1 250)</u> (1)AO3	
Cost of sales		<u>(3 150)</u> (1)AO2 75% of revenue
Gross profit		<u>1 050</u> 25% of revenue

(4)

(d) AO2 (2)

AO2: Two marks for calculating the total insurance claim

Insurance claim: £1 250 of + (350 of - 200) (1of)AO2 = £1 400 (1of)AO2

(2)

(e) A01 (2), A02 (2), A03 (1)

A01: Two marks for narratives

A02: Two marks for inventory claim value and Inventory CR side

A03: One mark for net cash claim

Journal		
	Dr	Cr
	£	£
Sports Insurance Company (1)A01	1 400 (1of)A02	
Inventory of sports equipment		1 250 (1of)A02
Cash		150 (1of)A03
Theft of cash and inventory on 27 December 2025. Insurance claim submitted (1)A01		

(5)

(f) A01 (3), A02 (3)

A01: Three marks for calculating the wages, advertising and heating

A02: Three marks for calculating revenue, rates and the depreciation

**Statement of Profit or Loss for the three months
ending 31 December 2025**

	£	£
Function room hire-15 days@£250		3 750 (1)A02
Less		
Rates	390 (1)A02	
Wages	1 120 (1)A01	
Advertising	1 650 (1)A01	
Heating	600 (1)A01	
Depreciation - fixtures	<u>800 (1)A02</u>	
		<u>(4 560)</u>
Loss on hire		(810)

(6)

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

Positive points for closing the functions room

The function room has made a loss of £810.

Many of the expenses can be reduced such as wages and advertising, but closure would not result in some other (fixed) costs being saved.

Less management responsibility.

Less wear and tear on the facilities

This is looking at 3 months in isolation.

Negative points for closing the functions room

Some of the costs attributed to the functions room would not be saved if the hire was ceased e.g. rates. This cost would now need to be borne by the sports club.

Does the sports club have an alternative for use or will the functions room remain unused and deteriorate?

By offering a room for hire the public is visiting the Club which may attract future members.

Decision

Candidates will conclude that it is or is not advantageous to close the functions room to hire. Candidates should support that decision with 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
----	-------------	----

5(a) AO1 (4),

AO1: Four marks for explaining the term allocation and its limitation

(i) Costs which are wholly identifiable with one cost centre (1) AO1 are charged direct to that cost centre. (1) AO1

(2)

(ii) Some costs give benefit to more than one cost centre. (1) AO1
The total overhead has to be shared or apportioned on some equitable basis. (1) AO1

(2)

(b) AO1(1):AO2(8): AO3(3)

AO1: One mark for totalling BOTH the body repair and paint shops

AO2: Eight marks for calculating the re-apportionment

AO3: Three marks for calculating the effect on the service departments

Body repair shop	Paint shop	Stores	Administration
£	£	£	£
62 000	43 000	16 000	12 000
8 000 (1) AO2	4 000 (1) AO2	(16 000) (1) AO3	4 000
9 600 (1) AO2	4 800 (1) AO2	1 600 (1) AO2	(16 000)
800 (1) AO2	400	(1 600) (1) AO3	400
240	120 (1) AO2	40	(400) (1) AO3
25 (1) AO2	15	(40)	
80 665	52 335 (1 of) AO1 Both		

(12)

(c) A02(2)

A02: Four marks for calculating the absorption rates per labour hour

(i) Body repair shop $\frac{\pounds 80\ 665}{6\ 400\ \text{hrs}}$ of = £12.60 per hour (1)of A02
(1) A02 (2)

(ii) Paint shop $\frac{\pounds 52\ 335}{3\ 400\ \text{hrs}}$ of = £15.39 per hour (1)of A02
(1) A02 (2)

(d) A01 (4),

A01: Four marks for explaining the term under absorbed and identifying two possible reasons.

(i) The **actual** overhead cost is **greater** (1) A01 than the overhead **recovered/absorbed** (1) A01 (2)

(ii) The **original calculation** of rate per hour was **based upon incorrect figures**.

The **projection of hours** of recovery was **overstated**.

Expenditure was **greater** than projected.

2 x (1) A01 (2)

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

Potential positive arguments for apportionment

The cost must be recovered in the price charged to the customer and therefore to do this the cost must be charged to a specific productive cost centre. Apportionment is just a means of charging the cost.

The cost driver will be used to ensure a reasonable match between the usage of the cost and the sum apportioned to the cost centre.

Potential negative points against apportionment

Because the cost is used across many cost centres the sum apportioned to a specific cost centre is only an estimate of the usage.

With some costs it may be difficult to establish a strong cost driver.

Therefore, any apportionment will largely be arbitrary. Continuous allotment when used to re-apportion overheads may be an example of that arbitrary apportionment.

Skilled staff are required.

Decision

Candidates may conclude that it is a satisfactory or unsatisfactory way of determining the cost of operating. The 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.

Q5	Total marks	30
----	-------------	----

6 (a) A01:(4)

A01: Four marks for describing the two terms

Liquidity relates to the speed or ease with which **assets can be turned into cash**. (1)A01 This provides the **ability to meet short term debts**. (1)A01

Profitability relates the gross profit or profit for the year **compared to other figures within the same set of accounts**. (1)A01 Comparison with the other figures could be to **revenue or capital employed**. (1)A01

OR

The ability to make profits. (1)A01

(4)

(b) A02:(7)A03(3)

A02: Seven marks for calculating the ratios including correct labelling

A03: Three marks for deriving figures requiring two stage calculation

(i) current ratio

$$\frac{12\,000 + 38\,000 + 4\,000}{27\,000 + 3\,000} = 1.8:1 \quad (1)A02$$

(2)

(ii) liquid (acid test) ratio

$$\frac{38\,000 + 4\,000}{27\,000 + 3\,000} \quad (1)A02 = 1.4:1 \quad (1)A02$$

(2)

(iii) gross profit as a percentage of revenue

$$\frac{14\,000}{80\,000} \quad (1)A03 \times 100 = 17.5\% \quad (1)A02$$

(2)

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

$$\frac{4\,000}{80\,000} \quad (1)A03 \times 100 = 5\% \quad (1)A02 \quad \text{or} \quad \frac{2\,400}{80\,000} \times 100 = 3\% \quad (1)$$

(2)

(v) percentage return on capital employed.

$$\frac{4\,000 + 1\,600}{120\,000 + 20\,000} \quad (1)A03 = 4\% \quad (1)A02 \quad \text{or} \quad \frac{2\,400 + 1\,600}{120\,000 + 20\,000} \times 100 = 2.86\% \quad (1)$$

(2)

(c) A01: (2)

A01: Two marks for valid comment on sufficiency

Own figure rule applies:

Liquidity is **sufficient** as both ratios are above the accepted parameters of 1.4:1 and 0.7:1. (1)A01

The profitability is probably **not sufficient** at 4%. (1)A01

(2)

(d) A01(3):A02(5)

A01: Three marks for final answers

A02: Five marks for calculating the required figures

	Workings	Answer
Revenue for December 2025	15 000 x 140% (1)A02	21 000 (1)A02
Inventory at 31 December 2025	12 000 + (10 000 - 15 000) (1)A02 two figures correct	7 000 (1)A01
Expenses for December 2025	(3 000) + 11 000 - 4 000 (1)A02 two figures correct	4 000 (1)A01
Profit for the month of December 2025	21 000 (of) sales - 15 000 = 6 000 (of) - 4 000 (of) (1)A02 two figures correct	2 000 (1of)A01

(8)

(e)

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

Points in favour the use of ratios

Enable comparison with accepted 'yardsticks', previous performance and competitors.

Accepted measures can be applied.

Enables stakeholders to make better decisions.

Points against the use of ratios

The ratios are based on historical data.

Does not consider non-financial factors such as skill of the workforce, quality of the products or environmental factors.

Whether direct comparators exist for raza.

Ratios are open to different interpretations.

Seasonal differences can distort the profit.

Decision

Candidates may be in favour or against the use of ratios in determining the success of a business. Candidate's conclusion should be supported with 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
----	-------------	----