



Mark Scheme

January 2022

Pearson Edexcel International Advanced
Subsidiary Level In Accounting (WAC11/01)
Paper 01 The Accounting System and
Costing

1(a)(i)

AO1:(5)AO2(8):AO3(2)

AO1: Five marks for transferring balances or calculating profit

AO2: Eight marks for calculating and inserting entries

AO3: Two marks for two stage calculations and inserting entries

Fred's Bakery
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 September 2021

	£	£
Revenue		150 000
Less		
Opening inventory	7 500	
Purchases	92 000	
Purchase returns	<u>(1 500)</u>	
	98 000	
Closing inventory	<u>(8 000)</u>	
Cost of sales		<u>(90 000)</u> (1) AO3 + w
Gross profit		60 000 (1of) AO2 + w
Other income		
Commission receivable	800 (1) AO1	
Decrease in allowance for doubtful debts	<u>100</u> (1) AO2	
		<u>900</u>
		60 900
Less expenses:		
Wages (4 850 + 550)	5 400 (1) AO2	
Rent and rates (14 500 – 2 500 + 500)	12 500 (1) AO2	
Electricity and water	6 750(1) AO1	
Advertising	3 800(1) AO1	
Insurance	4 100(1) AO1	
General repairs (8 900 – 6 000)	2 900 (1) AO2	
Bank charges (1 100 -200 + 500)	1 400 (1) AO2	
Sundry expenses	5 600 (1) AO1	
Depreciation:		
Equipment	13 125 (1) AO3	
Computers	2 500 (1) AO2	
Fixtures and fittings	<u>450</u> (1) AO2	
		<u>(58 525)</u>
		<u>2 375</u>
Profit for the year		<u>2 375</u>

(15)

(a)(ii)

AO1:(3)AO2(9):AO3(2)

AO1: Three marks for transferring balances or calculating profit

AO2: Nine marks for calculating and inserting entries

AO3: Two marks for two stage calculations and inserting entries

Statement of Financial Position at 30 September 2021

Assets			
Non-current assets			
	Cost	Accumulated depreciation	Carrying value
	£	£	£
Equipment	70 000	(30 625)	39 375 (1 of) AO2
Computers	14 000 (1) AO2	(6 500)	7 500 (1) AO2
Fixtures and fittings	<u>3 000</u>	<u>(1 850)</u>	<u>1 150</u> (1 of) AO2
	<u>87 000</u>	<u>(38 975)</u>	48 025
Current Assets			
Inventory		8 000 (1) AO1	
Trade receivables	2 600		
Less Allowance for irrecoverable debts	<u>(150)</u>		
		2 450 (1) AO3	
Other receivables:			
Rent prepaid 2 500		<u>2 500</u> (1) AO2	
			<u>12 950</u>
TOTAL ASSETS			<u>60 975</u>
Capital and Liabilities			
Capital		30 000	
Profit for the year		<u>2 375</u>	
		32 375	
Drawings		<u>(7 500)</u>	
			24 875 (1 of) AO3
Non-current Liabilities			
5% bank loan			20 000 (1) AO2
Current Liabilities			
Trade payables		11 100 (1) AO1	
Other payables:			

Wages 550 Rates 500 Charges 300		1 350 (3) AO2	
Bank overdraft		<u>3 650</u> (1) AO1	
			<u>16 100</u>
TOTAL CAPITAL AND LIABILITIES			<u><u>60 975</u></u>

(14)

(b)

AO1:(3) AO2(7)

AO1: Three marks for transferring balances or calculating profit

AO2: Seven marks for calculating and inserting entries

Forecast Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 September 2022.

	£	£
Revenue -Shop		135 000 (1) AO2
Home deliveries		<u>60 000</u> (1) AO2
		195 000
Cost of sales		<u>(117 000)</u> (1 of) AO2 + w
Gross profit		78 000 (1 of) AO2 + w
		40% of revenue
Shop cost:		
Fixed	28 000 (1) AO1	
Variable	13 500 (1 of) AO2	
	10% of shop revenue	
Home delivery costs:		
Delivery vehicle depreciation	2 850 (1) AO2	
Delivery vehicle running costs	7 200 (1) AO1	
Wages	<u>4 500</u> (1) AO2	
		<u>(56 050)</u>
Forecast profit for the year		<u><u>21 950</u></u> (1 of) AO1 + w

(10)

(c)

AO1:(4)

AO1: Four marks for explaining the terms and giving examples

(i)

Fixed cost

A cost which is **constant for a period** and does **not vary with output** produced. (1)

AO1

Variable cost

A cost which **varies directly** with the **level of output** produced. (1) **AO1**

(ii)

Fixed cost example: Shop rent, insurance, depreciation (1) **AO1**

Variable cost example: ingredients, purchases, wages (1) **AO1**

(4)

(d)

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

Positive points in favour of home deliveries

Financial

Profit for the Fred's Bakery will almost double.

Market share will increase

Spreads the risk between two activities.

Non-financial

Fred's Bakery will reach a wider market including those who are unable to visit his shop.

The additional service provides additional employment in the community.

If delivery van has the name of the business on the side it will be additional advertising for the business.

Negative points against home deliveries

Financial

Funding the purchase of the delivery vehicle may be a problem as Fred already has a bank loan and an overdraft.

These are estimates of sales and costs only.

Non-financial

Another activity for Fred to manage.

Lack of experience in offering home deliveries.

Decision

Candidates may conclude that Fred should/or should not, commence home deliveries.

Candidates should support that decision with an appropriate rationale.

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
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2(a)

AO2(6)

AO2: Six marks for calculating and inserting entries

Depreciation for the year (£)

Premises	100 000 + 30 000 (1) AO2 x 2%	= 2 600 (1) AO2
Motor vehicle	50 000 – 10 000 + 15 000 (1) AO2 x 20%	= 11 000 (1) AO2
Fixtures and fittings	9 000 – 1 000 (1) AO2 x 10%	= 800 (1) AO2
		(6)

(b)

AO1:(1)AO2(4):AO3(4)

AO1: One mark for total carrying value

AO2: Four marks for calculating and inserting entries

AO3: Four marks for two stage calculations and inserting entries

Extract - Non-current assets

	Cost	Accumulated depreciation	Carrying value
	£	£	£
Premises	130 000 (1) AO2	(28 600) (1) AO2	101 400
Motor vehicles	55 000 (1) AO2	(36 500) (2) AO3	18 500
Fixtures and fittings	<u>8 000</u> (1) AO2	<u>(2 300)</u> (2) AO3	<u>5 700</u>
	<u>193 000</u>	<u>(67 400)</u>	125 600 (1of) AO1

Depreciation workings:

Premises	26 000 + 2 600	= 28 600
Motor vehicles	30 000 – 4 500 [1] + 11 000 [1of]	= 36 500
Fixtures and fittings	2 000 – 500 [1] + 800 [1of]	= 2 300

(9)

(c)

AO1:(2)AO2(3)

AO1: Two marks for transferring balances or totalling inventory

AO2: Three marks for calculating inventory for product

	Remaining inventory	Net realisable value	Total value
		£	£
Standard	250@£11		2 750 (1) AO2
De luxe	100@£12 100@£13		2 500 (1) AO2
Super	100@£20 (1) AO1	100@£15	1 500 (1) AO2
Total			6 750 (1of) AO1

(5)

(d)

AO1:(5)AO2(4)

AO1: Five marks for transferring balances or balancing account

AO2: Four marks for calculating and inserting entries correctly

Trade Receivables Ledger Control account

Date	Details	£	Date	Details	£
2020					
1 October	Balance b/d	8 200 (1) AO1			
2021			2021		
	Sales	32 000 (1) AO2		Sales returns	600 (1) AO2
	Interest charged	150 (1) AO2		Bank	28 600(1) AO1
	Bank (dishonoured Cheque)	300 (1) AO2		Irrecoverable debts	450 (1) AO1
				Discount allowed	900 (1) AO1
		<u>40 650</u>	30 October	Balance c/d	<u>10 100</u>
					<u>40 650</u>
1 November	Balance b/d	10 100 (1of) AO1 Dr balance only			

**Ignore
aliens
(9)**

(e)

AO1:(1)AO2(3)

AO1: One mark for totalling other receivables

AO2: Three marks for calculating value of other receivables

Rates 14 000 – 2 500 (1) AO2 - 10 000 = 1 500 (1) AO2 prepaid

Advertising 4 800 – 3 700 = 1 100 (1) AO2 prepaid

Total 1 500 + 1 100 = 2 600 (1 of) AO1 (4)

(f)

AO1:(2):AO2(2)

AO1: Two marks for transferring balances or balancing

AO2: Two marks for calculating and inserting entries

Cash and bank summary

	Cash	Bank		Cash	Bank
	£	£		£	£
Balance b/d	230	960			
Receipts	4 200	35 750 (1) AO1	Payments	2 530	36 600
Cash banked		1 750	Banked	1 750 (1) AO2	
			Dishonoured		300 (1) AO2
	<u> </u>	<u> </u>	Balance c/d	<u>150</u>	<u>1 560</u>
	<u>4 430</u>	<u>38 460</u>		<u>4 430</u>	<u>38 460</u>
Balance b/d	150	1560 (1 of) AO1	Both		

Accept Dr balances only

(4)

(g)

AO1:(5): AO3(1)

AO1: Five marks for transferring balances

AO3: One mark for two stage calculations and inserting entries

Extract from Statement of Financial Position at 30 September 2021

	£	£
Current Assets		
Inventory		6 750 (1of) AO1
Trade receivables	10 100	
Less Allowance for irrecoverable debts	<u>(550)</u>	9 550 (1of) AO3
Other receivables		2 600 (1of) AO1
Bank		1 560 (1of) AO1 Can be
Cash		<u>150</u> (1of) AO1 combined
		20 610 (1of) AO1 No aliens

No marks for own figures in brackets (liabilities)

(6)

(h)

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

Positive points in favour a single depreciation method

The use of the non-current asset to the business will be the same each year therefore it seems appropriate to charge the same (equal) depreciation.

Profits will not be distorted by higher/lower depreciation sums from one year to the other.

Using the straight-line method, the total cost of owning the non-current assets will increase when rising maintenance costs are considered.

Negative points against a single depreciation method

Not all non-current assets depreciate at the same rate some will lose significant value in the early years and less value in the later years. Therefore, it seems appropriate to use a different method for some assets, e.g diminishing balance for motor vehicles.

The market value of the non-current assets in the statement of financial position of Fortnam Production may be significantly higher than the actual market value of the asset.

Profits of Fortnam Production may not be accurate as the depreciation charged on a year may be understated.

Decision

Candidates may conclude that the use of the straight-line method as the single method of depreciation is or is not appropriate. Candidates should support that decision with an appropriate rationale.

DO NOT ACCEPT

Easier/ quicker to calculate.

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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)

Q2	Total marks	55
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3 (a)

AO1:(4)

AO1: Four marks for explaining the importance.

The speed with which assets can be turned into cash **(1) AO1** to provide the business with the ability to pay short term debts. **(1) AO1**

OR

Goods for resale will generally be purchased on credit therefore payment has to be made in a reasonable period **(1) AO1** to ensure that further goods will be supplied on credit. **(1) AO1**

OR

Insufficient liquidity also means that the business is unlikely to be able to take advantage of cash discounts **(1) AO1** or business opportunities when they arise **(1) AO1**

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Max (4)

(b)

AO1:(4)AO2(12)

AO1: Four marks for transferring balances into ratios

AO2: Twelve marks for calculating ratio with correct description.

	30 September 2020	30 September 2021
Inventory turnover	$\frac{100\,000}{12\,500} = 8 \text{ times}$ (1) AO1 AO2	$\frac{70\,000}{14\,000} = 5 \text{ times}$ (1) AO1 AO2
Percentage return on capital employed	$\frac{(20\,000 + 1\,000)}{30\,000 + 20\,000} \times 100 = 42\%$ (1) AO2	$\frac{(5\,000 + 2\,000)}{20\,000 + 40\,000} \times 100 = 11.67\%$ (1) AO2
Liquid (acid test) ratio	$\frac{25\,000}{5\,000 + 18\,000} = 1.09:1$ (1) AO2	$\frac{23\,000}{25\,000} = 0.92:1$ (1) AO2 Current assets 11 000 + 12 000 = 23 000
Trade receivables collection period (in days).	$\frac{25\,000}{250\,000} \times 365 = 36.5 \text{ days}$ (1) AO2	$\frac{12\,000}{150\,000} \times 365 = 29.2 \text{ days}$ (1) AO2

Accept reasonable rounding. No own figures

(16)

(c) **AO1:(1)AO3(3)**

AO1: One mark for identifying improvement or deterioration of liquid (acid test) ratio.

AO2: Three marks for qualitative comments

The liquid (acid test) ratio has **deteriorated. (1) AO1**

At 0.92:1 the liquid (acid test) ratio is still above the accepted 'yardstick' of 0.7:1 – 1:1.

The business has had success in recovering debts from trade receivables which are being recovered more quickly.

Liquidity has been generated in the year by extending the long-term loan.

There are no idle funds in the business

A positive bank balance at the end of the year replacing an overdraft at the start.

Accept any other valid point.

3 points x **(1) AO3**

(4)

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

Points for not revaluing

Inventory and all assets should be valued at cost, applying the **historic cost** concept.

This should only be varied if there is definitive proof that the inventory has a lower value and recording the cost value in the accounts would not represent a **true and fair view** of their true value.

Points for revaluing

If it is substantiated that the value of the inventory has fallen below the cost it should be revalued to the **net realisable value** which is an application of the **prudence concept**.

Decision

Candidates may conclude that the inventory should/should not be revalued. Candidates should support that decision with an appropriate rationale.

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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)

Q3	Total marks	30
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4(a)

AO1:(4)

AO1: Four marks for explaining two differences

Fixed capital	Floating capital
Unless there is withdrawal or introduction or capital the balance remains the same.	Capital varies for profit and drawings as there is no current account.
Capital can only be withdrawn by agreement of the partners	Capital can be withdrawn in the form of drawings.
Easier to calculate interest on capital	Complex to calculate interest on capital

(2) **AO1** x 2 differences

(4)

(b)

AO2(9)

AO2: Nine marks narrative and numerical journal entries

Journal

	Dr	Cr
	£	£
Motor vehicles	15 000 (1) AO2	
Bank	10 000 (1) AO2	
Capital - Cara		25 000 (1) AO2
Capital - Amman	10 000 (1) AO2	
Belinda	10 000 (1) AO2	
Cara	5 000 (1) AO2	
Goodwill		25 000 (1) AO2
Capital -Belinda	20 000 (1) AO2	
6% loan - 5 years		20 000 (1) AO2

(9)

(c)

AO1:(4): AO3(2)

AO1: Four marks for loan and balances at end of period

AO3: Two marks for goodwill adjustments

Capital Calculation

	Amman	Belinda	Cara
	£	£	£
Balance 30 September 2020	50 000	40 000	
Introduced			25 000
Goodwill adjustments	(10 000) (1) AO3	(10 000)	(5 000) (1) AO3
Loan		(20 000) (1) AO1	
	<u> </u>	<u> </u>	<u> </u>
Balance 30 September 2021	40 000 (1) AO1	10 000 (1) AO1	20 000 (1) AO1

Ignore aliens

(6)

(d)

AO1:(2)AO2(2):AO3(1)

AO1: Two marks for total carrying value

AO2: Two marks for calculating and inserting entries

AO3: One mark for two stage calculations and inserting entries

**Amman, Belinda and Cara
Appropriation Account**

	£	£
Profit for the year (30 700 -1 200)		29 500 (1) AO2
Plus Interest on drawings		
Amman	400	
Belinda	200	
Cara	200	
		<u>800</u> (1) AO2
		30 300
Less		
Interest on capital		
Amman	1 600	
Belinda	400	
Cara	800	
		<u>(2 800)</u> (1of) AO3
Salaries		
Belinda	6 000	
Cara	4 000	
		<u>(10 000)</u> (1) AO1
		17 500
Share of residual profit/(loss)		
Amman	7 000	(1of) AO2
Belinda	7 000	All three correct split
Cara	3 500	<u>No aliens</u>
		<u>17 500</u>

(5)

(e)

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

Points for admitting

The new partnership would gain additional capital for the business enabling it to expand.

The new partner may possibly bring additional expertise and ideas to the business.

With three partners there will be more management capacity in the business.

Points against admitting

Profits will be shared amongst three partners which could dilute income.

More difficult to make decisions because an extra person needs to be consulted and agreement made.

Greater chance of disagreements between partners.

Decision

Candidates may conclude that it was a good/bad decision to admit Cara as a partner.

Candidates should support that decision with an appropriate rationale.

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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
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5(a) **AO1:(5):AO2(2):AO3(2)**

AO1: Five marks for transferring data and simple calculation

AO2: Two marks for unit raw material cost

AO3: Two marks for adjusting for wastage

(i)

Small

$$750 \times 2\text{kg} = 1\,500 \text{ kg (1) AO1} \times \frac{100}{75} = 2\,000 \text{ kg (1) AO3} \times \text{£}3 = \text{£}6\,000 \text{ (1) AO1}$$

If you see the workings $750 \times 2\text{kg} \times \text{£}3 = 4\,500$ this equals 2 marks

Whoppa

$$300 \times 5\text{kg} = 1\,500 \text{ kg (1) AO1} \times \frac{100}{80} = 1\,875 \text{ kg (1) AO3} \times \text{£}3 = \text{£}5\,625 \text{ (1) AO1}$$

If you see the workings $300 \times 5\text{kg} \times \text{£}3 = 4\,500$ this equals 2 marks

Total cost $\text{£}6\,000 + \text{£}5\,625 = \text{£}11\,625 \text{ (1of) AO1}$

(7)

(ii)

Small $\frac{\text{£}6\,000}{750} = \text{£}8 \text{ (1of) AO2}$

Whoppa

$$\frac{\text{£}5\,625}{300} = \text{£}18.75 \text{ (1of) AO2}$$

(2)

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

AO1: One mark for adding total cost

AO2: Five marks for calculating and inserting entries

AO3: One mark for two stage calculations and inserting entries

(i)

Small

$$750 \times \frac{20}{60} = 250 \text{ hrs (1) AO2} \times \text{£9} = \text{£2 250 (1) AO3}$$

Whoppa

$$300 \times \frac{30}{60} = 150 \text{ hrs (1) AO2} \times \text{£10} = \text{£1 500 (1) AO2}$$

$$\text{Total cost} \quad \text{£2 250} + \text{£1 500} = \text{£3 750 (1of) AO1}$$

(5)

(ii)

Small

$$\frac{2\,250}{750} = \text{£3 (1of) AO2}$$

Whoppa

$$\frac{1\,500}{300} = \text{£5 (1of) AO2}$$

(2)

(c)

AO1:(1)AO2(4)

AO1: One mark for totalling departmental overhead cost

AO2: Four marks for calculating and inserting departmental cost

Overhead	Small production line	Whoppa production line
	£	£
Rent	300	200 (1) AO2 both
Management	750	500 (1) AO2 both
Equipment depreciation	300	100 (1) AO2 both
Electricity	<u>150</u>	<u>100</u> (1) AO2 both
	1 500	900 (1) AO1 both

(5)

(d)

AO1:(2)AO2(1)

AO1: Two marks for transfers and totals

AO2: One mark for calculating and inserting overhead cost per unit

	(i)	(ii)
	Small	Whoppa
	£ per unit	£ per unit
Raw materials	8	18.75
Labour	3	5
Overheads	<u>2</u>	<u>3</u> (1of) AO2
Total	13 (1of)	26.75 (1of) AO1

All three elements included for total mark.

(3)

(e)

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

Points for apportionment

It is a reasonable estimate of how costs shared by the departments should be divided between the departments based on the cost driver.

This will make a reasonable estimate of the actual costs incurred by Alpha Products departments to allow the cost of overheads to be charged to products or the making of quotations for work.

Points against apportionment

It is not accurate it is only an estimate.

Not always easy to find a cost driver for any particular cost incurred by Alpha Products.

Decision

Candidates may conclude that apportionment is positive or negative Candidates should support that decision with an appropriate rationale.

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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)

Q5	Total marks	30
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6 (a)

AO1:(4)

AO1: Four marks for explanation

(i) Business entity

The **business** is treated as completely **separate (1) AO1** from the **owner (1) AO1** of the business.

(ii) Realisation

Profit is only regarded as having been **earned (1) AO1** when the **legal title to the goods passes (1) AO1** from the seller to the buyer.

(b)

AO1:(2)AO2(6):AO3(2)

AO1:Two marks for correct transfer of amounts

AO2: Six marks for calculating and inserting entries

AO3: Two marks for two stage calculations and inserting entries

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 September 2021.

	Units	£	Units	£
Revenue			2 700	94 500
Less Returns			<u>(30)</u>	<u>(1 050)</u>
			2 670	93 450 (1) AO3
Purchases	2 900	58 000 (1) AO2		
Less Returns	<u>(50)</u>	<u>(1 000) (1) AO2</u>		
	2 850	57 000		
Less Closing inventory	<u>(180)</u>	<u>(3 600) (1) AO3</u>		
Cost of sales	2 670			<u>53 400</u>
Gross profit				40 050
Other Income				
Bank interest				<u>105 (1) AO1</u>
				40 155
Less expenses				
Delivery 13 500 +150		13 650 (1) AO2		
Rent 7 500 – 1 500		6 000 (1) AO2		
General expenses 5 800 + 720		6 520 (1) AO2		
Depreciation 400 + 200		600 (1) AO2		
Bank charges		<u>230 (1) AO1</u>		
				<u>(27 000)</u>
Profit for the year				<u>13 155</u>

(10)

(c)

AO1:(3)AO2(6):AO3(1)

AO1: Three marks for correct transfer of amounts

AO2: Six marks for calculating and inserting entries

AO3: One mark for calculation of payment to suppliers and inserting entry

Summarized Bank Account

Date	Details	£	Date	Details	£
2020					
1 Oct	Capital	2 000			
2020/21			2020/21		
	Revenue	94 500 (1) AO2	October	Refunds	1 050 (1) AO2
	Bank interest	105 (1) AO1		Delivery paid	13 500 (1) AO2
				Payments to suppliers	52 350 (1) AO3
				Rent paid 6 000 + 1 500	7 500 (1) AO2
				General expenses paid	5 800 (1) AO2
				Computer	1 200 (1) AO1
				Fixtures and fittings	1 700
				Drawings	4 350 (1) AO2
				Bank charges	230
				Balance c/d	<u>8 925</u>
		<u>96 605</u>			<u>96 605</u>
1 Nov	Balance b/d	8 925 (1of) AO1			

Workings

Payments to suppliers £57 000 - £4 650 = £52 350

Drawings £750 + £3 600 = £4 350

(10)

(d)

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

Points for not maintaining full accounts

Shakti will not spend time or cost in maintaining full records.

No professional input required to prepare ongoing accounts or year-end statements.

Shakti has more time available to carry out tasks in running the business.

Points for maintaining full accounts

Accounting records would assist in the management of Shakti's business as effective decisions can be made.

Profit can be established at regular intervals, not just at year end.

Balances of costs incurred and sums owing to suppliers are easily obtained.

Decision

Candidates may conclude that it would be better for Shakti to maintain/not maintain a full set of records. 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)

Q6	Total marks	30
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