Question Number	Answer	Mark
2(a)(i)	AO1 (6), AO2 (13), AO3 (2) A01: Six marks for recording the given expense in the account without adjustment and providing correct labels to key costs. A02: Thirteen marks for adjusting the given figure or calculating the figure and inserting this correctly in the account. A03: Two marks for calculating the correct expense and then correctly apportioning.	

Manufacturing Account for the year ended 30 April 2016

	£	£	
Opening inventory of raw materials		23 400	
Purchases of raw materials		97 800	
Carriage inwards		8 450	
		129 650	
Less Closing inventory of raw materials		(16 950)	
Cost of raw materials consumed (1)AO1		112 700	(1)AO2
Manufacturing wages 81 400(1)AO1+ 2 600		84 000	(1)AO2
Direct factory consumables		35 300	(1)AO2
Prime cost (1)AO1		232 000	(1of)AO2
			No aliens
Plus overheads			
Production management salaries	59 500		(1)AO1
Depreciation - equipment	24 000		(1)AO2
computers 18 000x60%	10 800		(1)AO3
Computer technician wages 40 000x60%	24 000		(1)AO2
Indirect factory consumables	9 900		(1)AO2
Rent and rates	12 000		(1)AO2
Electricity and water charges	11 700		(1)AO2
General expenses	10 500		(1)AO2
Property maintenance 11 000+1 800x75%	9 600		(1)AO3
		172 000	
		404 000	
Work in progress at start of period	52 000		
At end of period	(58 000)		
		(6 000)	(1)AO2
Production cost (1)AO1		398 000	
Profit on manufacture 20%		79 600	(1of)AO2
Transfer to trading account (1)AO1		477 600	(1of)AO2
			No aliens

Mark: (21)

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>2(a)(ii)</td><td>
AO1 (3), AO3 (2)
A01: Three marks for correctly recording balances and using correct narrative in the account.
A03: Two marks for calculating the correct adjustment to the provision and accurately recording this.

Provision for Unrealised Profit on Manufactured Goods Account
<table>
<tr><th></th><th>£</th><th></th><th>£</th></tr>
<tr><td></td><td></td><td>Balance b/d</td><td>12 000 (1)AO1</td></tr>
<tr><td>Balance c/d</td><td>15 000</td><td>Income statement (1)AO1</td><td>3 000 (2/1of)AO3</td></tr>
<tr><td></td><td>15 000</td><td></td><td>15 000</td></tr>
<tr><td></td><td></td><td>Balance b/d</td><td>15 000 (1of)AO1</td></tr>
</table>
</td><td>(5)</td></tr>
</table>

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>2(a)(iii)</td><td>
AO1 (3), AO2 (2)
A01: Three marks for recording the calculated figure in the ratio without adjustment.
A02: Two marks for inserting the appropriate figure and carrying out the calculation and correctly identifying the correct descriptor.

Manufacturing Wages Account
<table>
<tr><th></th><th>£</th><th></th><th>£</th></tr>
<tr><td>Cash Bank</td><td>81 400 (1)AO1</td><td>Manufacturing Account (1) AO1</td><td>84 000 (1)AO2</td></tr>
<tr><td>Balance c/d</td><td>2 600 (1)AO2</td><td></td><td></td></tr>
<tr><td></td><td>84 000</td><td></td><td>84 000</td></tr>
<tr><td></td><td></td><td>Balance b/d</td><td>2 600(1of)AO1</td></tr>
</table>
</td><td>(5)</td></tr>
</table>

Question Number	Answer	Mark
2(b)	**AO1 (4),AO2 (8)** **A01: Four marks for identifying the concept which has not been complied with.** **AO2: Eight marks for explaining why the concept would be broken.** **Proposal 1** This would breach the **money measurement** concept (1)AO1 The skill of the workforce **cannot be measured accurately** in monetary terms (1) AO2 **If workers leave** that value will be lost without compensation (1)AO2 **Proposal 2** This would breach the **going concern or accruals** concept (1)AO1 Non-current assets would be **used for many years** (1)AO2 and therefore a proportion of the cost should be **charged to each of those years** (1)AO2 Expenses should be matched to a period (1) AO2 Profit should not be overstated (1)AO2 **Proposal 3** This would breach the concept (1)AO1 **realisation or accruals** Profit is **not realised until the goods are sold** (1)AO2 A profit on manufactured goods is contained in the finished goods inventory which has **yet to be realised** (1)AO2 Expenses should be matched to a period (1) AO2 Profit should not be overstated (1)AO2 **Proposal 4** This would breach the **business entity** concept (1)AO1 There must be a **clear separation** between the business and the owner (1)AO2 Owners drawings should be **recorded separately and set against the profit for the year** in the Financial Position Statement (1)AO2	(12)

Question Number	Answer	Mark
2(c)	AO1 (1), AO2 (1), AO3 (5), AO4 (5) A01: One mark for knowing identifying positive and negative aspects of this business. A02: One mark for applying positive or negative aspects of the use of IAS. A03: Five marks for interpreting and analysing the aspects of IAS. A04: Five marks for evaluating the scenario counterbalancing the arguments giving weight to a range of financial and non-financial aspects to arrive at a logical conclusion. Potential arguments for IAS • Provides a common international standard which can be applied across the world • Stakeholders can rely upon the validity of figures in the statements • Greater accuracy of reporting in statements prepared in the same format • Enables comparisons to be made. Potential arguments against IAS • Only legally applies to corporate bodies • Requires trained accounting staff to apply • Cost of implementation will be higher **NOT** just time consuming on its own • Non-financial factors are not included in IAS accounting • Standards can be contradictory. Not Discussion of individual accounting concepts/principals.	(12)