

Question Number	Answer	Mark
4(a)(i)	AO1 (2) AO1: Two marks for monthly entries in purchases budget.	(2)

<u>(a) (i) Purchases Budget</u>							
	January	February	March	April			
	36 400	36 400 (1) AO1	36 400	36 400 (1) AO1			2 marks

Question Number	Answer	Mark
4(a)(ii)	AO1 (2), AO2 (6) AO1: Two marks for entries for cash purchases from February to April and totals. AO2: Six marks for cash entry for January and credit entries.	(8)

<u>(a)(ii) Cash Budget extract</u>							
	January	February	March	April			
Cash	16 380 (1) AO2	16 380	16 380	16 380	16 380	(1) AO1	
One month credit		12 740 (1) AO2	12 740	12 740	12 740	(1) AO2	
Two months credit			5 460 (1) AO2	5 460	5 460	(1) AO2	
Three months credit				1 820	1 820	(1) AO2	
Total	16 380	29 120	34 580	36 400	36 400	(1 of) AO1	8 marks

Question Number	Answer	Mark
4(a)(iii)	AO1 (1), AO2 (6), AO3 (3) AO1: One mark for totals. AO2: Six marks for all entries for January, one month's credit for February to April entries, two months credit for March and April entries, and April entry for three months credit. AO3: Three marks for two months credit for February and three months credit for February and March.	(10)

<u>(a)(iii) Trade Payables</u>								
	January		February		March		April	
One month credit	12 740	(1) AO2	12 740		12 740		12 740	(1) AO2
Two months credit	5 460	(1) AO2	10 920	(1) AO3	10 920		10 920	(1) AO2
Three months credit	1 820	(1) AO2	3 640	(1) AO3	5 460	(1) AO3	5 460	(1) AO2
	20 020		27 300		29 120		29 120	(1 of) AO1
								10 marks

Question Number	Answer	Mark
4(b)	AO3 (4) AO3: Four marks for correct calculation of discount. Monthly purchases on credit = (36 400 - 16 380) (1 of) AO3 = £20 020 (1) AO3 Discount = 20 020 x 2% = £400.40 (1) AO3 Four months = £400.40 x 4 = £1 601.60 (1) AO3	(4)

Question Number	Indicative Content	Mark
4 (c)	<p>AO4 (6)</p> <p><u>Case for paying within the same month</u> A total of £1 601.60 (o/f) would be saved / received as a discount. This would increase profit and maybe help cash flow, less would need to be paid out each month after April. Better relationship with suppliers.</p> <p><u>Case against paying in the same month</u> It would not help cash flow for the first four months. There are no details for sales available, but it would appear that a large fraction of sales may have to be made in the same month as purchase.</p> <p><u>Decision</u> It depends upon the cash flow situation. If cash flow allows, it is a good idea to pay for credit purchases in the same month.</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.