Q1 (a) AO1:(11) AO2(10)

AO1: Eleven marks for recording given balances

AO2: Ten marks for calculating and correct use of balance

Rapid Supplies

Statement of Profit Loss and Other Comprehensive Income for the year ended 30 April 2024

	£	**£**
Revenue	345 000	
Less returns inwards	(11 180)	
		333 820 **(1)**AO1
Opening inventory	9 800	
Purchases	187 900	
Less returns outwards	(5 700) **(1)**AO1	
		192 000
Less closing inventory		(12 000)
Cost of sales		180 000**(1of)**AO2**+W**
Gross profit		153 820
Plus Other Income		
Commission received	8 000 **(1)**AO1	
Discount received	950 **(1)**AO1	
Profit on disposal	1 250 **(1)**AO1	
		10 200
		164 020
Less Expenses		
Allowance for irrecoverable debts	320 **(1)**AO2	
Bank loan interest (500 + 250)	750 **(1)**AO2	
Delivery vehicle expenses	6 250 **(1)**AO1	
Discount allowed	1 350 **(1)**AO1	
General expenses	7 450 **(1)**AO1	
Insurance	2 100 **(1)**AO1	
Irrecoverable debts (850 + 400)	1 250 **(1)**AO2	
Depreciation - Premises	1 800 **(1)**AO2	
- Delivery vehicles	4 000 **(1)**AO2	
- Office equipment	7 500 **(1)**AO2	
Marketing costs (11 250 – 1 500)	9 750 **(1)**AO2	
Power and water (13 500+1 100- 400)	14 200 **(1)**AO2	
Rates	11 900 **(1)**AO1	
Wages and salaries	60 400 **(1)**AO1	
		(129 020)
Profit for the year		35 000 **(1of)**AO2 **+W**
		No Aliens

(21)

Note: Discount allowed deducted from revenue **(1)**AO1

Discount received deducted from purchases **(1)**AO1

(b) AO1:(5) AO2(12):AO3(1)

AO1: Five marks for recording given balances

AO2: Twelve marks for calculating and correct use of balance

AO3: One mark for calculating delivery vehicle accumulated depreciation.

Statement of Financial Position at 30 April 2024

Non-current assets			
	Cost	**Accumulated depreciation**	**Carrying value**
	£	**£**	**£**
Premises	90 000	10 800	79 200 **(1of)**AO2
Delivery vehicles	40 000 **(1)**AO2	24 000 **(1)**AO3	16 000
Office equipment	30 000	20 900	9 100 **(1of)**AO2
	160 000	55 700	104 300 **(1of)**AO1
Current assets			
Inventory		12 000 **(1)**AO1	
Trade receivables less	12 800		
Less irrecoverable debts	(400)		
	12 400 **[1]**AO2		
Less allowance for irrecoverable debts	(620) **[1]**AO2	11 780 **(3)**AO1	
Other receivables 400**[1]** +1 500**[1]**		1 900 **(2)**AO2	
Cash and bank 10 120**[1]** + 3 750**[1]**		13 870 **(2)**AO2	
			39 550
TOTAL ASSETS			143 850
Capital		100 000	
Profit for the year		35 000	
		135 000	
Drawings		(28 000)	
			107 000 **(1of)**AO2
Non-current liabilities			
5% bank loan			20 000 **(1)**AO1**+W**
Current liabilities			
Trade payables		15 500 **(1)**AO1	
Other payables 1 100**[1]** +250**[1]**		1 350 **(2)**AO2	
			16 850
TOTAL CAPITAL AND LIABILITIES			143 850

(18)

(c) (i) AO1:(2)
AO1: Two marks for explaining the terms

Hours worked **(1)**AO1 x fixed **rate per hour (1)**AO1

(2)

(c) (ii) AO1:(2)
AO1: Two marks for explaining the terms

Items completed **(1)**AO1 x **rate per item (1)**AO1

(2)

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

Points in favour of a change to piecework
The delivery driver will be incentivised to increase the number of deliveries which would increase their income and the profit for the business.
More customers may be able to be reached more quickly and faster.
Delivery drivers will become motivated to work hard will be rewarded with higher pay.

Points against a change to piecework
Other employees are remunerated on a day work basis.
Delivery drivers will be in a hurry and not have the time to provide good customer service.
From the employee's point of view income is not guaranteed as it would be with day rate.
Some deliveries may take longer because of distance travelled and size/number of items delivered. Unfair to penalise drivers for long journeys or large loads.
Drivers will be in a hurry and take driving risks with speeding and possible accidents.
As the drivers are rushing possible damage to customers goods.

Conclusion
Candidates may conclude that it will be better to continue with the current remuneration arrangement or to change to a piecework basis. The candidate's conclusion should be supported by an appropriate rationale.

Note
Accept other valid answers

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.

(12)

Q1	**Total marks**	**55**