Q4

(i) AO1:(2)

AO1: Two marks for explaining the term

The transaction is posted to the **incorrect class** of account **(1)**AO1 although there is a **debit and credit** of equal value/ recorded the **correct values** on the correct sides/ this will **not affect the balancing of the trial balance. (1)**AO1

(2)

(ii) AO1:(2)

AO1: Two marks for explaining the term

A **temporary account** / balance the trial balance **(1)**AO1 **until errors are found** and **corrected. (1)**AO1

(2)

(b) AO1:(5) AO2(5)

AO1: Five marks for correct narrative

AO2: Five marks for narrative and value

Journal

	Dr	**Cr**
	£	**£**
Purchases	5 400 **(1)**AO2	
Suspense **(1)**AO1		5 400
Drawings	1 560 **(1)**AO2	
General expenses **(1)**AO1		1 560
Suspense	750 **(1)**AO2	
Commission receivable **(1)**AO1		750
Income statement/Depreciation	250 **(1)**AO2	
Provision for depreciation **(1)**AO1		250
Allowance/Provision for irrecoverable/bad debts	650 **(1)**AO2	
Income Statement **(1)**AO1		650

(10)

(c) AO2(7) :AO3(3)

AO2: Seven marks for calculating and using the correct value or correct orientation

AO3: Three marks for calculating and items (1), (4) and (5)

Corrected Profit

	£	£	£
Draft profit			19 000
	Increase	**Decrease**	
Error			
(1) Purchases		5 400 **(1)**AO3	
(2) Payment to owner	1 560 **(1)**AO2		
(3) Commission receivable	750 **(1)**AO2		
(4) Depreciation		250 **(1)**AO3	
(5) Allowance for irrecoverable debts	650 **(1)**AO3		
	2 960	5 650	______
Revised profit			16 310

1 mark for correct value (1)AO2 **plus 1 mark for each correct orientation (1)**AO2

(10)

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

Positive points in favour of IAS

Gives more accurate profit calculation when revenues and expenses are calculated using accounting concepts.
Provides consistency and comparability between different businesses.
Users of the information can rely on the information and make informed decisions.
The standards provide a common standard that can be applied across the world.

Negative points against IAS

Only corporate bodies are required to comply as the Standards.
Concepts and conventions are open to interpretation.
Skilled staff are required to apply the accounting techniques therefore there will be a cost implication.
IAS only covers financial factors so non-financial implications of business activities are ignored.

Decision

Candidates may conclude that International Accounting Standards are of value when preparing their financial statements. 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**