

6(a) AO1 (4)

AO1: Four marks for explaining two reasons

- Checking device for errors (1) AO1 to ensure that the double entry has been correctly applied/ is accurate. (1) AO1
- Totals accounts (1) AO1 for easy preparation of financial statements. (1) AO1
- They can reduce fraud (1) AO1 as there will be a division of duties in preparation of the accounts. (1) AO1

2 points x 2 marks MAX

(4)

(b) AO2 (12), AO3 (3)

AO2: Twelve mark for correct posting

AO3: Three mark for calculation and correct posting

(i)

Trade Receivables Control Account

Date	Details	£	Date	Details	£
2021			2021		
1 April	Balance b/d	2 750	1 April	Balance b/d	175
April	Sales (revenue)	3 400 (1) AO3	April	Bank (Receipts)	3 050 (1) AO2
	Bank(disho'ed ch)	180 (1) AO2		Discount allowed	150 (1) AO2
	Adjustment (Contra)	140 (1) AO3		Irrecoverable debt	650 (1) AO2
30 April	Balance c/d	<u>25</u>	30 April	Balance c/d	<u>2 470</u>
		6 495			6 495
1 May	Balance b/d	2 470 (1of) AO2 Both	1 May	Balance b/d	25

(7)

(ii)

Trade Payables Control Account

Date	Details	£	Date	Details	£
2021			2021		
1 April	Balance b/d	265	1 April	Balance b/d	1 900
April	Bank (payments)	1 950 (1) AO2	April	Purchases	2 250 (1) AO3
	Discount received	90 (1) AO2		Bank (int'st charged)	25 (1) AO2
	Purchase returns	450 (1) AO2		Bank (refund)	410 (1) AO2
				Adjustment (Contra)	140 (1) AO2
30 April	Balance c/d	<u>2 075</u>	30 April	Balance c/d	<u>105</u>
		4 830			4 830
1 May	Balance b/d	105	1 May	Balance b/d	2 075 (1of) AO2 Both

(8)

(c) AO1 (2)

AO1: Two marks for stating two possible reasons

- Customers have overpaid/ paid in advance.
- Customer failed to take correct cash discount.
- Customer returned goods after payment.

2 x (1) AO1

(2)

(d) AO1 (3)

AO1: Three marks for explaining the reason why

James's business deals with another business and he is a supplier of goods and a purchaser of goods from that person. (1) AO1 The balance owed to the supplier is 'set off' against the balance owed by the creditor. (1) AO1 Therefore only one settlement cheque is required. (1) AO1

(3)

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

Points in favour of profit motive

Profit is required to maintain and grow the business.

Owners looking at the 'bottom line' profit for returns on investment.

Points against profit motive

Need to consider liquidity particularly if the business is new.

Need to consider social accounting factors e.g employees, community.

Consideration of these factors in the policies of the business will produce longer term benefits and profit.

Decision

Candidates may conclude that the profit motive on its own is beneficial or not. Candidate's conclusion should be supported by an appropriate rationale.