

Question Number	Answer	Mark
4 (a)(i)	<p>A02 (2)            A02: Two marks for correct calculation of percentage of discount received.</p> $\frac{4\ 012}{160\ 480} \times 100 \text{ (1) A02} = 2.5\% \text{ (1) A02}$	(2)

Question Number	Answer	Mark
4 (a)(ii)	<p>A01 (1), A02 (4)            A01: One mark for correct calculation of total depreciation on each machine.            A02: Four marks for correct calculation of number of machines.</p> <p>Total depreciation per machine = 11 000 - £500 = £10 500 (1) A01            Depreciation per year = <math>\frac{£10\ 500}{7}</math> (1of) A02 = 1 500 per year (1of) A02</p> <p>Number of machines = <math>\frac{24\ 000}{£1\ 500}</math> (1) A02 = 16 machines (1of) A02</p>	(5)

Question Number	Answer	Mark
4 (a)(iii)	<p>A01 (2)            A01: Two marks for correct reasons for inventory increasing.            Company are having difficulty selling inventory (1) A01            Company decided to hold a larger inventory (1) A01            Inflation (1) A01</p>	(2)

Question Number	Answer	Mark
4 (a)(iv)	<p>A02 (1)  A02: One mark for correct calculation of size of warehouse.</p> $\frac{\pounds 147\,888}{\pounds 26} = 5\,688 \text{ square metres (1) A02}$	(1)

Question Number	Answer	Mark
4 (a)(v)	<p>A02 (2)  A01: Two marks for correct action to reduce bad debts.  Stop selling on credit (1) A01  Take firmer action with credit control e.g. be firmer chasing up debts (1) A01</p>	(2)

Question Number	Answer	Mark
4 (a)(vi)	<p>A02 (2)  A02: Two marks for correct reasons for reducing provision for bad debts.</p> <p>Less of the year end trade receivables are thought to be possibly bad (1) A02  Provision is a fixed percentage of year-end trade receivables, and trade receivables at the year-end are lower than last year (1) A02</p>	(2)

Question Number	Answer	Mark
4 (a)(vii)	<p>A02 (3)  A02: Three marks for correct calculation of percentage of interest on debenture.</p> $X \times 5.75\% = \text{£}34\,500$ <p>So <math>X = \frac{\text{£}34\,500}{5.75\%} (1) \text{ A02} = \text{£}600\,000 (1) \text{ A02}</math></p>	(3)

Question Number	Answer	Mark
4 (a)(viii)	<p>A02 (4)  A02: Four marks for correct calculation of selling price of share.</p> $\frac{\text{£}50\,000}{\text{£}1.25} = 40\,000 \text{ shares } (1) \text{ A03}$ <p><math>\text{£}50\,000 + \text{£}10\,000 \text{ Profit} = \text{Sold for } \text{£}60\,000 (1) \text{ A03}</math></p> $\frac{\text{£}60\,000}{40\,000 \text{ shares}} (1) \text{ A03} = \text{£}1.50 \text{ per share } (1) \text{ A03}$	(4)

Question Number	Answer	Mark
4 (a)(ix)	<p>A03 (3)  A03: Three marks for correct calculation of percentage of corporation tax.</p> $\text{£}168\,000 - \text{£}24\,000 = \text{£}144\,000 (1) \text{ A03}$ $\frac{\text{£}36\,000}{\text{£}144\,000} \times 100 (1) \text{ A03} = 25\% (1) \text{ A03}$	(3)

Question Number	Indicative Content	Mark
4 (b)	<p><b>AO4 (6)</b></p> <p>For decision</p> <p>Allows readers of financial statements to understand a given, uniform presentation. Allows readers of financial statements to compare companies. Enables companies to see how various sections of the business are performing i.e. production, distribution, and administration. The subdivisions may be helpful in determining internal decision making e.g. price setting, budget preparation.</p> <p>Against decision</p> <p>May add to the complexity of producing and reading financial statements. There are some items/expenses that may be placed in more than one section, which may make comparisons invalid.</p> <p>Decision</p> <p>Probably a good recommendation to divide up expenses into the given sub-headings.</p>	(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.
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