GradeMax



Mark Scheme (Results)

January 2017

Pearson Edexcel IAL in Accounting (WAC11)
Paper 01 The Accounting System and Costing



GradeMax

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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.

Question Number	Answer	Mark
1(a)	**AO1 (4), AO2 (4)** **A01: Four marks for recording the given balance and the correct disposal narrative in the account.** **A02: Four marks for inserting the reasonable narrative and correct value in the account.**	

(i)

Delivery Vehicles Account

Date	Details	£	Date	Details	£
2016			2016		
1 Jan	Balance b/d	140 000(1) AO1	15 Dec	Disposal (1) AO1	14 000
15 Dec	Disposal (Trade in)	4 000(1) AO2	31 Dec	Balance c/d	151 000
	Speed Garage	21 000(1) AO2			
		165 000			165 000
2017					
1 Jan	Balance b/d	151 000			

Note: If debit entry on 15 December combined to 25 000 (1) If narrative is disposal trade in or other reasonable narratives but not banks

(4)

(ii)

Delivery Vehicles Disposal Account

Date	Details	£	Date	Details	£
2016			2016		
15 Dec	Delivery Vehicles	14 000	15 Dec	Provision for deprec'n	6 800(1) AO2
		(1) AO1		Delivery Vehicle	4 000(1) AO1
			31 Dec	Income Statement	3 200(1of)AO2
		14 000			14 000

Note: For own figure income statement other three elements must be present

(4)

Note:
Mark for **reasonable narrative plus correct number**
Ignore dates

Question Number	Answer	Mark
1(b)(i)	**AO1 (5), AO2 (12)** **A01: Five marks for recording the given expense in the account without adjustment.** **A02: Twelve marks for adjusting the given figure or calculating the figure and inserting this correctly in the account.**	**(17)**

Statement of Profit or Loss and Other Comprehensive Income
(including an appropriation section) for the year ended
31 December 2016

	£	£	
Revenue		525 000	
Commission receivable		16 500	
		541 500	(1) AO1
Less			
Rent and insurance(15 800 +1 250 (1)– 500(1))	16 550		AO2
Premises repairs	24 000		(1) AO1
Delivery vehicle fuel	106 500		(1) AO1
Driver's wages	185 000		(1) AO1
General expenses	67 000		(1) AO1
Management salaries(56 000–8 000(1)–12 000(1))	36 000		AO2
Depreciation- Delivery vehicles	18 000		(1) AO2
Computers and equipment	10 000		(1) AO2
Loss on sale of Delivery Vehicle B	3 200		(1of) AO2
Increase in allowance for doubtful debts	500		(1) AO2
		(466 750)	
Profit for the year		74 750	
Plus interest on drawings			
Elodie	2 300		(1) AO2 Both
Harsha	2 850		
		5 150	
Less		79 900	
Interest on capital			
Elodie	2 000		(1) AO2 Both
Harsha	2 500		
Salaries			
Elodie	8 000		(1) AO2 Both
Harsha	12 000	24 500	
		55 400	
Share of profit			
Elodie		27 700	(1of) AO2
Harsha		27 700	Both if correct ratio

Question Number	Answer	Mark
1(b)(ii)	**AO1 (6)** **A01: Six marks for recording the given appropriation or drawings in the account.**	**(6)**

Current Accounts

	Elodie	Harsha		Elodie	Harsha
	£	£		£	£
Balance b/d		8 300	Balance b/d	4 000	
Drawings	23 000	28 500 (1)	Int on capital	2 000	2 500 (1of)
Int on drawings	2 300	2 850(1of)	Salary	8 000	12 000 (1)
Management Salary	8 000	12 000 (1)	Share of profit	27 700	27 700 (1of)
Balance c/d	8 400		Balance c/d		9 450
	41 700	51 650		41 700	51 650
Balance b/d		9 450	Balance b/d	8 400	

Note:
(1) Of AO1 for both partners figures

Question Number	Answer	Mark
1(b)(iii)	**AO1 (2), AO2 (6), AO3 (4)** **A01: Two marks for recording the given expense in the statement without adjustment.** **A02: Six marks for adjusting the given figure or calculating the figure and inserting this correctly in the statement.** **A03: Four marks for calculating the correct figure for Delivery Vehicles cost and accumulated depreciation and inserting this into the statement.**	**(12)**

Statement of Financial Position at 31 December 2016.

Non-current assets	Cost	Accumulated Depreciation	Carrying Value
	£	£	£
Delivery vehicles	151 000 (2) AO3	61 200 (2) AO3	89 800
Computers and equipment	50 000	30 000	20 000 (1) of AO2
	201 000	91 200	109 800
Current assets			
Trade receivables	38 000		
Less Allowance	(1 900)		
		36 100 (1of) AO2	
Other receivable		500 (1) AO2	
			36 600
			146 400
Capital: Elodie	40 000		
Harsha	50 000		
		90 000	
Current accounts:			
Elodie	8 400 Cr		
Harsha	(9 450) Dr		
		(1 050) Dr (1of) AO2	
Current liabilities			
Trade payables	26 000 (1) AO1		
Payable delivery vehicle	21 000 (1) AO2		
Bank overdraft	9 200 (1) AO1		
Other payable	1 250 (1) AO2		
		57 450	
			146 400

Workings: Delivery vehicle

Non- current asset cost
140 000 -14 000 (1) AO3 + 25 000 (1) AO3 = 151 000

Accumulated depreciation
50 000 + 18 000 (1) AO3 – (5 000 + 1 800) (1of) AO3 = 61 200

Trade receivables – Allowance must be netted off and be greater than 1400.

Question Number	Indicative content	Mark
1(c)	**AO1 (1), AO2 (1), AO3 (5), AO4 (5)** Potential arguments for • Additional capital will be brought into the business by Aja which will enable the business to expand and grow • Work load shared by the partners who will now have a greater opportunity to specialise • Cover for sickness/holidays. When these events occur the business will not need to close but can maintain continuity of service • Shared risks as any losses will be shared between three partners. Potential arguments against • Profits will need to be shared by three partners instead of two resulting in the requirement to increase profits to maintain the partners incomes • Extension of joint and several liability. Elodie and Harsha will be liable for the actions of Aja • Decision making possibly more complex as all partners will need consulting. Decision Candidates may conclude that the admission of Aja is a positive or negative development for the business. The candidate's conclusion should be supported by a valid rationale for that conclusion.	**(12)**

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.

Question Number	Answer	Mark
2(a)	**AO1 (13), AO2 (20), AO3 (2)** **A01: Thirteen marks for recording the given expense in the account without adjustment.** **A02: Twenty marks for apportioning the given figure or calculating the figure and inserting this correctly in the account.** **A03: Two marks for calculating the correct figure, apportioning the correct figure to the correct section of the account.**	**(35)**

Departmental Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2016

	Furniture	Carpets	Café
	£	£	£
Revenue	450 000	300 000 (1)	50 000
Less Cost of sales	190 000	140 000	30 000
Adjustment	(11 000)	11 000	
Adjusted Cost of sales	(179 000) (1)	(151 000) (1)	(30 000)
Gross profit	271 000	149 000	20 000
Less expenses			
Wages	83 000 (1)	55 000 (1)	20 000 (1)
Management salaries	32 500 (1)	22 750 (1)	9 750 (1)
Delivery vehicle expenses	18 200 (1)	7 800 (1)	0 (1)
Heat and light	6 000 (1)	3 600 (1)	1 200 (1)
Redecoration of building	7 500 (1)	4 500 (1)	1 500 (1)
Rates for building	10 000 (1)	6 000 (1)	2 000 (1)
General expenses	36 000 (1)	24 000 (1)	4 000 (1)
Depreciation-			
Land and building	2 000 (1)	1 200 (1)	400 (1)
Delivery vehicle	3 500 (1)	1 500 (1)	0 (1)
Fixtures and equipment	1 200 (1)	1 500 (1)	3 300 (1)
Provisions	-	4 000 (1)	600 (1)
	(199 900)	(131 850)	(42 750)
Profit/(loss)	71 100	17 150	(22 750)

Note:
Revenue and provisions AO1 x 3
Carpets column (excluding delivery vehicle depreciation) AO2 x 10

Carpet column delivery vehicle depreciation AO3 x 1
Furniture and café columns: delivery vehicle depreciation AO3 x 1

Furniture and café columns: Adjusted cost of sales, wages, rates for buildings, building and fixtures depreciations, Profit/(loss) AO2 x 10
Furniture and café columns: All other items AO1 x 10

Question Number	Indicative content	Mark
2(b)	**AO1 (1), AO2 (1), AO3 (5), AO4 (5)** Potential arguments for the proposal • The loss would be removed • The space could be used to expand the furniture or carpets departments or to create a new department • Capital could be released from the sale of café fixtures and equipment for general working capital or to fund the redevelopment of the café space. Potential arguments against the proposal • Most of the existing fixed costs will have to be borne by the other departments, therefore the improvement in total profit may be minimal or non-existent • The café may stimulate sales as a place for customers to decide upon a purchase or generate purchases from customers who visit the café. • Social accounting factors of redundancy. Although there are only three staff there is a personal impact if the staff cannot be redeployed. Decision Candidates may conclude that it is wise or unwise to close the café. The decision should be supported by reasoned arguments.	**(12)**

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.

Question Number	Answer	Mark
2(c)	**AO1 (4)** **A01: Four marks for stating the definitions** (i) Day work – Payment is made by a rate per hour (1) AO1 x number of hours worked (1) AO1 OR Workers are paid daily rate (1) AO1 regardless of output produced (1) AO1 (2) (ii) Group bonus scheme – Payment is made generally on a day work basis (1) AO1 Plus a bonus generated by a group of workers (1) AO1 divided by the number of workers (2)	**(4)**

Question Number	Answer	Mark
2(d)	**AO1 (2)** **A01: Two marks for stating two advantages** • Simple to calculate • Quality provided as worker is not trying to meet bonus targets • Time to spend with customers • Enable to plan costs • Absenteeism rate is minimised NOT • Motivated to work harder (1) AO1 x 2	**(2)**

Question Number	Answer	Mark
2(e)	**AO3 (2)** **A03: Two marks for advice** • Would encourage team work • Would encourage greater efficiency of staff • Café does not lend itself to increasing sales by working more efficiently • Sales may be limited by physical factors such as the availability of seating • Some people may work harder than others and it may be unfair. (1) AO3 x 2	**(2)**

Question Number	Answer	Mark
3(a)	**AO2 (5), AO3 (1)** **A02: Five marks for identifying the figures and inserting them in the ratio.** **A03: One mark for calculating the correct profit before interest and inserting this into the correct section of the account.** (i) Gross profit as a percentage of revenue 450 000 (1) AO2 x 100 = 60% (1) AO2 750 000 (2) (ii) Profit for the year as a percentage of revenue 15 000 (1) AO2x 100 = 2% (1) AO2 750 000 (2) (iii) Percentage return on capital employed. (15 000 + 25 000) (1) AO3 x 100 = 5% (1) AO2 (250 000 + 550 000) (2)	**(6)**

Question Number	Answer	Mark
3(b)	**AO1 (2), AO2 (5), AO3 (3)** **A01: Two marks for recording the given expense in the account without adjustment.** **A02: Five marks for adjusting the given figure or calculating the figure and inserting this correctly in the account.** **A03: Three marks for calculating the correct cost of sales figure and inserting this into the correct section of the account.**	**(10)**

Zollar Power

Projected Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 November 2017

	£	£	
Revenue		900 000	(1) AO3
Cost of sales		(324 000)	(2) AO3
Gross profit		576 000	
Wages and salaries	150 000		(1) AO2
Loan interest	-		(1) AO2
Marketing	71 000		(1) AO2
Depreciation	40 000		(1) AO1
Rent	15 000		(1) AO1
Other expenses	60 000		(1) AO2
		(336 000)	
Profit for the year		240 000	(1of) AO2
			No aliens

Working:

Cost of sales 300 000+20% = 360 000 (1) – 10%=324 000 (1)

If Loan interest absent in income statement award (1) mark

Question Number	Answer	Mark
3(c)	**AO1 (2), AO2 (2)** **A01: Two marks for recording the given expense in the account without adjustment.** **A02: Two marks for adjusting the given figure or calculating the figure and inserting this correctly in the account.** (i) Profit for the year as a percentage of revenue 240 000 (1of) AO1 x 100 = 26.7% (1of) AO2 900 000 (2) (ii) Percentage return on capital employed. 240 000 of matching (c)(i) x 100 = 30% (1of) AO2 800 000 (1) AO1 (2)	**(4)**

Question Number	Answer	Mark
3(d)	**AO1 (4)** **A01: Four marks for explaining social and ethical accounting.** This is a non-financial factor Protea Venture Capital should consider the effect of their decisions in a social/ethical context (1) AO1 Factors such as the local community, environment, health and safety or the use of natural resources, being honest, not misleading should be considered (1) AO1 x 3 factors	**(4)**

Question Number	Indicative content	Mark
3(e)	**AO2 (1), AO3 (2), AO4 (3)** Potential positive arguments for Protea Venture Capital • profit is greatly increased from £15 000 to £240 000 per annum • long term external debt is removed due to the additional investment which funded the repayment of the loan • return on capital employed is improved from 2% to 30%. Potential negative points for Protea Venture Capital • social accounting factors on the community and employees. There will be 15 staff redundancies which will have a personal and community impact • morale may be effected as more is expected from each individual worker and work colleagues are made redundant • lower quality product is being produced which may in the end impact upon the the sales and viability of the business • a major capital investment has to be made to reduce the debt which could be used for other purposes. Decision Candidates may conclude that it is wise or unwise to purchase Zollar Power. The decision should be supported by reasoned arguments.	**(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.

Question Number	Answer	Mark
4(a)	**AO2 (8), AO3 (2)** **A02: Eight marks for carrying out the adjustment correctly.** **A03: Two marks for calculating and carrying out the adjustment correctly.**	

Journal

	Dr	Cr	
	£	£	
Suspense	2 800		(1) AO2
Kamila		2 800	(1) AO2
Kamila	800		(1) AO2
Suspense		800	(1) AO3
Robson	2 100		(1) AO2
Kamila		2 100	(1) AO2
Kamila	880		(1) AO2
Suspense		880	(1) AO3
Kamila	1 500		(1) AO2
Bank		1 500	(1) AO2 **(10)**

Question Number	Answer	Mark
4(b)	**AO1 (4), AO2 (4), AO3 (2)** **A01: Four marks for identifying the correct narrative.** **A02: Four marks for posting the correct value to the correct side of the account.** **A03: Two marks for calculating the correct figure and inserting this into the correct side of the account.**	**(10)**

Kamila Account

2016		£		2016		£
8 November	Purchases	1 400		1 November	Balance b/d	8 000
15 November	Bank	5 600		15 November	Discount	400
30 November	Suspense	800	(1) AO2	20 November	Returns	530
	Suspense (1) AO1	880	(2) AO3	30 November	Suspense	2 800 (1) AO2
	Bank (1) AO1	1 500	(1) AO2		Robson (1) AO1	2 100 (1) AO2
	Balance c/d	3 650				
		13 830				13 830
				1 December	Balance b/d	3 650(1of) AO1

Note:
Ignore dates
Mark number and narrative separately. If mark for number accept any reasonable narrative.
Note (4) award 350 (1) + 530 (1) = 880

Question Number	Answer	Mark
4(c)	**AO1 (4)** **A01: Four marks for explaining the differences.** (i) Compensation – there is **more than one error** which collectively **cancel each other** out (1) AO1 Reversal – there has been **a debit and a credit entry of equal** value (1) AO1 which have been reversed in the books. (2) (ii)Principle is an error of posting to an account of a different **class** (1) AO1 Commission is an error in posting to an account in the **same class.** (1) AO1 (2)	**(4)**

Question Number	Indicative content	Mark
4(d)	**AO2 (1), AO3 (2), AO4 (3)** Potential positive arguments for • Gives prima facie evidence of correct posting. It is a checking device for the accuracy of the double entry • Financial statements can be prepared with certainty that the underpinning information is probably accurate. Potential negative points for • Errors not affecting the balancing of the trial balance will not be revealed • Time consuming to prepare. NOT • Fraud prevention • Eliminates errors • Calculate profit. Decision Candidates will conclude that a trial balance is useful in the accounting system. The decision should be supported by reasoned arguments.	**(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.

Question Number	Answer	Mark
5(a)	**AO1 (2)** **A01: Two marks for identifying the correct narrative.** Mark-up is the percentage profit added to cost price (1) AO1 OR Gross profit divided by cost of sales (1) AO1 Margin is the percentage of profit contained within the revenue (1) AO1 OR Gross profit divided by revenue (1) AO1	**(2)**

Question Number	Answer	Mark
5(b)	**AO1 (3), AO2 (3)** **A01: Three marks for and stating each costs features.** **AO2: Three marks for identifying the correct type of cost.** (i) Raw materials are a variable cost. (1) AO1 The cost varies **directly** with production increase or decrease. (1) AO2 (2) (ii) Rent is a fixed cost. (1) AO1 This cost will remain fixed over varying range of production during the accounting period. (1) AO2 (2) (iii) Telephone costs are a semi-**variable**. (1) AO1 The cost has a fixed element, the network contract, plus a variable cost for each call. (1) AO2 (2)	**(6)**

Question Number	Answer	Mark
5(c)	**AO1 (3), AO2 (5)** **A01: Three marks for inclusion of expenses.** **A02: Five marks for calculating the correct value and insert in statement.** Profit for the year ended 30 November 2016 **£** **£** Income Raw material sales 92 000 (1) AO2 Own labour 50 000 (2) AO2 142 000 Expenditure Raw material costs 80 000 (1) AO2 Rent of builders premises 12 000 (1) AO1 General expenses 13 500 (1) AO1 Motor vehicle running costs 8 500 (1) AO1 (114 000) Profit for the year 28 000 (1of) AO2 Workings: Own labour (50 x 50) x 80% = 2 000 (1) AO2 x 25 = 50 000 (1) AO2 Raw materials shown as £12 000 income (92 000 – 80 000) = 2 marks	**(8)**

Question Number	Answer	Mark
5(d)	**AO2 (1), AO3 (3)** **A02: One mark for using the current labour rate.** **A03: Three marks for calculating the revised rate.** Existing profit for the year £28 000 Required profit £40 000 Increase required £12 000 (1of) AO3 Divided by 2 000 hours (1) AO2 = £6 per hour extra(1) AO3 The rate would need to be £25 per hour + £6 per hour = £31 per hour (1of) AO3	**(4)**

Question Number	Answer	Mark
5(e)	**AO2 (3), AO3 (1)** **A02: Three marks for using the number of labour hours.** **A03: One mark for calculating the quotation.** Job Quotation £ Raw material 1 100 x 115% 1 265 (1) AO2 Labour 35 (1) AO2x £31 (1of) AO3 1 085 Total price 2 350 (1of) AO2	**(4)**

Question Number	Indicative content	Mark
5(f)	**AO2 (1), AO3 (2), AO4 (3)** Potential positive arguments for • Speed, accuracy, reduction in errors are all benefits that Falgu would receive • Security would be improved as passwords would be required • Large storage capacity on disk reducing the storage of paper hard copies. Potential negative points • Capital cost of purchase of the hardware and software • Risk of viruses, hacking of data • Training of staff for constant upgrades in software. Decision Candidates may conclude that it is wise or unwise to purchase ICT. The decision should be supported by reasoned arguments.	**(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.

Question Number	Answer	Mark
6(a)	**AO1 (4)** **A01: Four marks for stating the differences** (i) Capital expenditure is mainly purchasing long term non-current assets which will last for many accounting periods. (1) AO1 Revenue expenditure is a day to day expenditure used in the current accounting period. (1) AO1 (2) (ii) Capital is the net value that **the owner** has invested in the business. (1) AO1 Capital employed is the owners capital plus any non-current liabilities borrowed to finance the business. (1) AO1 (2)	**(4)**

Question Number	Answer	Mark
6(b)	**AO1 (2), AO2 (6) , AO3 (3)** **A01: Two marks for establishing the revenue and purchases without adjustment.** **A02: Six marks for making adjustments.** **AO3: Three marks analysing the value of (i) to (iii) correctly.** (i) Revenue (47 200 + 8 300) (1) AO1 + (10 350 + 10 500 + 6 000 + 2 000) (1) AO2 + (4 400– 5 750)(1) AO2 = 83 000 (1) AO3 (4) (ii) Purchases (35 000 + 2 000) (1) AO1+ (6 100 - 2 750) (1) AO2 = 40 350 (1) AO3 (3) (iii) Depreciation on computers and fixtures 15 000 + (7 400 + 6 000) (1) AO2 -1 300 (1) AO2 = 27 100 – 17 500 (1) AO2 = 9 600 (1) AO3 (4)	**(11)**

Question Number	Answer	Mark
6(c)	**AO1 (2), AO2 (6), AO3 (1)** **A01: Two marks for correctly bringing forward revenue and depreciation from (b) and correctly applying to the statement.** **A02: Six marks for correct calculations and insertion in the statement.** **A03: One mark for calculating the correct figure and inserting this into the correct side of the account.**	**(9)**

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2016

	£	£
Revenue		83 000 (1) of AO1
Cost or sales:		
Opening inventory	10 920 (1) AO2	
Purchases	40 350	
	51 270	
Closing inventory	(9 350)	
		(41 920)(1of+w) AO2
Gross profit		41 080
Other income		
Commission receivable (5 000+600)		5 600 (1) AO3
		46 680
Less		
Wages (9 000 + 10 350)	19 350 (1) AO2	
General expenses (8 630 – 450 – 920)	7 260 (2) AO2	
Depreciation	9 600 (1of) AO1	
		(36 210)
Profit for the year		10 470 (1of) AO2

Note: General expenses 8 180 (1) or 7 710 (1)

8 160 (1) 9 100 (1)

Question Number	Indicative content	Mark
6(d)	**AO2 (1), AO3 (2), AO4 (3)** Potential positive arguments for • Details of individual accounts will be available • Financial statements can be prepared to ascertain profit on a regular basis • Easier to make decisions because financial information is readily available • 3rd parties such as banks can rely on the information and grant loans. Potential negative points • Skill required to complete the books of accounts • Cost implications of employing a specialist. Time required by the owner. Decision Candidates may conclude that it is wise or unwise to maintain double entry records. The decision should be supported by reasoned arguments.	**(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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