



**Pearson**  
**Edexcel**

**Mark Scheme (Results)**

**October 2023**

**Pearson Edexcel International Advanced Level  
In Accounting (WAC11)  
Paper 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.

1(a) AO1(6):AO2(10):AO3(1)

AO1: Six marks for transferring balances or establishing balances

AO2: Ten marks for adjusting incomes or expenses to appropriating profit

AO3: One mark for calculating bank loan interest

**Partnership of Artem and Bipul**  
**Statement of Profit or Loss and Other Comprehensive Income for the year ended**  
**30 September 2023**

	£	£
Gross profit		101 040
Other income		
Commission received (8 100 + 500)	8 600 (1) AO2	
Decrease in allowance for irrecoverable debts	<u>1 300 (1) AO2</u>	
		<u>9 900</u>
		110 940
Less		
Bank loan interest (1 400 + 600)	2 000 (1) AO3	
Commission allowed (4 000 +500)	4 500 (1) AO2	
General expenses	9 700 (1) AO1	
Irrecoverable debts (900 + 1 500)	2 400 (1) AO2	
Motor vehicle running expenses	7 100 (1) AO1	
Rent paid (16 500 + 1 500)	18 000 (1) AO2	
Selling expenses (6 800 - 1 700)	5 100 (1) AO2	
Wages	23 300 (1) AO1	
Depreciation-		
Equipment	3 000 (1) AO2	
Motor vehicles	8 000 (1) AO2	
Fixtures and fittings	<u>900 (1) AO2</u>	
		(84 000)
Profit for the year		26 940
Add Interest on drawings		
Artem	720	
Bipul	<u>540</u>	
		<u>1 260 (1) AO1</u>
Less Interest on capital		28 200
Artem	(1 400)	
Bipul	( 800)	
		<u>(2 200) (1) AO1</u>
Less Salary		26 000
Artem	<u>(6 000)</u>	
		<u>(6 000) (1) AO1</u>

Share of profit or (loss)		<u>20 000</u>
Artem	12 000	<b>(1of) AO2</b> both
Bipul	8 000	Correct split
		<u>20 000</u>

(17)

(b)(i) AO1:(3)

AO1: Three marks for transferring balances or totalling sub section

**Capital Account of Bipul**

Date	Narrative	£	Date	Narrative	£
			2022		
2023			1 Oct	Balance b/d	18 000 <b>(1)</b> <b>AO1</b>
30 Sep	Balance c/d	<u>20 000</u>		Cash/ Bank	<u>5 000 (1)</u> <b>AO1</b>
		<u>20 000</u>			<u>20 000</u>
			2023		
			1 Oct	Balance b/d	20 000 <b>(1)</b> <b>AO1</b>

(3)

(ii) AO1:(4)

AO1: Four marks for transferring balances or totalling sub section

**Current Account of Artem**

Date	Narrative	£	Date	Narrative	£
2022			2022		
1 Oct	Balance b/d	600			
2023			2023		
30 Sep	Salary paid	6 000 <b>(1) AO1</b>	30 Sep	Int on cap	1 400 <b>(1)AO1</b>
	Drawings	12 000 <b>(1)AO1</b>		Salary	6 000
	Int on drawings	720		Share of profit	12 000 of
	Balance c/d	<u>80</u>			<u>          </u>
		<u>19 400</u>			<u>19 400</u>
			1 Oct	Balance b/d	80 <b>(1of)AO1</b>

Dr or Cr no aliens

(4)

(c) AO1:(7) AO2(5):AO3(3)

AO1: Seven marks for transferring balances or totalling sub section

AO2: Five marks for calculating and inserting balances

AO3: Two marks for adjusting for calculating accumulated depreciation and trade receivables

Statement of Financial Position at 30 September 2023

Non-current assets	Cost	Accumulated depreciation	Carrying value
	£	£	£
Equipment	26 500 (3) AO1/2	(9 500) (2) AO2/3	17 000 (1of) AO2
Motor vehicles	40 000	(22 000)	18 000 (1of) AO2
Fixtures and fittings	<u>9 000</u>	<u>(7 000)</u>	<u>2 000 (1of) AO2</u>
	<u>75 500</u>	<u>(38 500)</u>	37 000
<b>Current assets</b>			
Inventory		38 200 (1) AO1	
Trade receivables 46 500-1 500	45 000		
Less Allowance for ID	<u>(1 800) (1) AO2</u>		
		43 200 (1of) AO3	
Other receivables:			
Selling expenses		1 700 (1) AO1	
Cash and bank (14 000 -5 000)		<u>9 000 (1) AO2</u>	
			<u>92 100</u>
<b>Total Assets</b>			<u>129 100</u>
Capital			
Artem		35 000	
Bipul		<u>20 000</u>	
			55 000 (1) AO1
Current accounts			
Artem		80 Cr	
Bipul 250+800+8 000-9 000-540)		<u>490 Dr</u>	
			<u>410 Dr</u> (1of) AO3
<b>Non-current liabilities</b>			55 410
5% bank loan			50 000 (1) AO1
<b>Current liabilities</b>			
Trade payables		22 410 (1) AO1	
Other payables:		<u>2 100</u>	
Bank loan interest 600 (1) AO1			24 510

Rent 1 500 (1) <b>AO1</b>			<u>      </u>
<b>Total capital and liabilities</b>			<u>129 100</u>

(19)

<b>Workings- Equipment</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Opening balance	25 000	(10 000)	15 000
Sale of equipment	(6 000) [1] <b>AO1</b>	3 500 [1] <b>AO2</b>	(2 500)
Purchase of equipment	<u>7 500</u> [1] <b>AO1</b>	-	<u>7 500</u>
Closing before depreciation	26 500	6 500	20 000

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

Positive points in favour of introducing capital

Interest does not have to be paid on the additional capital

The sum introduced does not have to be refunded within a set timescale as a bank loan does.

There is less work and probably cost as there is no bank loan application which requires time and justification to the bank.

Positive points in favour of a bank loan

The partners may not have the cash funds or it could reduce the personal cash that they have available for personal use.

The proposal for additional funding will have to be business evaluated by a professional and third-party body, the bank.

More of the risk will be assumed by the bank.

Decision

Candidates may conclude that it is better to introduce additional capital in cash or further extend the bank loan. Candidates should support that decision with an appropriate rationale.

<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	0	A completely incorrect response.
<b>Level 1</b>	1-3	Isolated elements of knowledge and understanding recall based. Weak or no relevant application to the scenario set. Generic assertions may be present.
<b>Level 2</b>	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.
<b>Level 3</b>	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
<b>Level 4</b>	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)

<b>Q1</b>	<b>Total marks</b>	<b>55</b>
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2(a) (i) AO1(2):AO2(4)

AO1: Two marks for transferring balances

AO2: Four marks for adjusting for trade receivables

### Sales

	<b>£</b>
Cash sales banked	48 400 [1] AO1
Cash sales drawings	10 400 [1] AO2
Receipts from credit sales	36 200 [1] AO1
Irrecoverable debts	<u>2 100</u> [1] AO2
	97 100
Trade receivables 1 Oct 2022	<u>(4 650)</u> [1] AO2
	92 450
Trade receivables 30 Sept 2023	<u>3 850</u> [1] AO2
	96 300 (6)

(6)

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

AO1: Two marks for transferring balances

AO2: Two marks for adjusting for trade payables

### Purchases

	<b>£</b>
Cash purchases	9 800 [1] AO1
Paid for credit purchases	<u>34 900</u> [1] AO1
	44 700
Trade payables 1 Oct 2022	<u>(7 300)</u> [1] AO2
	37 400
Trade payables 30 Sept 2023	<u>3 500</u> [1] AO2
	40 900 (4)

(4)

(b) AO1(1):AO2(6):AO3(4)

AO1: One mark for transferring balances or establishing profit

AO2: Six marks for adjusting expenses to match income

AO3: Four marks for calculating general expenses and cost of sales

**Costas**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 30 September 2023**

	£	£
Revenue		96 300
Opening inventory	1 100	
Purchases	<u>40 900 of</u>	
	42 000	
Closing inventory	<u>(1 450)</u>	
Cost of sales		<u>(40 550) (1of) AO3</u>
Gross profit		55 750
Plus other income		
Commission received		<u>850 (1) AO2</u>
		56 600
Less		
Irrecoverable debts	2 100 (1) AO2	
Wages (17 000 + 800 – 350)	17 450 (1) AO3	
General expenses (8 900 +950 +2 400)	12 250 (1) AO3	
Rent (19 500 – 1 500)	18 000 (1) AO2	
Bank loan interest	900 (1) AO2	
Depreciation: Equipment	1 550 (1) AO2	
Delivery vehicle	700 (1) AO2	
Loss on sale of delivery vehicle	<u>1 300 (1) AO3</u>	
		<u>(54 250)</u>
Profit for the year		<u>2 350 (1of)</u> <b>AO1+w</b>

(11)

(c) AO2(7)

A02: Seven marks for calculating cost

Sandwich cost		Cost per sandwich £
<b>Raw material</b>		
Bread	£1.50 divided by 20 times 2	0.15 (1) A02
Fillings	£6.00 divided by 15	0.40 (1) A02
Packaging	£5 divided by 100	0.05 (1) A02
<b>Labour</b>		
Making sandwich	£9 divided by 60 times 3	0.45 (1) A02
Packing sandwich	£9 divided by 60 times 2	0.30 (1) A02
<b>Overheads</b>		1.20 (1) A02
<b>Total cost</b>		2.55 (1of) A02 All three elements

(7)

(d)(i) AO1(2)

A01: Two marks for explanation of day work

Wages equals hours worked (1) A01 times rate per hour (1) A01.

(2)

(ii) AO1(2)

A01: Two marks for explanation of piecework

Wages equals completed production (1) A01 times rate per piece (1) A01.

(2)

(e) AO2(4):AO3(1)

A02: Four marks for calculating costs and total

A03: One mark for total including all elements

**Projected sandwich cost using piecework**

		<b>Cost per sandwich £</b>
<b>Raw materials</b>	£0.60 of plus 10%	0.66 (1of) <b>A02</b>
<b>Labour</b>		
Making		0.30 (1) <b>A02</b>
Packing		0.15 (1) <b>A02</b>
<b>Overheads</b>	£1.20 less 20%	0.96 (1) <b>A02</b>
<b>Total cost</b>		2.07 (1of) <b>A03</b> <b>All three elements</b>

(5)

(f) (i) AO2(3)

A02: Three marks for calculation

40 hours x £9 per hour = £360 (1) **A02**

5 hour x £12 per hour = £60 (1) **A02**

£420 for Week 27 (1of) **A02**

(3)

(ii) AO2(3)

A02: Three marks for calculation

2 700 sandwiches (1) **A02** x £0.15 (1) **A02**= £405 for Week 27 (1) **A02**

(3)

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

Positive points in favour of day work from Costas point of view

Workers understand simple calculation of payment based upon time worked.

Workers will quality assess their own work, no need for additional quality control supervisor.

Wastage of materials will be much lower.

Positive points in favour of piecework from Costas point of view

Cost per sandwich will diminish from £2.55 to £2.07 each. This will increase the profitability of the business.

More output can be produced with the same number of staff.

May lead to quality issues with the product as workers hurry to meet targets and earn income.

More need for supervision to ensure that workers remain on task.

Decision

Candidates may conclude that day work or piecework would be more appropriate. Candidates should support that decision with an appropriate rationale.

<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	0	A completely incorrect response.
<b>Level 1</b>	1-3	Isolated elements of knowledge and understanding recall based. Weak or no relevant application to the scenario set. Generic assertions may be present.
<b>Level 2</b>	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.
<b>Level 3</b>	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
<b>Level 4</b>	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)

<b>Q2</b>	<b>Total marks</b>	<b>55</b>
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**3(a) AO1(4)**

**AO1: Three marks for stating three uses**

- Locating errors
- Prove double entry and arithmetical accuracy
- Speed of calculating total trade receivable and trade payables
- Speed in preparing financial statements
- Reduces the possibility of fraud
- Summary of transactions of debtors and creditors
- Aid decision making.

3 x 1 mark **(1) AO1**

**(3)**

**(b) AO1(2):AO2(6):AO3(3)**

**AO1: Two marks for balancing**

**AO2: Six marks for correctly entering in account**

**AO3: Three marks for adjusting balances and correctly entering in account**

**Trade Receivables Ledger Control Account**

Date	Details	£	Date	Details	£
2023			2023		
Aug			Aug		
1	Balance b/d	4 500			
31	Credit sales	12 130 <b>(1)AO3</b>		Sales returns	1 500 <b>(1)AO2</b>
	Bank (dishonoured)	130 <b>(1)AO3</b>		Bank	10 900 <b>(1)AO2</b>
	Bank (refunds)	60 <b>(1)AO2</b>		Discount allowed	230 <b>(1)AO2</b>
	Interest charged	25 <b>(1)AO2</b>		Irrecoverable debt	1 050 <b>(1)AO2</b>
				Contra	620 <b>(1)AO3</b>
31	Balance c/d	<u>360</u>	31	Balance c/d	<u>2 905</u>
		<u>17 205</u>			<u>17 205</u>
Sept			Sept		
1	Balance c/d	2 905 <b>(1of)AO1</b>	1	Balance b/d	360 <b>(1)AO1</b>

**On Dr and no aliens**

**(11)**

(c) AO2(6)

A02: Six marks for adjusting expenses to match income

**General Journal**

	<b>Dr</b>	<b>Cr</b>
	<b>£</b>	<b>£</b>
Polis	90 (1)AO2	
Irrecoverable debts recovered		90 (1)AO2
Bank	90 (1)AO2	
Polis		90 (1)AO2
Irrecoverable debts recovered	90 (1)AO2	
Statement of profit or loss		90 (1)AO2

(6)

(d) AO1(4)

A01: Four marks for stating credit control uses

- Check history of each trade receivable payment record.
- Seek references from e.g the bank.
- Place limit upon value of goods supplied on credit.
- Issue invoices promptly.
- Provide regular statements of outstanding debt.
- Contact the trade receivable after 28 days checking progress on payment.
- More forceful and regular contact where debt still remains unpaid.
- Charge interest on overdue account
- Possible legal action if debt remains outstanding for extended period.

**NOT**

- Sell only for cash
- Increase discount allowed

4 x (1) AO1

(4)



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

Positive points for cash only

Cash is received at once and cash flow is improved.

There are no debts to become irrecoverable and therefore the time and cost of recovering them are avoided.

Negative points for cash only

Not all customers will have the cash to pay immediately. They will probably need to sell the goods in order to pay for the goods in cash.

Those customers who do not have the cash available may deal with competitors and therefore sales will be lost by Andeas.

Security issues with a large volume of cash.

Decision

Candidates may conclude that the decision should/should not be made to sell all goods cash only.

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)**

<b>Q3</b>	<b>Total marks</b>	<b>30</b>
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4 (a) AO1:(4)

AO1: Four marks for explaining reasons for calculation

	Use of assets	Profitability
1	Calculates how well the business is using its assets. (2) AO1	Measures relationship of profit to turnover or capital used. (2) AO1
2	Identifies those assets making most and least contribution to the activity of the business. (2) AO1	Enables a comparison to be made with previous periods or sector standards. (2) AO1
3	Identifies those assets that have most and least impact on the businesses activity. (2) AO1	Identifies the areas where improvement needs to be made. (2) AO1

MAX 2 marks use of assets and 2 marks profitability (4)

(b) AO1 (1): AO2(8): AO3(3)

AO1: One mark for transferring value of non-current assets

AO2: Eight marks for calculating component figures and the ratios

AO3: Three marks for calculating credit purchases and profit before interest

(i) Gross profit for the year  $\frac{240}{600}$  (1) AO2 x 100 = 40% (1) AO2  
Revenue

(ii) Profit for the year before interest  $\frac{20 + 4}{720 + 80}$  (1) AO3 x 100 = 3% (1) AO2  
Capital + Non-current liabilities

(iii) Revenue  $\frac{600}{660}$  = £0.90 for every £1 (1) AO2  
Non-current assets

(iv) Cost of sales  $\frac{360}{(85 + 75)/2}$  = 4.5 times (1) AO2  
Average inventory

(v) Trade receivables x 365  $\frac{120 \times 365}{600}$  = 73 days (1) AO2  
Credit sales

(vi) Trade payables x 365  $\frac{50 \times 365}{370}$  = 49.32 days (1) AO2  
Credit purchases

Working

Credit purchases  $360 - 75 + 85 = 370$

(12)

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

**AO1: Two marks for identifying improvement or deterioration**

**AO2: Two marks for comment about the reason for the change**

The profitability is **deteriorating (1) AO1** and therefore there will be less cash flowing into the business. **(1) AO2**

Trade receivables collection period is **deteriorating (1) AO1** 40 days to 73 days in two years slower receipt of cash. **(1) AO2**

Trade payables payments period is reduced and **deteriorating (1) AO1** 60 days to 52 days therefore faster outflow of cash meeting trade payable payments. **(1) AO2**

Inventory levels have increased **(1) AO1** requiring greater investment of cash. **(1) AO2**

**MAX 2 x 2 marks**

**(4)**

**(ii) AO1(2):AO2(2)**

**AO1: Two marks for identifying improvement or deterioration**

**AO2: Two marks for commenting about the reason for the change**

The gross profit as a percentage of revenue has been **improving (1) AO1** it has moved from 30 to 32% meaning either increased prices or reduced purchase costs. **(1) AO2**

Return on capital employed continues to **deteriorate (1) AO1** down from 10% to 3% which may be due to increased long-term borrowing. **(1) AO2**

Sunshine partners continue to get **greater use** out of their non-current assets **(1) AO1** generating higher profits from them with revenue up from £0.75 to £0.90 for every £1 of non-current assets.

**(1) AO2**

**MAX 2 x 2 marks**

**(4)**

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

Positive points for social accounting

Business can do and be seen to make decisions which benefit the wider community who rely upon the environment, safety for all, use natural resources wisely and benefit the local community and workforce.

The business can gain respect and positive feelings from the public for their actions which may benefit them in the long term.

May provide the business with a marketing benefit.

Negative points for social accounting

The prime driver of the entrepreneur is the profit motive which does not consider actions which would reduce profit.

Decisions and actions must generally lead to a profitable outcome otherwise there is no point in pursuing them.

Cost implications which reduce profit.

## Decision

Candidates may conclude that considering social accounting is positive or negative for the business. 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)**

<b>Q4</b>	<b>Total marks</b>	<b>30</b>
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5(a)AO1:(6)

AO1: Six marks for explanations

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

**Realisation** – Profit is only regarded as being earned when the legal **title (1) AO1** to the goods or services passes **from the seller** to the buyer. **(1) AO1**

**Accruals** – The accounts must show the revenue earned in an accounting period **(1) AO1** matched against the expenses involved in earning those revenues. **(1) AO1**

(6)

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

AO1: One mark for transferring raw materials

AO2: Four marks for correctly calculating effect

AO3: One mark for total production cost

**Production Cost**

	£	£
Raw material purchased	5 000 (1) AO1	
Closing inventory	(500) (1) AO2	
		4 500
Wages		<u>4 000</u> (1) AO2
Prime cost		8 500
<b>Overheads</b>		
Production expenses (3 700 – 600)	3 100 (1) AO2	
Depreciation on manufacturing equipment	<u>400</u> (1) AO3	
		<u>3 500</u>
<b>Production cost</b>		<u>12 000</u> (1of) AO3
		No aliens

(6)

(ii) AO1(1):AO2(4)

AO1: One mark for calculating the final profit for the year

AO2: Four marks for correctly transferring and calculating profit for year.

**Statement of profit or Loss and Other Comprehensive Income**

	£	£
Revenue (16 800 + 1 200)		18 000 <b>(1) AO2</b>
less		
Production cost	12 000 <b>(1of) AO2</b>	
Closing inventory of finished goods	<u>(1 200)</u> <b>(1of) AO2</b>	
Cost of sales		<u>(10 800)</u>
Gross profit		7 200
Selling expenses (2 300 + 450)		<u>(2 750)</u> <b>(1) AO2</b>
Profit for the year		<u>4 450</u> <b>(1of) AO1</b>

(iii) AO1(1):AO2(5):AO3(1)

AO1: One mark for final balancing figure

AO2: Five marks for correctly adjusting opening balance

AO3: One mark for calculating revenue received

**Bank summary**

	£		£
Balance b/d	4 000	Raw materials	5 000 <b>(1) AO2</b>
Revenue (18 000 - 1 200)	16 800 <b>(1) AO3</b>	Drawings	5 000 <b>(1) AO2</b>
		Wages	4 000 <b>(1) AO2</b>
		Production overheads	3 800 <b>(1) AO2</b>
		Selling expenses	2 300 <b>(1) AO2</b>
		Balance c/d	<u>700</u>
	<u>20 800</u>		<u>20 800</u>
Balance b/d	700 <b>(1of) AO1</b>		
	No aliens		

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

Positive points for Banuja employing a part-time book-keeper.

Banuja would be supplied with financial information to enable him to run his business.  
The book-keeper could deal with all financial queries and exercise credit control.  
It would free up his time to concentrate on the management of the business.  
Accounting information would help Banuja to manage the business.

Negative points for Banuja employing a part-time book-keeper

Costs would increase.  
Banjula time will still be occupied providing information to the book-keeper.

Decision

Candidates may conclude that Banuja should/ or should not employ a part-time book-keeper.  
Candidates decision should be supported by 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)**

<b>Q5</b>	<b>Total marks</b>	<b>30</b>
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**6(a) AO1(4)**

**AO1: Four marks explaining the differences**

(i) error of original entry (2)

The **correct value recorded in the book of prime/original entry** is corrupted (1) **AO1** and a **different value debited and credited to the ledger.** (1) **AO1**

(ii) error of principle. (2)

One of the entries which is of the **correct value** of a transaction is recorded in the incorrect account (1) **AO1** which is in a **different class/subdivision** of the ledger. (1) **AO1**

**(b) AO2(10)**

**AO2: Ten marks for preparing the journal entries**

<b>Journal</b>		
	<b>Dr</b>	<b>Cr</b>
Sales returns>Returns inwards	520(1) <b>AO2</b>	
Elena		520 (1) <b>AO2</b>
Drawings	450 (1) <b>AO2</b>	
Wages		450 (1) <b>AO2</b>
Suspense	500 (1) <b>AO2</b>	
Commission receivable		500 (1) <b>AO2</b>
Suspense	45 (1) <b>AO2</b>	
Insurance		45 (1) <b>AO2</b>
Irrecoverable debt/Bad debts	720 (1) <b>AO2</b>	
Suspense		720 (1) <b>AO2</b>

(10)



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

AO1: Three marks for making the correct entries in the suspense account

AO3: One mark for calculating the correct difference

**Suspense account**

Date	Narrative	£	Date	Narrative	£
2023	Difference in TB	175 (1) AO3	2023		
30 Sept	Commission rec	500 (1) AO1	30 Sept	Irrecoverable deb	720 (1) AO1
	Insurance	45 (1) AO1			
		—			—
		<u>720</u>			<u>720</u>

(4)

(d) AO1:(2): AO2(2): AO3(2)

AO1: Two marks for correct value and orientation and revised profit

AO2: Two marks for correct value and orientation

AO3: Two marks for correct calculated value and orientation.

	£	£
Draft profit		7 900
Plus		
Wages (Drawings)	450 [1] AO2	
Commission receivable	500 [1] AO3	
Insurance	<u>45 [1] AO3</u>	
		<u>995</u>
		8 895
Minus		
Sales returns	520 [1] AO1	
Irrecoverable debt	<u>720 [1] AO2</u>	
		(1 240)
		=====
Revised profit		<u>7 655 (1of) AO1</u>
		No aliens

(6)

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

Positive points for calculating profit

Although not completely accurate it does provide an estimate of the profit which has been made.

Decisions may need to be taken therefore any information may be helpful.

Negative points for calculating profit when there are errors in the books

The profit could be substantially different in reality.

Incorrect decisions may be made.

Decision

Candidates may conclude that it is positive or negative to calculate a profit from inaccurate information. 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)**

<b>Q6</b>	<b>Total marks</b>	<b>30</b>
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