GradeMax



Mark Scheme (Results)

October 2020

Pearson Edexcel International Advanced Subsidiary
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.

Question Number	Answer	Mark
1 (a)	**AO1 (4), AO2 (6), AO3 (3)** **AO1: Four marks for recording balances.** **AO2: Six marks for adjusting and recording balances.** **AO3: Three marks for calculating cost of raw materials, prime cost and electricity and water.**	**(13)**

Manufacturing Account
for the year ended 30 April 2020

	£	**£**
Opening inventory of raw materials	41 500	
Purchases of raw materials	160 000	
	201 500	
Closing inventory of raw materials	(33 000)	
Cost of raw materials	168 500 **(1) AO3**	
Production wages	93 000 **(1) AO1**	
Direct expenses	26 500 **(1) AO1**	
Prime cost		288 000 **o/f (1) AO3**+w no aliens
Production overheads:		
Management salaries	60 000 **(1) AO2**	
Indirect expenses	11 900 **(1) AO1**	
Rent and rates	22 500 **(1) AO2**	
Insurance	3 600 **(1) AO2**	
Electricity and water	8 000 **(1) AO3**	
Depreciation – production equipment	26 000 **(1) AO2**	
		132 000
Cost of production		420 000 **o/f (1) AO1**+w no aliens
Manufacturing profit 20%		84 000 **o/f (1) AO2**+w
Transfer value		504 000 **o/f (1) AO2**+w

Question Number	Answer	Mark
1 (b)(i)	**AO2 (2)** **AO2: Two marks for calculation.** £420 000 **(1) AO2** = £1.75 per one jar **(1) AO2** 240 000 jars	**(2)**

Question Number	Answer	Mark
1 (b)(ii)	**AO1 (1), AO2 (1)** **AO1: One mark for correct cost of production.** **AO2: One mark for calculation.** £54 000 **(1) AO1** x 20/120 = £9 000 **(1) AO2**	**(2)**

Question Number	Answer	Mark
1 (c)(i)	**AO1 (4), AO2 (10), AO3 (1)** **AO1: Four marks for recording balances.** **AO2: Ten marks for adjusting balances.** **AO3: One mark for calculating reduction in provision for unrealised profit.**	**(15)**

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 April 2020

	£	**£**
Income		
Revenue		720 000
Less		
Opening inventory of finished goods	60 000	
Goods transferred from production	504 000 o/f **(1) AO1**	
	564 000	
Closing inventory of finished goods	(54 000)	
Cost of sales:		(510 000) **o/f (1) AO2**+w
Gross profit		210 000
Other incomes		
Commission received	5 600 **(1) AO1**	
Profit on production	84 000 **o/f (1) AO2**	
Reduction in provision for unrealised profit	1 000 **o/f (1) AO3**	
		90 600
		300 600
Less expenses		
Administrative wages	37 650 **(1) AO1**	
Management salaries	150 000 **(1) AO2**	
Marketing expenses	47 200 **(1) AO2**	
Rent and rates	2 500 **(1) AO2**	
Insurance	2 400 **(1) AO2**	
Electricity and water	2 000 **(1) AO2**	
Depreciation – Computer equipment	13 000 **(1) AO2**	
Office fixtures	1 400 **(1) AO2**	
Irrecoverable debts	6 150 **(1) AO1**	
Increase in provision for irrecoverable debts	700 **(1) AO2**	
		(263 000)
Profit for the year		37 600

Question Number	Answer	Mark
1 (c)(ii)	**AO1 (4), AO2 (6), AO3 (1)** **AO1: Four marks for recording balances.** **AO2: Six marks for adjusting balances.** **AO3: One mark for calculating the finished goods balance.**	**(11)**

Statement of Financial Position at 30 April 2020

Assets			
	Cost	**Accumulated depreciation**	**Carrying value**
Non-current assets	**£**	**£**	**£**
Production equipment	130 000	(104 000)	26 000 o/f **(1) AO2**
Office computers	70 000	(31 000)	39 000 o/f **(1) AO2**
Office fixtures	14 000	(4 200)	9 800 o/f **(1) AO2**
	214 000	(139 200)	74 800
Current assets			
Inventory – Raw materials		33 000 **(1) AO1**	
Finished goods	54 000		
Less provision for unrealised profit	(9 000)		
		45 000 **o/f (1) AO3**	
		78 000	
Trade receivables	55 000		
Less provision for irrecoverable debts	(2 200)		
		52 800 **o/f (1) AO2**	
Other receivables		4 800 **(1) AO2**	
Cash and bank		7 250 **(1) AO1**	
			142 850
Total assets			217 650
Capital and liabilities			
Capital		125 000	
Profit for the year		37 600 o/f	
		162 600	
Drawings		(15 350)	
			147 250 **o/f (1) AO1**
Current liabilities			
Trade payables		68 400 **(1) AO1**	
Other payables		2 000 **(1) AO2**	
			70 400
Total capital and liabilities			217 650

Question Number	Indicative Content	Mark
1 (d)	**AO1 (1), AO2 (1), AO3 (5), AO4 (5)** <u>Positive points in favour of accepting the order</u> All Fruit would gain a larger market share and reputation. The business may be able to take advantage of economies of scale in meeting such a large increase in production. More potential profit but at a low level £9 000 total <u>Negative points for not accepting the order</u> The price offered is only marginally above the cost of production and lower than the total costs of All Fruit. Potential issues with the reduced price from existing customers. All Fruit would almost have to double annual production to meet demand. Does it have the space and productive capacity? Additional staff would need to be employed and equipment purchased increasing cost. Does the business have the cash/funding to undertake such a major increase in production? <u>Decision</u> Candidates may conclude that All Fruit should accept or reject the offer. Candidates should support that decision with an appropriate rationale.	**(12)**

Level	Mark	Descriptor
	0	A completely incorrect response.
Level 1	1-3	Isolated elements of knowledge and understanding that are 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 that 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 knowledge and understanding, supported by relevant application to the scenario. Some analysis is present, with developed chains of reasoning, showing causes and/or effects. Evaluation may be presented using financial and non-financial information with a decision made.

Level 4	10 - 12	Accurate and thorough knowledge and understanding, supported by relevant and effective application to the scenario. Analysis is coherent with logical chains of reasoning, showing causes and effects. Evaluation is balanced and wide ranging and well contextualised, using financial and perhaps non-financial information, and an appropriate decision is made.

Question Number	Answer	Mark
2 (a)(i)	**AO2 (2)** **AO2: Two marks for correct application of formula.** Percentage return on capital employed: (2 000) + 4 000 **(1) AO2** = 3.33% **(1) AO2** 10 000 + 50 000	**(2)**

Question Number	Answer	Mark
2 (a)(ii)	**AO2 (2)** **AO2: Two marks for correct application of formula.** Liquid (acid test) ratio: 6 400 = 0.25:1 **(1) AO2** 16 000 + 9 000 **(1) AO2**	**(2)**

Question Number	Answer	Mark
2 (a)(iii)	**AO2 (2)** **AO2: Two marks for correct application of formula.** Trade receivables collection period (in days): 6 400 x 365 = 19.46 days **(1) AO2** 120 000 **(1) AO2**	**(2)**

Question Number	Answer	Mark
2 (a)(iv)	**AO2 (2)** **AO2: Two marks for correct application of formula.** Trade payables payment period (in days): 16 000 x 365 **(1) AO2** = 56.1 days **(1) AO2** 104 000	**(2)**

Question Number	Answer	Mark
2 (b)	**AO1 (2)** **AO1: Two marks for explaining term.** Liquidity is the ability to meet short term **(1) AO1** debts as they fall due **(1) AO1** Current assets less current liabilities **(1) AO1** **MAX 2 marks**	**(2)**

Question Number	Answer	Mark
2 (c)	**AO3 (4)** **AO3: Four marks for advice.** • The liquid acid test ratio is unsatisfactory **(1) AO3** compared to the 'yardstick' of 0.7 – 1:1 **(1) AO3** • The trade receivables collection is low **(1) AO3** compared to the normal payment period of 28 days **(1) AO3** • The trade payables is very high **(1) AO3** compared to the normal payment period of 28 days this may result in a disruption to supply **(1) AO3** • The bank is an overdraft **(1) AO3** which will restrict payment of trade payables and daily expenses **(1) AO3**	**(4)**

Question Number	Answer	Mark
2 (d)	**AO1 (2)** **AO1: Two marks for calculation.** Assets purchased £85 000 – liabilities £16 000 = net worth £69 000 **(1)** **AO1** Price paid £80 000 Goodwill purchased £11 000 **(1)** **AO1**	**(2)**

Question Number	Answer	Mark
2 (e)	**AO1 (12), AO2 (6)** **AO1: Twelve marks for final balances and given figures.** **AO2: Six marks for recording movement of current asset.**	**(18)**

Balance 1 January 2020	**Workings**	**Balance 31 March 2020**
Inventory £11 600	- 5 800 **(1)** **AO2** + 35 000 **(1)** **AO1** – 32 000 **(1)** **AO2**	8 800 **o/f** **(1)** **AO1**
Trade payables £16 000	+ 35 000 **(1)** **AO1** – 40 000 **(1)** **AO2**	11 000 **(1)** **AO1**
Trade receivables £6 400	+ 42 000 **(1)** **AO1** – 31 000 **(1)** **AO1** – 800 **(1)** **AO2**	16 600 **o/f** **(1)** **AO1**
Bank £0	**+** 10 000 + 3 000 **(1)** **AO2** + 6 000 **(1)** **AO1** – 7 000 **(1)** **AO1** – 1 500 **(1)** **AO2** + 31 000 **(1)** **AO1** – 40 000 **(1)** **AO1**	1 500 **o/f** **(1)** **AO1**

Question Number	Answer	Mark
2 (f)	**AO1 (2), AO2 (3)** **AO1: Two marks for recording given balances.** **AO2: Three marks for calculating adjusted balances.**	**(5)**

Jafna
Statement of Profit or Loss and Other Comprehensive Income for the three months ended 31 March 2020

		£	£
Revenue (sales)	48 000 + 3 000		51 000 **(1) AO2**
Less			
Opening inventory		11 600	
Purchases		35 000	
		46 600	
Closing inventory		(8 800)	
Cost of sales			(37 800) **o/f (1) AO2** +w
Gross profit			13 200
Less			
Expenses	7 000 + 750- 325	7 425 **(1) AO2**	
Depreciation – motor vehicle		1 700 **(1) AO1**	
Irrecoverable debt		800 **(1) AO1**	
			(9 925)
Profit for the year			3 275

Question Number	Answer	Mark
2 (g)(i)	**AO2 (2)** **AO2: Two marks for calculating current ratio.** 8 800+16 600+1 500+325=27 225 **o/f (1) AO2** = 2.3:1 **o/f** 11 000 + 750 11 750 **(1) AO2**	**(2)**

Question Number	Answer	Mark
2 (g)(ii)	**AO2 (2)** **AO2: Two marks for calculating the percentage return on capital employed.** 3 275 **of** x 100 = 3.63% **o/f (1) AO2** 80 000 + 10 000 **(1) AO2**	**(2)**

Question Number	Indicative Content	Mark
2 (h)	**AO1 (1), AO2 (1), AO3 (5), AO4 (5)** **Own figure rule applies** <u>Positive points in favour of meeting objectives</u> Liquidity has improved and the current ratio is well above the bench mark of 2:1. Trade payables have been reduced making the payment days reduce and making the supply of goods easier. The business has a positive bank balance to meet debts as they fall due. The loss of £2 000 has been turned into a profit of £3 275 <u>Negative points against meeting objectives</u> Jafna is not making the best use of his working capital as with a current ratio of 2.45:1 he has idle funds which is mainly in trade receivables. The trade receivables have increased significantly extending the collection days. Credit control will be required. The return on capital employed has barely increased. This is mainly due to the fact that Jafna is employing much more capital. <u>Decision</u> Candidates may conclude that the objectives have/or have not been met. Candidates should support that decision with an appropriate rationale.	**(12)**

Level	Mark	Descriptor
	0	A completely incorrect response.
Level 1	1-3	Isolated elements of knowledge and understanding that are 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 that are applied to the scenario. Chains of reasoning are present, but may be incomplete or invalid. A generic or superficial assessment is present.
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<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>3 (a)</td><td>AO1 (2), AO2 (1)
AO2: Two marks for depreciation for two years.
AO3: One mark for value of adjustment.

<table>
<tr><th>Motor vehicles</th><th colspan="2">Depreciation to be charged</th><th>Adjustment</th></tr>
<tr><td></td><td>Straight line</td><td>Reducing balance</td><td></td></tr>
<tr><td>Year ended</td><td>£</td><td>£</td><td>£</td></tr>
<tr><td>30 April 2018</td><td>2 400</td><td>4 000</td><td>1 600 (1) AO2</td></tr>
<tr><td>30 April 2019</td><td><u>2 400</u></td><td><u>3 000</u></td><td><u>600</u> (1) AO2</td></tr>
<tr><td></td><td>4 800</td><td>7 000</td><td>2 200 (1) AO3</td></tr>
</table>
</td><td>(3)</td></tr>
</table>

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>3 (b)</td><td>AO1 (2)
AO1: Two marks for stating causes of depreciation for computer equipment.

Physical deterioration (Wear and tear)
Passage of time
Obsolescence
Economic reasons

2 x (1) AO1</td><td>(2)</td></tr>
</table>

Question Number	Answer	Mark
3 (c)	**AO1 (2), AO2 (2)** **AO1: Two marks for description of concept.** **AO2: Two marks for applying concept.** Going concern: It is assumed that the business has infinite life **(1) AO1** and the cost of the non-current asset can be allocated over many years of its' economic life **(1) AO2** Consistency: Where a choice of method is available, once a method has been selected the method must be used consistently **(1) AO1** from one accounting period to another unless there is a compelling argument for a change **(1) AO2**	**(4)**

Question Number	Answer	Mark
3 (d)	**AO1 (1), AO2 (3), AO3 (1)** **AO1: One mark for bringing balance from (a).** **AO2: Three marks for calculations.** **AO3: One mark for calculating depreciation on disposals.**	**(5)**

	Motor vehicles	**Computer equipment**
	£	**£**
Cost at 1 May 2019	16 000	20 000
Additions	-	6 000
	16 000	26 000
Disposals	-	(3 600)
Cost 30 April 2020	**16 000**	**22 400 (1) AO2**
less		
Accumulated depreciation		
At 30 April 2019	(7 000) **o/f (1) AO1** from (a)	(5 000)
Less depreciation on disposals	-	2 600
		(2 400) **(1) AO3**
Carrying value	**9 000**	**20 000**
x 25%		
Depreciation		
For year ended 30 April 2020	2 250 **o/f (1) AO2**	5 000 **o/f (1) AO2**

Question Number	Answer	Mark
3 (e)(i)	**AO1 (3), AO2 (2)** **AO1: Three marks for recording balances and description.** **AO2: Two marks for asset entries.**	**(5)**

Computer Equipment Account

Date	**Details**	**£**	**Date**	**Details**	£
2019			2019		
1 April	Balance b/d	20 000 **(1) AO1**	1 Sept	Disposal **(1) AO1**	3 600 **(1) AO2**
10 Sept	Bell computers	6 000 **(1) AO2**			
2020			2020		
			31 March	Balance c/d	22 400
		26 000			26 000
1 April	Balance b/d	22 400 **o/f (1) AO1**			

Question Number	Answer	Mark
3 (e)(ii)	**AO1 (1), AO2 (3), AO3 (1)** **AO1: One mark for correct narrative.** **AO2: Three marks for correct double entries.** **AO3: One mark for calculating loss on disposals.**	**(5)**

Disposal Account

Date	**Details**	**£**	**Date**	**Details**	**£**
2019			2019		
1 Sept	Computer equipment	3 600 **(1) AO2**	1 Sept	Provision for depreciation	2 600 **(1) AO2**
				Bank	850 **(1) AO2**
			2020		
			30 April	Income statement	150 **(1) AO3**
		3 600		**(1) AO1**	3 600

Question Number	Indicative Content	Mark
3 (f)	**AO2 (1), AO3 (2), AO4 (3)** <u>Positive points in favour of reducing balance</u> Greater depreciation in early years can reflect significant loss of value in early years. Market value of asset can be more accurately reflected in financial position statement. Over life of asset depreciation plus maintenance cost will even out, not distorting profits. <u>Negative points against reducing balance</u> Can distort profit with high depreciation in early years. Depreciation does not reflect, equal usage, equal cost, over the years. The change may break the consistency concept. Still only an estimate. <u>Decision</u> Candidates may conclude that reducing balance is/ is not, the most appropriate method of depreciation. Candidates should support that decision with an appropriate rationale.	**(6)**

Level	Mark	Descriptor
	0	A completely incorrect response.
Level 1	1-2	Isolated elements of knowledge and understanding that 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 that 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)	**AO1 (6)** **AO1: Six marks for total hours worked.** • The **annual interest (1) AO1** would be recorded as an expense of the accounting period. The £20 000 loan would not be recorded. **(1) AO1** • As the £20 000 is a loan not capital there would be **no interest recorded (1) AO1** The £20 000 loan would not be recorded. **(1) AO1** • The £20 000 loan would appear as a **non-current liability (1) AO1** Interest would not be recorded unless owing as a current liability. **(1) AO1**	**(6)**

Question Number	Answer	Mark
4 (b)(i)	**AO2 (2)** **AO2: Two marks for percentage.** Award marks for either calculation. Sanjay $\frac{405 \times 100}{4\,500}$=9% Tara $\frac{630}{7\,000} \times 100$=9% **(1) AO2** **(1) AO2**	**(2)**

Question Number	Answer	Mark
4 (b)(ii)	**AO1 (3), AO2 (2)** **AO1: Three marks for totals.** **AO2: Two marks for share.**	**(5)**

	Sanjay	**Tara**	**Total**
	£	**£**	**£**
Profit for year			23 660
Plus interest on drawings	405	630	1 035 **(1) AO1**
less			24 695
Interest on capital	(225)	(170)	(395) **(1) AO1**
Salaries	(7 500)	(7 500)	(15 000) **(1) AO1**
Share of profit	6 200 **o/f (1)** no aliens **AO2**	3 100 **o/f (1) AO2**	9 300

Question Number	Answer	Mark
4 (c)(i)	**AO2 (4), AO3 (2)** **AO2: Four marks for other entries.** **AO3: Two marks for goodwill calculation and entry.** 2 x **(1) AO3** for goodwill 4 x **(1) AO2** other entries	**(6)**

Capital Accounts

Date	**Details**	**Sanjay**	**Tara**	**Date**	**Details**	**Sanjay**	**Tara**
		£	**£**			**£**	**£**
2019				2019			
1 Nov	Loan account	20 000 **(1)**		1 May	Balance b/d	80 000	30 000
	Bank	10 000 **(1)**					
1 Dec	Goodwill	12 000 **(1)**	6 000 **(1)**				
2020				2020			
				1 Jan	Computers		4 000 **(1)**
30 Apr	Balance c/d	38 000	36 000		Bank		8 000
		80 000	42 000			80 000	42 000
				1 May	Balance b/d	38 000 **(1)of Cr**	36 000

Question Number	Answer	Mark
4 (c)(ii)	**AO2 (4), AO3 (1)** **AO2: Four marks for correct entries in account.** **AO3: One mark calculating loan interest and entering in account.**	**(5)**

Sanjay Current Account

Date	**Details**	**£**	**Date**	**Details**	**£**
2019			2019		
1 May	Balance b/d	400			
2020			2020		
30 April	Drawings	4 500 **(1) AO2**	30 April	Loan interest	600 **(1) AO3**
	Salary paid	7 500		Int on capital	225
	Int of drawings	405 **(1) AO2**		Salary	7 500 **(1) AO1**
	Balance c/d	1 720		Share of profit	6 200 **o/f (1) AO2**
		14 525			14 525
			1 May	Balance b/d	1 720

Question Number	Indicative Content	Mark
4 (d)	**AO2 (1), AO3 (2), AO4 (3)** <u>Positive points for partnership</u> Larger skill base to the business Greater capital Cover for holidays and sickness <u>Negative points of partnership</u> Cannot make decisions alone Joint and several liability Profit is shared <u>Decision</u> Candidates may conclude that partnership is/is not beneficial. Candidates should support that decision with an appropriate rationale.	**(6)**

Level	Mark	Descriptor
	0	A completely incorrect response.

Level 1	1-2	Isolated elements of knowledge and understanding that 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 that 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)** **AO2: Two marks for explaining the term.** Is the relationship between the inputs used and the outputs gained **(1)** **AO1** usually expressed as output/ units per hour/day **(1)** **AO1**	**(2)**

Question Number	Answer	Mark
5 (b)	**AO1 (3), AO2 (3), AO3 (1)** **AO1: Three marks for total hours worked.** **AO2: Three marks for cost per unit.** **AO3: One mark for advice.**	

	Option 1	**Option 2**	**Option 3**
Total output (units)	5 600	7 200	8 100

	Total hours worked	400 **(1) AO1**	450 **(1) AO1**	540 **(1) AO1**	
	Output per hour	14 **(1) AO2**	16 **(1) AO2**	15 **(1) AO2**	
	Advice: Option 2 provides the best labour productivity o/f **(1)of AO3**				**(7)**

Question Number	Answer	Mark
5 (c)	**AO1 (2), AO2 (4), AO3 (1)** **AO1: Two marks for total of skilled and unskilled labour.** **AO2: Four marks calculating basic pay and overtime.** **AO3: One mark for calculating total cost.**	**(7)**

	Skilled	**Unskilled**	**Total**
Hours worked (per operator)	49	49	
	£	**£**	**£**
Total basic pay 8/4x40x£6/£4	1 920 **(1) AO2**	6 40 **(1) AO2**	2 560
Overtime 8/4 operators x12 x £6/4	576 **(1) AO2**	192 **(1) AO2**	768
	2 496 **(1)of AO1**	832 **(1)of AO1**	3 328 **(1)of AO3**

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>5 (d)(i)</td><td>
AO1 (1), AO2 (3), AO3 (1)
AO1: One mark calculating remaining bonus.
AO2: Three marks for calculating overtime and first bonus.
AO3: One mark for calculating value and using correct narrative.
<table>
<tr><td></td><td>Skilled</td><td>Unskilled</td><td>Total</td></tr>
<tr><td>Hours worked (per operator)</td><td>43</td><td>43</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>£</td><td>£</td><td>£</td></tr>
<tr><td>Total basic pay 8/4 x 40 x £6/£4</td><td>1 920</td><td>640</td><td>2 560</td></tr>
<tr><td>Overtime 8/4 operators x 4 x £6/4</td><td>192
(1) AO2</td><td>64
(1) AO2</td><td>256</td></tr>
<tr><td>Bonus</td><td>320
(1) AO2</td><td>160
(1) AO1</td><td>480</td></tr>
<tr><td></td><td>2 432</td><td>864</td><td>3 296
(1)
AO3</td></tr>
</table>
of
</td><td>(5)</td></tr>
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<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>5 (d)(ii)</td><td>
AO1 (1), AO2 (2)
AO1: One mark for total.
AO2: Two marks for calculating overtime and bonus.
<table>
<tr><td></td><td>Gross pay of one unskilled operator</td></tr>
<tr><td>Hours worked</td><td>43</td></tr>
<tr><td></td><td></td></tr>
<tr><td></td><td>£</td></tr>
<tr><td>Total basic pay 40 x £4</td><td>160</td></tr>
<tr><td>Overtime 4 x £4</td><td>16 (1) AO2</td></tr>
<tr><td>Bonus</td><td>40 (1) AO2</td></tr>
<tr><td></td><td>216 o/f (1) AO1</td></tr>
</table>
All three elements
</td><td>(3)</td></tr>
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Question Number	Indicative Content	Mark
5 (e)	**AO2 (1), AO3 (2), AO4 (3)** <u>Positive points for group bonus</u> Output per operator would probably be increased and cost per unit decreased. Less supervision may be required <u>Negative points for group bonus</u> Quality of output may become an issue. Slower workers may not be able to keep up and may leave. Disagreements between workers may increase. Accidents may increase. <u>Decision</u> Candidates may conclude that the group bonus is/ is not beneficial. Candidates should support that decision with an appropriate rationale.	**(6)**

Level	Mark	Descriptor
	0	A completely incorrect response.
Level 1	1-2	Isolated elements of knowledge and understanding that 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 that 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 (2)** **AO1: Two marks for explaining the term suspense account.** Used where the **trial balance fails to agree (1) AO1** the difference will be entered in the suspense account. As errors where the **debit and credit of a transaction have not been recorded with the same value** are discovered the suspense account will be adjusted **(1) AO1**	**(2)**

Question Number	Answer	Mark
6 (b)	**AO1 (6)** **AO1: Six marks for stating the name of the type of error.** (1) Principle (2) Original entry (3) Omission (4) Commission (5) Reversal (6) Compensation **(1) AO2** x 6	**(6)**

Question Number	Answer	Mark
6 (c)	**AO1 (1), AO2 (12), AO3 (3)** **AO1: One mark for naming suspense account.** **AO2: Twelve correct narrative and value.** **AO3: Three mark for calculating value and using correct narrative.**	**(16)**

	Dr	**Cr**
	£	**£**
Computer repair account	645 **(1) AO2**	
Computer account		645 **(1) AO2**
Shelley account	27 **(1) AO3**	
Sales returns account		27 **(1) AO3**
Javid account	130 **(1) AO2**	
Revenue/sales account		130 **(1) AO2**
Maria account	2 100 **(1) AO2**	
Michael account		2 100 **(1) AO2**
Christina account	50 **(1) AO3**	
Discount allowed account		25 **(1) AO2**
Discount received account		25 **(1) AO2**
Electricity account	10 **(1) AO2**	
Suspense account **(1) AO1**		10 **(1) AO2**
Suspense account	10 **(1) AO2**	
Motor expenses Account		10 **(1) AO2**

Question Number	Indicative Content	Mark
6 (d)	**AO2 (1), AO3 (2), AO4 (3)** <u>Positive points for the proposal</u> Errors may be reduced because the software package will complete the double entry so the correct corresponding account will receive the entry. The computer will eliminate arithmetical errors and ensure that for every debit there is a credit of equal value. The software package will produce financial reports/ statements on as regular a basis as is required. Therefore the construction and base data used will be correctly applied. <u>Negative points for the proposal</u> Although the double entry will be completed with the debit and credit the computer can only apply the figures supplied by the inputter. An error in inputting from the source documents will not be detected by the computer. Regular financial reports/ statements will require period end financial adjustments. If these are not accurately applied the outcome will be inaccurate. <u>NOT</u> General advantages and disadvantages of ICT. <u>Decision</u> Candidates may conclude that errors will be reduced but there is no guarantee of elimination of errors. Candidates should support that decision with an appropriate rationale.	**(6)**

Level	Mark	Descriptor
	0	A completely incorrect response.
Level 1	1-2	Isolated elements of knowledge and understanding that 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 that 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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