



Pearson
Edexcel

Mark Scheme (Results)

January 2024

Pearson Edexcel International Advanced Level
In Accounting (WAC11) Paper 01
Unit 1: The Accounting System and Costing

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

SECTION A

Q1

(a)(i) AO1:(4): AO2(6)

AO1: Four marks for recording given balances and using correct labels

AO2: Six marks for calculating and correct use of balance

Cachi
Manufacturing Account for the year ended 31 December 2023

	£	£
Opening inventory of plastic waste	2 500	
Purchases of plastic waste	<u>25 000</u>	
	27 500	
Closing inventory of plastic waste	<u>(5 000)</u>	
Cost of plastic waste consumed	22 500 (1) AO2	
Production wages	<u>75 000</u> (1) AO1	
Prime cost (1) AO1		97 500 (1of) AO2 No aliens
Overheads:		
Depreciation on machinery	17 000 (1) AO2	
Production salaries	40 000 (1) AO2	
Indirect production expenses	9 500 (1) AO1	
Electricity and water	<u>16 000</u> (1) AO2	
		<u>82 500</u>
Cost of production (1) AO1		<u>180 000</u> (1of) AO2 No aliens

(10)

(ii) AO1:(2) AO2(8):

AO1: Two marks for recording given balances

AO2: Eight marks for calculating and correct use of balance

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2023

	£	£
Revenue		300 000 (1) AO1
less		
Opening inventory of finished goods	9 500	
Cost of production	<u>180 000</u> (1of) AO2	
	+ w	
	189 500	
Closing inventory of finished goods	<u>(7 500)</u>	
Cost of sales		(182 000) (1of) AO2 + w
Gross profit		118 000 (1of) AO2 + w
Depreciation of office premises	2 500 (1) AO2	
fixtures and fittings	3 600 (1) AO2	
Office salaries	31 000 (1) AO1	
Electricity and water	3 500 (1) AO2	
Marketing costs (12 300 – 1 300)	11 000 (1) AO2	
Administration expenses (18 700 + 4 100)	<u>22 800</u> (1) AO2	
		(74 400)
Profit for the year		<u>43 600</u>

(10)

(iii) AO1:(2) AO2(7):AO3(1)

AO1: Two marks for recording given balances

AO2: Seven marks for calculating and correct use of balance

AO3: One marks for calculating trade receivables

Statement of Financial Position at 31 December 2023

	Cost	Accumulated	Carrying
		depreciation	Value
Non-current assets	£	£	£
Office premises	125 000	(69 000)	56 000 (1of) AO2
Machinery	85 000	(51 000)	34 000 (1of) AO2
Fixtures and fittings	<u>36 000</u>	<u>(28 800)</u>	<u>7 200</u> (1of) AO2
	<u>246 000</u>	<u>(148 800)</u>	97 200
Current assets			
Inventory – plastic waste		5 000 (1) AO2	Both
finished goods		7 500	
Trade receivables less	33 850		
Allowance for irrecoverable debts	<u>(1 500)</u>	32 350 (1) AO3	
Other receivables		1 300 (1) AO2	
Cash and bank		<u>6 150</u> (1) AO1	
			<u>52 300</u>
TOTAL ASSETS			<u>149 500</u>
Capital		100 000	
Plus Profit for the year		<u>43 600</u>	
		143 600	
Less Drawings		<u>(20 000)</u>	
			123 600 (1of) AO2
Current liabilities			
Trade payables		21 800 (1) AO1	
Other payables		<u>4 100</u> (1) AO2	
			<u>25 900</u>
TOTAL CAPITAL AND LIABILITIES			<u>149 500</u>

(10)

(b) AO1:(4)

AO1: Four marks for explanations

(i) Capital expenditure	(ii) Revenue expenditure
Purchasing non-current assets	Cost of running a business on a day-to-day basis
Extending and improving non-current assets	Costs are matched against the revenue for a period
Benefit will last for many trading periods so more than one year	Benefit only applies to that one trading period.
Will be recorded in the statement of financial position and subject to carry over	Total used will be recorded in the income statement

(1) AO1 x four (two for capital expenditure and two for revenue expenditure) (4)

(c) AO1 (2)

AO1: Two marks for identification

- Purchase of new machinery. Capital expenditure (1) AO1
- Installation of new machinery. Capital expenditure (1) AO1

(2)

(d) AO2(5):AO3(2)

AO2: Five marks for total and cost per ton calculation

AO3: Two marks for calculating depreciation and other costs using new machinery

	Existing machinery	New machinery
	£	£
Raw materials	22 500	36 000 (1) AO2
Production wages	75 000	100 000 (1) AO2
Annual depreciation	17 000	15 000 (1) AO3
Other costs	<u>65 500</u>	<u>74 800 (1) AO3</u>
Total production cost	180 000 (1of) AO2 All four	225 800
Annual output (tons)	500	800
Production cost per ton	360 (1of) AO2	282.25 (1of) AO2

(7)

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

OWN FIGURE RULE APPLIES

Invest in new machinery

The **cost of production per ton is significantly reduced**, this will **increase the profitability** of the business, as all production has a ready market.

Environmentally the business is processing plastic waste back into something that is useful.

The use of the new machinery will **increase employment** in the area.

More plastic would be recycled and the **pollution that it causes reduced**.

More waste removed from the environment.

Life of machinery is longer, 8 years instead of 5 years

Do not invest in new machinery

£125 000 for new machinery is a considerable sum and Cachi has **little money in the bank to make the purchase**.

The existing machinery appears to be fairly new as it has a high carrying value. There would probably be a **considerable loss on the sale of the existing machinery**.

The investment is substantial and there is the risk that the market could suddenly change and trading could become much more difficult.

Increased costs of extra workers and expenses.

Projections are **only estimates** and may be different in reality.

Conclusion

Candidates may conclude that Cachi should purchase or reject the purchase of new machinery. 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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Q2**(a) AO1:(10) AO2(1)****AO1: Ten marks for recording given balances correctly and label of suspense****AO2: One mark for calculating the correct balancing figure**

Naag
Trial Balance at 31 December 2023

	Dr	Cr
	£	£
Revenue		156 720
Purchases	110 000	
Inventory- 1 January 2023	9 600	
Discount allowed	750	
Discount received		420
General expenses	32 450	
Rent payable	18 500	
Rent receivable		3 900
Non-current assets	40 000	
Non-current assets – provision for depreciation		10 000
Capital		40 000
Drawings	17 000	
5% bank loan (repayable 2026)		20 000
Bank overdraft		4 080
Trade payables		7 850
Trade receivables	14 600	
Irrecoverable debts	955	
Allowance for irrecoverable debts		800
Suspense (1) AO1		85 (1of) AO2
	<u>243 855</u>	<u>243 855</u>

9 x 1 mark **(1) AO1** for every 2 correct entries = 9 marks.

(1) AO1 x 1 for narrative suspense

(1) AO2 x 1 for correct balancing figure

(11)

(b) AO1:(3)

AO1: Three marks for naming type of error

- (1) Omission (1) AO1
- (2) Original entry (1) AO1
- (3) Commission (1) AO1

(3)

(c) AO1:(4)

AO1: Four marks for explaining

(i) An error of reversal	(ii) A compensating error
The debit entry is entered on the credit side and credit entry is entered on the debit side. (1) AO1	At least two entries that are incorrect and compensate each other numerically (1) AO1
Correct amount used for the debit and credit entry (1) AO1	Different amounts used in the debit and credit entry (1) AO1

(1) AO1 x four (two for an error of reversal and two for a compensating error) **(4)**

(d) AO2(13)

AO2: Thirteen marks for correct account name and value

Journal

		Dr	Cr
		£	£
(1)	Drawings	120 (1) AO2	
	Purchases		120 (1) AO2
(2)	Sales/Revenue	90 (1) AO2	
	Jones		90 (1) AO2
(3)	Milner	820 (1) AO2	
	Maxey		820 (1) AO2
(4)	Suspense	140 (1) AO2	
	Discount received		140 (1) AO2
(5)	Bank	630 (1) AO2	
	Irrecoverable debt/ Bad debts	470 (1) AO2	
	J.Baahir		1 100 (1) AO2
(6)	General expenses	55 (1) AO2	
	Suspense		55 (1) AO2

(13)

(e) AO2(6) :AO3(6)

AO2: Six marks for correct orientation increase or decrease

AO3: Six marks for calculating and using correct number

Statement of Correction of Draft Profit

	£	£	£
Draft profit			4 320
Corrections	Increase in draft profit	Decrease in draft profit	
(1) Inventory		1 600	
(2) General expenses		160	
(3) Bank loan interest	200		
(4) Rent payable		1 100	
(5) Depreciation	2 000		
(6) Allowance for irrecoverable debts	125		

1 mark for correct number AO3 and 1 mark for correct orientation AO2 x 6

Working:

Allowance for irrecoverable debts $14\ 600 - 1\ 100 = 13\ 500 \times 5\% = 675$ less existing allowance 800 = 125 decrease

(12)

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

Removal of errors by installing ICT

The computer will **automatically debit and credit** the appropriate accounts removing an element of user error.

Calculations automatically correct.

Reconciliations will be prepared by the computer at regular intervals checking the accuracy of the entries.

Regular software updates will be required to ensure that software is fully supported.

Audit trail of all actions.

Failure to remove errors by installing ICT

Although the human error element is reduced by the computer there must still be significant **training of the operators to ensure correct operation.**

Without appropriate training operatives **can still post corrections/entries** which are incorrect.

Need **skilled accurate staff.**

Cost of latest updates of software required to ensure support and accuracy.

Conclusion

Candidates may conclude that errors would be removed/ not removed by the installation of ICT. The conclusion must be supported by an appropriate rationale.

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(12)

Q2	Total marks	55
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SECTION B

Q3

(a) AO1(2)

AO1: Two marks for reasons why

Trade receivables represents the **inflow of cash** into the business. **(1) AO1**

Extending trade receivables will **restrict the cash** that a business has to operate with.

(1) AO1

The more trade receivables is extended the greater the **chance of irrecoverable debts**.

(1) AO1

Make sure that **money has been recovered**. **(1) AO1**

Maintain **liquidity**. **(1) AO1**

Max **(1) AO1** x 2

(2)

(b) AO1(2)

AO1: Two marks for reasons how

By credit control. **(1) AO1**

Encourage early payment. **(1) AO1**

Vetting credit customers credit worthiness.

Credit limits on customers.

Chasing up debts after 28 days.

Possible use of cash discounts.

Letters and personal contact with customers to recover debt.

Charge interest on late payers

(1) AO1 x 1 point made

(2)

(c) AO1(1) :AO2(12) :AO3(3)

AO1: One marks for recording given balance

AO2: Twelve marks for calculating answer and correct use of balance in formula

AO3: Three marks for correct figures for trade receivables collection and acid test

	Year ended 31 December 2022	Year ended 31 December 2023
(i) gross profit as a percentage of revenue	$\frac{200\,000}{500\,000} \times 100 = 40\%$ (1) AO2	$\frac{225\,000}{900\,000} \times 100 = 25\%$ (1) AO2
(ii) rate of inventory turnover	$\frac{300\,000}{52\,500} = 5.71$ times (1) AO2	$\frac{675\,000}{62\,500} = 10.80$ times (1) AO2
(iii) trade receivables collection period (in days)	$\frac{60\,000 \times 365}{500\,000} = 43.80$ days (1) AO2	$\frac{120\,000 \times 365}{900\,000} = 48.67$ days (1) AO2
(iv) liquid (acid test) ratio.	$\frac{60\,000 + 10\,000}{25\,000} = 2.80:1$ (1) AO2	$\frac{120\,000}{85\,000 + 30\,000} = 1.04:1$ (1) AO2

(16)

(d) AO2(4)

AO1: Four marks for stating why bank balance has decreased

She has purchased **additional non-current assets** in 2023.

Purchased **more inventory** which is reflected in the inventory level.

Repaid some of the non-current liability which may be a bank loan.

More money tied up in **trade receivables**. Increased collection period.

Expenses have increased.

Irrecoverable debts.

(1) AO1 x 4 reasons

(4)

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

OWN FIGURE RULE APPLIES

Points in favour

Sales **revenue has increased** substantially in the year giving Aaheli a greater market share. **Expenses have been successfully controlled** increasing by only £10 000 when sales have increased by £400 000.

Profit has almost doubled rising from £20 000 to £35 000 per year.

Less **idle funds** in the current assets.

Points against

The collection period for **trade receivables has increased** to almost 49 days. Appropriate credit control should be used.

There has been a significant **reduction in the gross profit** as a percentage of revenue from 40% to 25%.

Prices have been reduced or the quality of goods purchased reduced.

The **business is probably overtrading** with its current long term debt level.

Although the **liquid (acid test) ratio** is at an acceptable level this is largely because of the high level of trade receivables. In practice **Aaheli has no cash** and is unable to pay her debts.

Conclusion

Candidates may conclude that Aaheli's business is in a good or bad position. Candidates' answers should be supported by an appropriate rationale.

(6)

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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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Q4

(a) AO1(8)

AO1: Eight marks for explaining the difference

(i) Perpetual inventory	(ii) Periodic inventory
Inventory valued (1) AO1 after each transaction (1) AO1	Totals up receipts and issues of inventory (1) AO1 and calculates a new inventory value at the end of a period (1) AO1

(iii) Allocation of overheads	(iv) Apportionment
The allotment of whole cost items of cost to centres or cost units (1) AO1	The allotment of proportions (1) AO1 of items of cost to cost centres or cost units
Category of costs will relate only to that cost centre or cost unit (1) AO1	Apportionment based on the most equitable basis. (1) AO1

(8)

(b) AO1 (1): AO2(12) :AO3(3)

AO1: One mark for recording heading job number

AO2: Twelve marks for calculating and correct use of balance

AO3: Three marks for complex calculation and correct use of balance

Quotation for Job 652 (1) AO1

	£	£
Raw materials		
Cloth material (150 @ £6 + 300 @ £6.50)	2 850 (4) AO2	
Buttons and thread 3 @ £30	<u>90 (1) AO2</u>	
		2 940
Direct labour		
Cutting and machining (300 x 10/60 [1] x £9) [1]	450 (2) AO2	
Finishing and packing (300 x 6/60 [1] x £7) [1]	<u>210 (2) AO2</u>	
		660
Overheads		
Cutting and machining (300 x 10/60 [1] x £8[1])	400 (2) AO3	
Finishing and packing (300 x 6/60 [1] x £6[1])	<u>180 (2) AO2</u>	
		<u>580</u>
		4 180
Profit margin		836 (1of) AO3
Quotation price		<u>5 016 (1of) AO2</u>

(16)

Workings

Cloth material

Date	Receipts	Issues	Balance
1 Aug			400 @ £5
23 Aug		150 @ £5	250 @ £5
26 Sept	350 @ £6		250 @ £5 350 @ £6 [1] both
17 Oct		250 @ £5 50 @ £6	300 @ £6 [1]
27 Nov	400 @ £6.50		300 @ £6 400 @ £6.5 [1] both
15 Dec		150 @ £6	150 @ £6 400 @ £6.5

Overheads

Cutting and machining

Overhead recovery rate £80 000 divided by 10 000 hours = £8 per hour

Recovered over $300 \times 10 \text{ mins} / 60 \text{ mins} = 50 \text{ hours}$

Finishing and packing

Overhead recovery rate £36 000 divided by 6 000 hours = £6 per hour

Recovered over $300 \times 6 \text{ mins} / 60 \text{ mins} = 30 \text{ hours}$

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

In favour of piecework in cutting and machining

Workers will **work faster**, avoid 'down time' and produce the **output in less time**.

The **cost per unit will fall** as production time decreases.

The **most able workers** will be the most appropriately remunerated.

Against piecework in cutting and machining

Teamwork within the department will be lost as workers become more focused on their own work.

Quality issues may occur as workers work faster and make more mistakes.

Wastage of material will be higher and material appears to be a high proportion of the cost.

Accident levels may increase.

Conclusion

Candidates may conclude that the use of piecework should/ should not be used as the method of remuneration in the Cutting and Machining Department. Candidates should support their conclusion 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.
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(6)

Q4	Total marks	30
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Q5

(a)(i) AO1 (2)

AO1: Two marks for explaining how the concept is used

Ensures that profits and assets are not overstated **(1) AO1** and liabilities are not understated.

(1) AO1

(2)

(ii) AO1 (2)

AO1: Two marks for explaining how the concept is used

In areas of accounting where a choice of method is available. **(1) AO1**

Once selected that same method must be used consistently from period to period. **(1) AO1**

(2)

(b)(i)AO1 (1): AO2(3) :AO3(1)

AO1: One mark for recording balance brought down

AO2: Three marks for posting transactions

AO3: One marks for calculating and posting year end transfer

Electricity Account

Date	Narrative	£	Date	Narrative	£
2023			2023		
30 Mar	Bank	388	1 Jan	Balance b/d	400
	Discount received	12 (1) AO3	13 Nov	Bank	15 (1) AO2
4 Oct	Bank	900 (1) AO2	31 Dec	Income stat'ent	1 235 (1of) AO2
31 Dec	Balance c/d	<u>350</u>			_____
		<u>1 650</u>			<u>1 650</u>
2024			2024		
			1 Jan	Balance b/d	350 (1) AO1

(5)

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

AO1: Two mark for recording opening balance carried down and second bank entry

AO2: Two marks for posting transaction and transfer to income statement

AO3: One mark for calculating and posting year end balance

Advertising Account

Date	Narrative	£	Date	Narrative	£
2023			2023		
3 Jan	Bank	1 200	1 Jan	Balance b/d	1 200 (1) AO1
3 Mar	Bank	1 600 (1) AO2	31 Dec	Income statement	3 350 (1of) AO2
1 Oct	Bank	<u>3 500</u> (1) AO1		Balance c/d	<u>1 750</u> (1) AO3
		<u>6 300</u>			<u>6 300</u>
2024			2024		
1 Jan	Balance b/d	1 750			

(5)

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

AO1: Two mark for recording balance brought down

AO2: Two marks for posting transactions

AO3: One marks for calculating and posting year end transfer

Rent Receivable Account

Date	Narrative	£	Date	Narrative	£
2023			2023		
1 Jan	Balance b/d	250	9 Jan	Bank	500 (1) AO2
31 Dec	Income statement	1 000 (1of) AO2	26 Jun	Bank	500
			4 Dec	Bank	500 (1) AO2
	Balance c/d	<u>250</u> (1) AO3			—
		<u>1 500</u>			<u>1 500</u>
2024			2024		
			1 Jan	Balance b/d	250 (1) AO1

(5)

(iv)AO1 (1): AO2(4)

AO1: Two mark for recording balance brought down

AO2: Two marks for posting transactions

Provision for depreciation- motor vehicles

Date	Narrative	£	Date	Narrative	£
2023			2023		
31 Dec	Disposal (1) AO1	28 000 (1) AO2	1 Jan	Balance b/d	50 000 (1) AO2
	Balance c/d	<u>68 000</u>	31 Dec	Income stat'ent	<u>46 000 (1) AO2</u>
		<u>96 000</u>			<u>96 000</u>
2024			2024		
			1 Jan	Balance b/d	68 000 (1of) AO2

(5)

Workings

Depreciation $220\,000 - 70\,000 + 80\,000 = 230\,000 \times 20\% = 46\,000$

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

For using the accruals concept

There will be a **comparison** of income for a period with the expenses for that period.
Profit for the period will not be distorted by the pattern of payments and receipts.
Presents a **true and fair view**.

Against using the accruals concept

Requires some **accounting expertise**.
Therefore, it will be **more costly** to employ the appropriate staff.
Timing issues of calculations
Requires a **degree of estimation**.

Conclusion

Candidates may conclude that the use of the accruals concept should/ should not be used when preparing financial statements. Candidates should support their conclusion 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)

Q5	Total marks	30
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Q6

(a)

AO1 (2): AO2(2)

AO1: Two mark for opening balance and cash sales

AO2: Two marks for reductions in cash and balance stolen

Cash Stolen

	£
Cash 1 November	825 (1) AO1
Cash sales	<u>9 130</u> (1) AO1
	9 955
Less	
Cash banked	(8 500) (1) AO2
Expenses	<u>(735)</u> both
	(9 235)
Cash stolen	720 (1of) AO2

(4)

(b) AO2(4): AO3(3)

AO2: Four marks for recording revenue, inventory and purchases

AO3: Three marks for calculating cost of sales and inventory stolen

Value of inventory stolen

	£	£
Sales		15 000 (1) AO2
less		
Inventory 1 November	12 400 (1) AO2	
Purchases	<u>8 700</u> (1) AO2	
	21 100	
Inventory 3 December		
Remaining	(1 730) (1) AO2	
Stolen	<u>(9 370)</u> (1of) AO3	
Cost of sales		10 000 (2) AO3/ (1of) AO3
Gross profit		<u>5 000</u>
		<u>15 000</u>

(7)

(c) (i) AO1 (2): AO2(4)

AO1: Two mark for balancing and purchases

AO2: Four marks posting entries

Trade Payables Control Account

Date	Details	£	Date	Details	£
2023			2023		
Nov	Bank	7 850 (1)AO2	1 Nov	Balance b/d	5 100
	Discount received	150 (1)AO2		Purchases	8 700 (1)AO1
	Contra	230 (1)AO2		Interest	60 (1)AO2
3 Dec	Balance c/d	5 630			
		13 860			13 860
			4 Dec	Balance b/d	5 630 (1of)AO1

**If on Cr side
(6)**

(ii) AO1 (2): AO2(3)

AO1: Two marks calculating the total credit required and the remaining credit limit

AO2: One mark for stating that Cabe is within the credit limit

	£	£
Credit limit		15 000
less		
Existing debt to trade receivables	5 630 of	
Replacement of inventory on credit	<u>9 370 of</u>	
		(15 000) (1of) AO2
Remaining credit limit		0 (1of) AO2

Cabe will be able replace his stolen inventory within the credit limits given by his suppliers.

(1of) AO1

(3)

(ii) AO1 (2): AO2(3)

AO1: Two marks calculating the total credit required and the remaining credit limit

AO2: One mark for stating that Cabe is within the credit limit

(d) AO1 (4)

AO1: Four marks for explaining the role of accounting

Need to:

1. **Recording** information (1) AO1 in an orderly manner for the information to readily be retrieved for use within the business. (1) AO1
2. **Analyse** information (1) AO1 in a way that enables the reader to understand the issues that the business has and lead to a way of rectifying or making best use of the business advantage. (1) AO1
3. **Communicate** information (1) AO1 to users in a manner which is understandable and in common with other businesses eg financial statements. (1) AO1

MAX 2 points x (1) AO1 for recognition and (1) AO1 for development.

(4)

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

In favour of *not* accepting cash payments

Cabe has lost out by the theft of cash from the shop. Not accepting cash payments will eliminate cash from the shop premises and the **risk of theft will be removed**.

The **requirement to handle cash** and bank it would be removed.

Against *not* accepting cash payments

Some customers prefer to deal in cash, possibly because they do not have a bank account or a credit card.

The **total sales of the business may be reduced** due to the policy.

If some form of credit is provided this will not aid the cash flow of the business and could increase the **possibility of irrecoverable debts**.

The **majority of Cabe's sales are for cash**.

Conclusion

Candidates may conclude that the use of cash payments should/should not be used.

Candidates should support their conclusion 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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