



Pearson
Edexcel

Mark Scheme (Results)

Summer 2023

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

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Summer 2023

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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.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

1(a) A01: Five marks for transferring balances or establishing balances
A02: Fifteen marks for calculating the departmental cost
A03: Six marks for adjusting balance and then calculating the departmental cost

Bernie's Food Store
Statement of Profit or Loss and Other Comprehensive Income for the
year ended
30 April 2023

	Fresh Foods	Packaged Foods
	£	£
Revenue	160 000	640 000 (1) A01 Both
less		
Opening inventory	2 000	28 000
Purchases	97 500	549 700
Purchase returns	<u>-</u>	<u>(4 200) (1) A01</u> Both
	99 500	573 500
Closing inventory	<u>(1 500)</u>	<u>(29 500) (1) A01</u> Both
Cost of sales	<u>(98 000)</u>	<u>544 000 (1) A02</u> Both
Gross profit	62 000	96 000
Less		
Wages	21 000	32 000 (1) A01 Both
Management salaries	14 700 (1) A02	27 300 (1) A02
Premises running costs	2 400 (1) A02	7 200 (1) A02
Advertising (10 900 + 2 100)	2 600 (1) A02	10 400 (1) A02
Electricity and water (8 400 + 280 - 130)	3 420 (1) A03	5 130 (1) A03
Insurance	450 (1) A02	1 350 (1) A02
Credit card expenses	1 100 (1) A02	4 400 (1) A02
Bank loan interest (2 200 + 800)	600 (1) A03	2 400 (1) A03
Depreciation-		
Leasehold premises	1 200 (1) A02	1 800 (1) A02
Fridges and equipment	1 000 (1) A03	1 500 (1) A03
Fixtures and fittings	<u>900 (1) A02</u>	<u>1 350 (1) A02</u>
	<u>(49 370)</u>	<u>(94 830)</u>
Departmental profit for the year	<u>12 630</u>	<u>1 170 (1of) A01</u> + w

(26)

(b) A01:(5) A02(10):A03(2)

A01: Five marks for transferring balances or totalling sub section

A02: Ten marks for calculating and inserting balances

A03: Two marks for adjusting for disposal and calculating new balance

Statement of Financial Position at 30 April 2023

Non-current assets	Cost	Accumulated depreciation	Carrying value
	£	£	£
Leasehold premises	60 000	(15 000)	45 000 (1) A02
Fridges and equipment	33 500 (1) A03	(23 500) (1) A03	10 000
Fixtures and fittings	<u>22 500</u>	<u>(9 750)</u>	<u>12 750 (1)</u> A02
	<u>116 000</u>	<u>(48 250)</u>	<u>67 750 (1)</u> A01
Current assets			
Inventory		31 000 (1) A01	
Trade receivables	55 600		
Less Allowance for ID	<u>(5 000)</u>	50 600 (1) A02	
Other receivables:			
Electricity		130 (1) A02	
Cash and bank		<u>8 700 (2) A02</u>	
(19 400 + 1 300 [1] - 12 000 [1])			<u>90 430</u>
Total Assets			<u>158 180</u>
Capital		70 000	
Profit for the year		<u>13 800 (1of)</u> A01	
		83 800	
Less drawings		<u>(10 500)</u>	
			73 300 (1of) A01
Non-current liabilities			
10% bank loan			40 000 (1) A02+w
Current liabilities			
Trade payables		41 700 (1) A01	
Other payables:			
Bank interest 800 [1]			
Advertising 2 100 [1]			
Water 280 [1]		<u>3 180 (3) A02</u>	
			<u>44 880</u>
Total capital and liabilities			<u>158 180</u>

Workings

Fixtures and fittings	Cost £	Accumulated depreciation £
1 May 2022	28 000	26 200
Disposal	(6 500)	(5 200)
Purchase	<u>12 000</u>	<u>-</u>
Carrying value 30 April 2023	33 500	21 000

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

Positive points in favour of using ICT

- Speed of producing information for Bernie's business.
- Accuracy of information provided.
- Ability to process high volumes of information within a short period.
- Digital storage to information requires Bernie to provide less space than manual records.
- Ability for Bernie to perform reconciliations e.g total of trade receivables ledger can be compared with the trade receivables control account and discrepancies detailed.

Negative points against using ICT

- Cost to Bernie of hardware equipment and software.
- Possible cost of extra operating staff.
- Time in setting up the system and ongoing training and up-dating time.
- Bernie's dependence on technology to provide the information to operate the business.
- Possible security breaches and the impact that this could have.
- Possible extra accommodation space.

Decision

Candidates may conclude that ICT will/ will not be of value to Bernie. 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	<p>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.</p> <p>Assessment is balanced, wide ranging and well contextualised using financial and non-financial information and makes informed recommendations and decisions.</p>
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(12)

Q1	Total marks	55
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2(a) AO1:(2)**AO1: Two marks for stating the roles**

Recording transactions in an organised way.

Analysing and measuring the value of the business, business profits/losses or government spending.

Communication of information to other interested individuals or groups.

(1) **AO1** x 2 Max**(2)****(b) AO1:(6)AO2(4)****AO1: Six marks for posting transfers and balances correctly****AO2: Four marks for calculating transfer and closing balances of rent and rates**

(i)

Rent and Rates Account

Date	Details	£	Date	Details	£
2022			2022		
1 May	Balance b/d	150	1 May	Balance b/d	400 (1) AO1
1 June	Bank	900 (1) AO1			
1 Aug	Bank	1 200 (1) AO1			
2023			2023		
1 Feb	Bank	1 200	30 April	Income statement	3 225 (1) AO2
30 April	Balance c/d	<u>400</u>		Balance c/d	<u>225</u>
		<u>3 850</u>			<u>3 850</u>
1 May	Balance b/d	225 (1) AO2	1 May	Balance b/d	400 (1) AO2

(6)

(ii)

Commission Receivable Account

Date	Details	£	Date	Details	£
2022			2022		
1 May	Balance b/d	75 (1) AO1	16 January	Bank	850 (1) AO1
2023			2023		
30 April	Income statement	<u>825</u> (1) AO2	30 April	Balance c/d	<u>50</u>
		<u>900</u>			<u>900</u>
1 May	Balance b/d	50 (1) AO1			

(4)

(c) A01:(3) A02(9)

A01: Three marks for correct account name

A02: Nine marks for correct narrative and value

Journal

	Dr	Cr
	£	£
Drawings (1) A01	900	
Wages		900 (1) A02
Irrecoverable debts (1) A01	3 150	
P. Grimes		3 150 (1) A02
Sundry expenses	14 (1) A02	
Office equipment		14 (1) A02
Discount allowed	240 (1) A02	
Suspense (1) A01		240
Suspense	90 (1) A02	
Jerin		90 (1) A02
Office expenses	45 (1) A02	
Suspense		45 (1) A02

(12)

(d) A01:(6)

A01: Six marks for identifying and explaining concepts

1. Business entity (1) A01 separate identity between the business and the owner. (1) A01
2. Prudence (1) A01 potential losses should be recorded when notified. (1) A01
3. Materiality (1) A01 only costs with a substantial value that could distort profit should be recorded as non-current assets. (1) A01

(6)

(e) A01:(1) A02(3)

A01: One mark for original difference

A02: Three marks for entry correct number and narrative

Suspense Account

Date	Details	£	Date	Details	£
2023			2023		
30 April	Original difference	195 (1) A01	30 April	Discount allowed	240 (1) A02
	Jerin	<u>90</u> (1) A02		Office expenses	<u>45</u> (1) A02
		285			285

(4)

(f) **AO1:(2)**

AO1: Two marks for explaining the term

Inventory valuation based on the selling price **(1) AO1** less any additional costs required to affect the sale. **(1) AO1**

(2)

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

AO1: One mark for adding up the total

AO2: Five marks for calculating inventory balances

AO3: One mark for calculating value of inventory requiring repair

	Standard		Extra
	Units		Units
Opening balance	200		100
Receipts	<u>750</u>		<u>450</u>
	950		550
Sales issues	<u>(700)</u>		<u>(400)</u>
	250 (1) AO2		150 (1) AO2
Closing balance			
	£		£
200 @ £10 each	2 000 (1) AO2	50 @ £15	750 (1) AO2
50 @ £12 - £5	<u>350</u> (1) AO3	100 @ £18	<u>1 800</u> (1) AO2
	2 350		2 550
Total	£4 900 (1of) AO1		

(7)

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

Positive points in favour of LIFO

Simple Really's inventory would be issued at prices closest to the current replacement value.

Inventory would be valued in the financial position statement at a value probably lower than the current replacement value.

Closing inventory would be lower in times of rising profits and profit for the year would also be lower. (Could also be stated as a negative).

Negative points against LIFO

The method is not widely accepted by the tax authorities.

The inventory of Simple Really would be recorded in the books during times of inflation at a

value lesser than the replacement value. Reduced asset value.

Decision

Candidates may conclude that LIFO would/would not be a better method.

Candidates should support that decision with an appropriate rationale.

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	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.
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Level 4	10 - 12	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective application to the scenario. A coherent and logical chain of reasoning, showing causes and effects. Assessment is balanced, wide ranging and well contextualised using financial and non-financial information and makes informed recommendations and decisions.

(12)

Q2	Total marks	55
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3(a) **A02(12)**

A02: Twelve marks for calculating the ratios

- (i) $\frac{\text{Gross profit for the year}}{\text{Revenue}} = \frac{150}{500} \times 100 = 30\%$ (1) **A02**
- (ii) $\frac{\text{Cost of sales}}{\text{Average inventory}} = \frac{350}{(90 + 40)/2} = 5.38 \text{ times}$ (1) **A02**
- (iii) $\frac{\text{Profit for the year before interest}}{\text{Capital + Non-current liabilities}} = \frac{35 + 10}{250 + 200} \times 100 = 10\%$ (1) **A02**
- (iv) $\frac{\text{Current assets - inventory}}{\text{Current liabilities}} = \frac{80}{20 + 50} = 1.14:1$ (1) **A02**
- (v) $\frac{\text{Trade receivables} \times 365}{\text{Credit sales}} = \frac{80 \times 365}{400} = 73 \text{ days}$ (1) **A02**
- (vi) $\frac{\text{Trade payables} \times 365}{\text{Credit purchases}} = \frac{20 \times 365}{270} = 27 \text{ days}$ (1) **A02**

Workings

Opening inventory $350 + 40 - 300 = 90$ (12)

(b) **A01:(3) A03(3)**

A01: Three marks for identifying factors

A03: Three marks for analysing impact

Own figure rule applies

- (i) Inventory turnover

The inventory turnover is not as good as the sector average. (1) **A01**

This may be caused by the high level of opening inventory (1) **A03** which is increasing the average inventory and reducing the inventory turnover (1)

A03

MAX 2 marks

- (ii) Liquidity

The acid test ratio falls within the accepted boundary of 0.70 – 1:1 (1) **A01**

Most of the current assets consist of uncollected debts (1) **A03** resulting in a current liability of a high bank overdraft (1) **A03**, so Magna Bold has limited ability to pay expenses or debts. (1) **A03**

MAX 2 marks

- (iii) Credit control

Magna Bold is taking much longer to collect its debts than pay its debts. (1)

A01

Magna Bold has poor credit control procedures for its trade receivables which are more than double the sector average collection days. (1) **A03** This is resulting in Magna Bold having to extend its bank overdraft facility. (1) **A03**

MAX 2 marks

(6)

(c) AO1:(6)

AO1: Six marks for explaining any three non-financial factors

Factor	Development
Range of products	Does the business have a range of products that are demanded and technologically up to date.
Location	Is the business in an area where it can benefit from e.g proximity to suppliers, the market, a skilled labour force.
Management	Is the management skilled and in control of the business?
Skill of workforce	Have the workforce the correct skills for current and future developments. Are their skills enhanced by ongoing training.

(1) **AO1** for identifying the factor + **(1) AO1** for development x 3
(6)

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

Positive points for making decision solely on ratios

Comparability is possible for Magna Bold with past performance or performance across the sector.

There are 'common yardsticks' from which the business can be judged e.g profitability and liquidity.

Negative points for making decision solely on ratios

Ratios are calculated from historic data and therefore prospects for the future are not considered.

Comparing the results of different businesses is problematic.

Information used to calculate ratios for different businesses may not be directly comparable.

Decision

Candidates may conclude that the decision should/should not be made solely on ratios. Candidates should support that decision with an appropriate rationale.

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	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)

Q3	Total marks	30
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4 (a) A01:(4)**A01: Four marks for explaining the difference**

	Trade discount	Cash discount
1	Given to other traders who are significant customers to enable them to make a profit. (1) A01	Given to encourage prompt payment. (1) A01
2	Not recorded in the ledger books of account. (1) A01	Recorded in the books of account. (1) A01

(4)**(b) A01:(1) A02(2)****A01: One mark for final balance****A02: Two marks for recording income and expenditure correctly****Summarised Bank**

Details	£	Details	£
Opening balance	2 000	Trade payables	60 000
Trade receivables	105 000	Fixtures and fittings	6 300
..		Delivery vehicle	7 500
		Rent	11 000
		General expenses	18 000
		Wages	16 500
Balance c/d	<u>17 500</u>	Drawings	<u>5 200</u>
	<u>124 500</u>		<u>124 500</u>
		Balance b/d	17 500

(1) A02 for every four correct entries/adjustments x 2 = 2 marksBank balance £107 000 - £124 500 = £17 500 Cr/Overdraft **(1of) A01****(3)**

(c) (i) AO1:(1) AO2(7):AO3(1)

AO1: One mark for recording wages

AO2: Seven marks for recording expenses requiring multiplication of adjustment

AO3: One mark for calculating revenue

Anaya
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 April 2023

	£	£
Revenue		
(300 x £300) + (100 x £255) + (50 x £225)		126 750 (1) AO3
less		
Purchases (500 x £150)	75 000	
Purchase returns (10 x £150)	<u>(1 500)</u>	
	73 500 (1) AO2	
Closing inventory (40 x £150)	<u>(6 000) (1) AO2</u>	
Cost of sales		(67 500)
Gross profit		59 250
Plus		
Discount received		700 (1) AO2
		59 950
Discount allowed	4 000 (1) AO2	
Rent (11 000 + 1 000)	12 000 (1) AO2	
General expenses (18 000 + 630 - 900)	17 730 (1) AO2	
Wages	16 500 (1) AO1	
Depreciation:		
Fixtures and fittings	1 300 (1) AO2	
	Both	
Delivery vehicle	<u>1 700</u>	
		(53 230)
Profit for the year		<u>6 720</u>

(9)

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

AO1: Three marks for transferring totals into statement

AO2: Three marks for calculation and transfer into statement

AO3: Two marks for calculating trade receivables and trade payables balances

Statement of Financial Position at 30 April 2023

	£	£
Non-current assets		
Delivery vehicle		5 800
Fixtures and fittings		<u>5 000</u>
		10 800 (1) AO1
Current assets		
Inventory	6 000 (1of) AO1	
Trade receivables (126 750 - 105 000 - 4 000)	17 750 (1) AO3	
Other receivables: Gen exp 900	900 (1) AO2	
		<u>24 650</u>
Total Assets		<u>35 450</u>
Capital	2 000	
Plus Profit for the year	<u>6 720</u>	
	8 720	
Less Drawings	<u>(5 200)</u>	
		3 520 (1) AO2
Current liabilities		
Trade payables (73 500 - 60 000 - 700)	12 800 (1) AO3	
Other payables: Rent 1 000 Gen exp 630	1 630 (1) AO2	
Bank	<u>17 500 (1of) AO1</u>	
		<u>31 930</u>
Total Capital and Liabilities		<u>35 450</u>

(8)

(c) A02 (1), A03 (2), A04 (3)

Positive points for using a full set of books of account

Anaya can manage her business better because she will have more information about expenses, income, profit earned.

Queries from customers and suppliers can be checked in the ledger.

Negative points for preparing a full set of books of account

Anaya will save time which can be spent concentrating on the management of her business.

The cost of specialist book-keepers and other equipment such as computers will be saved.

Decision

Candidates may conclude that maintaining a full set of books of account is positive or negative for the business. Candidates should support that decision with an appropriate rationale.

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	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)

Q4	Total marks	30
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5(a) **A01:(3)A02(4):A03(2)**

A01: Three mark for totalling wage

A02: Four marks for calculating basic pay and overtime

A03: Two marks for calculating the bonus

Name	Basic hours	Rate (£)	Total Basic (£)	Ov'me hours	Rate (£)	Total Ov'me (£)	Bonus £	Total wage (£)
Aadya	40	6	240	16	8	128 (1) A02	170 (1) A03	538 (1) A01
Brandon	24	6	144(1) A02	-	8	-	-	144 (1) A01
Chanaka	40	6	240(1) A02	5	8	40 (1) A02	20 (1) A03	300 (1) A01

(9)

(b) **A02(3)**

A02: Three marks for calculating output per hour

Name	Total (hours)	Total output (orders)	Output per hour (number)
Aadya	56	840	15 (1) A02
Brandon	24	480	20 (1) A02
Chanaka	45	540	12 (1) A02

(3)

(c) **A03(1)**

A03: One mark for identifying the most productive worker

Brandon is the most productive employee. **(1) A03**

(1)

(d) A01:(2)A02(5)

A01: Two marks for totalling wages and transferring order selected and packed

A02: Five marks for calculating component totals and cost per order

(i)

Name	Basic hours	Rate (£)	Total Basic (£)	Ov'me hours	Rate (£)	Total Ov'me (£)	Bonus £	Total wage (£)
Aadya	40	7	280	10	10.50	105	35	420
Brandon	40	7	280	10	10.50	105	35	420
Chanaka	40	7	280	10	10.50	105	35	420
Total			840 (1) A02			315 (1) A02	105 (1) A02	1 260 (1) A01

(ii) Total wage $\frac{\pounds 1\ 260}{2\ 100}$ **(1of) A02** = £0.60 per order selected and packed
Orders **(1) A01** **(1) A02**

(7)

(e) A01(4)

A01: Four marks for explaining disadvantages

Disadvantages

Less direct incentive **(1) A01** than in individual bonus schemes or piecework
(1) A01

There may be dissatisfaction from more productive workers **(1) A01** towards workers who are slower. **(1) A01**

Less productive workers will receive the same wages and bonus **(1) A01** as more productive workers. **(1) A01**

Quality issues **(1) A01** still remain and supervision of quality will be required.
(1) A01

2 Points X 2 Marks

(4)

(f) A02 (1), A03 (2), A04 (3)

Positive points for Aadva

Aadva will work fewer hours per week down from 56 to 50 hours.
She has to select and pack fewer items per hour to meet the target. Week 23 (840 divided by 56 hours) 15 per hour, Week 24 (2 000 divided by 150 hours) 13 per hour.

Negative points for Aadva

Aadva's income will fall significantly from £538 to £420 per week.
All three members of the group will receive the same wages although one member is considerably slower.

Decision

Candidates may conclude that the change in remuneration is positive or negative for Aadva. 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)

Q5	Total marks	30
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6(a) **AO1(2):AO2(4):AO3(2)**

AO1: Two marks calculating balances in fixtures and fittings with single deductions or additions

AO2: Four marks for calculating missing balances with two figures in sub section

AO3: Two marks for calculating missing figures with more than two figures in sub section

Schedule of Non-current Assets at 30 April 2023

	Motor vehicles	Equipment	Fixtures and fittings
	£	£	£
Cost at 1 May 2022	185 000	90 000	15 000 (1) AO1
Additions for year	40 000 (1) AO3	15 000	5 000
Disposals for year	<u>(25 000)</u>	<u>(5 000)</u> (1) AO2	<u>-</u>
Non-current assets (cost)	200 000 (1) AO2	100 000	20 000
Less Depreciation			
Provision at 1 May 2022	(50 000)	(35 000)	(9 000) (1) AO2
Accumulated depreciation on disposals	10 000	4 000 (1) AO3	-
Depreciation for the year ended 30 April 2023	(40 000) (1) AO2	(10 000)	(3 000)
Accumulated depreciation	<u>(80 000)</u>	<u>(41 000)</u>	<u>(12 000)</u>
Carrying value at 30 April 2023	120 000	59 000	8 000 (1) AO1

(8)

(b) A02(5):A03(1)

A02: Five marks for inserting correct figures and making calculations

A03: One mark for calculating value of non-current asset before depreciation for the year

(i) $\frac{40\,000}{200\,000 - (80\,000 - 40\,000)} \times 100 = 25\%$ (1of) **A02** (1of) **A03**
(3)

(ii) $\frac{3\,000}{20\,000} \times 100 = 15\%$ (1) **A02** (1) **A02**
(3)

(c) A01:(4)

A01: Four marks for explaining the reasons for charging depreciation on non-current assets

- The non-current assets will reduce in value (1) **A01** as time progresses and therefore need to be recorded in the books of account at an estimate of their current value. (1) **A01**
- To ensure that profit is not overstated (1) **A01** as depreciation is an expense of the trading period. (1) **A01**
- To comply with accounting concepts (1) **A01** of going concern, prudence and consistency. (1) **A01**

2 Points x 2 Marks

MAX (4)

(d) A01:(3) A02(3)

A01: Three marks for inserting given figures

A02: Three marks for calculating figures and correct recording

Non-current Assets Disposal Account

Date	Details	£	Date	Details	£
2022/23			2022/23		
Year 1 May	Motor vehicles	25 000 (1) A01	Year- 1 May	Prov for dep'n - MV	10 000 (1) A01
2022 to	Equipment	5 000 (1) A02	2022 to	Prov for dep'n - Eq	4 000 (1) A02
30 April	Income statement	500 (1) A02	30 April	Bank	14 000 (1) A01
2023	/Profit on sale	_____	2023	Bank	<u>2 500</u> Both
		<u>30 500</u>			<u>30 500</u>

(6)

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

Positive points for using the same method

It would be consistent across all the non-current assets of Timmis Enterprises.

It would probably be easier to use the same method across all non-current assets.

Negative points for using different methods

The depreciation charged by Timmis Enterprises for the year may not reflect the reduction in value of the non-current asset.

Profits could be distorted by under/ over-charging depreciation to a single year.

Decision

Candidates may conclude that straight line depreciation for non-current assets 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)

Q6	Total marks	30
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