

INTERNATIONAL AS **ACCOUNTING**

9615/1

Paper 1 Introduction to Financial Accounting

Mark scheme

Specimen

Version: 1.0 Final

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this mark scheme are available from oxfordaqaexams.org.uk

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 1 with a small amount of level 2 material it would be placed in level 2 but be awarded a mark near the top of the level because of the level 2 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the assessment objectives and be careful not to over/under credit a particular skill. For example, in questions 17 and 18 more weight should be given to AO3 than to AO2. This will be exemplified and reinforced as part of examiner training.

The own figure rule

General principle

The own figure rule is designed to ensure that students are only penalised once for a particular error at the point at which that error is made, and suffer no further penalty as consequence of the error. The error could be in an account, a calculation, financial statement, or prose explanation. Where the own figure rule is to be applied in a mark scheme, the symbol **OF** is used.

Applications

In an account: a student could still achieve a mark for balancing an account with their own figure, rather than the correct figure, if they had made an error in the account (such as the omission of an entry, or the inclusion of an incorrect figure for an otherwise valid entry). However, it should be noted that an own figure would not be awarded for the balance of an account, if the account contained any item which should not have appeared (often referred to as an 'extraneous/alien' item).

In a complex calculation to which several marks are allocated: a student could achieve an own figure mark for the result of a complex calculation, if an error has been made in one of the steps leading to the final result. The complex calculation could be a separate task, or an aspect of a larger requirement (such as workings to provide details for a financial statement).

In a financial statement: a student could still achieve a mark for calculating an own figure for a key subtotal within a financial statement where an error had already occurred in the data making up the subsection (such as the omission of an item, or an incorrect figure for an otherwise valid entry). Again, the own figure for a subtotal would not be given if the subsection included any 'alien' item.

In a prose statement: a student who is explaining or interpreting some financial statements or data that they have prepared but which contains errors, would be credited with an appropriate interpretation of their own figures.

Workings

A '**W**' next to a figure in the mark schemes means that the figure needs to be calculated by the student to which workings are shown for reference. If the figure the student has given in their answer is wrong and the marks given for that calculation are more than 1 then the marker must refer to the working for that item. The working will show the steps of the calculation to which the marks are attributed and the student should be allocated the marks for the steps they completed correctly.

Section A

Question	Answer	Total marks
01	C Sales returns journal - Sales returns – S Rowe	1 AO1 = 1

Question	Answer	Total marks
02	A Commission	1 AO1 = 1

Question	Answer	Total marks
03	B £36 620	1 AO1 = 1

Question	Answer	Total marks
04	B Materiality	1 AO1 = 1

Question	Answer	Total marks
05	B Consistency	1 AO1 = 1

Question	Answer	Total marks
06	C Increase, Increase, Increase	1 AO1 = 1

Question	Answer	Total marks
07	A $\frac{\text{Cost - residual value}}{\text{Estimated useful life}}$	1 AO1 = 1

Question	Answer	Total marks
08	B $\frac{\text{Gross profit}}{\text{Cost of sales}} \times 100$	1 AO1 = 1

Question	Answer	Total marks
09	B £5 600	1 AO1 = 1

Question	Answer	Total marks
10	B £68.25	1 AO1 = 1

Question	Part	Marking guidance	Total marks																												
11	1	<p data-bbox="504 204 1865 268">Prepare the trade payables ledger control account at 30 April 2023. Bring any balance down on 1 May 2023.</p> <table data-bbox="537 343 1691 590"> <thead> <tr> <th data-bbox="537 343 582 375">Dr</th> <th colspan="2" data-bbox="907 343 1377 375">Trade Payables Ledger Control Account</th> <th data-bbox="1601 343 1646 375">Cr</th> </tr> <tr> <th data-bbox="660 375 761 406">Details</th> <th data-bbox="929 375 963 406">£</th> <th data-bbox="1243 375 1344 406">Details</th> <th data-bbox="1512 375 1545 406">£</th> </tr> </thead> <tbody> <tr> <td data-bbox="537 406 616 438">Bank</td> <td data-bbox="929 406 1064 438">5 800 (1)</td> <td data-bbox="1120 406 1332 438">Purchases journal</td> <td data-bbox="1512 406 1646 438">25 000 (1)</td> </tr> <tr> <td data-bbox="537 438 750 470">Discount received</td> <td data-bbox="952 438 1064 470">125 (1)</td> <td data-bbox="1120 470 1265 502">Balance c/d</td> <td data-bbox="1534 470 1624 502">180 #</td> </tr> <tr> <td data-bbox="537 470 683 502">Balance c/d</td> <td data-bbox="929 470 1019 502"><u>19 255</u></td> <td data-bbox="1120 502 1265 534">Balance c/d</td> <td data-bbox="1512 502 1601 534"><u>180</u> #</td> </tr> <tr> <td></td> <td data-bbox="929 502 1019 534"><u>25 180</u></td> <td data-bbox="1120 534 1265 566">Balance b/d</td> <td data-bbox="1512 534 1601 566"><u>25 180</u></td> </tr> <tr> <td data-bbox="537 566 683 598">Balance b/d</td> <td data-bbox="952 566 1086 598">180 (1)#</td> <td data-bbox="1120 566 1265 598">Balance b/d</td> <td data-bbox="1512 566 1691 598">19 255 (1)OF*</td> </tr> </tbody> </table> <p data-bbox="504 654 694 686">Marker note:</p> <p data-bbox="504 686 1747 750">* Award the OF mark for the balancing process – this can be awarded as long as the account is arithmetically correct.</p> <p data-bbox="504 782 1836 845"># To award the mark for the debit balance on the suppliers account both the balance c/d and b/d must be shown.</p>	Dr	Trade Payables Ledger Control Account		Cr	Details	£	Details	£	Bank	5 800 (1)	Purchases journal	25 000 (1)	Discount received	125 (1)	Balance c/d	180 #	Balance c/d	<u>19 255</u>	Balance c/d	<u>180</u> #		<u>25 180</u>	Balance b/d	<u>25 180</u>	Balance b/d	180 (1)#	Balance b/d	19 255 (1)OF*	<p data-bbox="1865 204 2013 268">5</p> <p data-bbox="1865 303 2013 343">AO1 = 5</p>
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Question	Part	Marking guidance	Total marks
11	2	<p>State two reasons why a business might prepare a trade payables ledger control account.</p> <p>Award up to one mark for each correct reason given.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • To help prepare the Statement of financial position. • To find the total amount owing to credit suppliers at the year-end date. • To prevent fraud. • To identify errors in the individual suppliers' accounts. 	<p>2</p> <p>AO1 = 2</p>

Question	Part	Marking guidance	Total marks
11	3	<p>State one reason why a credit supplier's account may have a debit balance.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Goods returned after payment. • Overpaid account • Paid in advance 	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks																																																												
12		<p data-bbox="421 245 1615 280">Prepare the trading section of the income statement for the year ended 30 September 2023.</p> <p data-bbox="1099 320 1133 347" style="text-align: center;">Li</p> <p data-bbox="562 352 1666 384" style="text-align: center;">Trading section of the Income statement for the year ended 30 September 2023</p> <table border="1" data-bbox="421 384 1601 1251"> <thead> <tr> <th></th> <th style="text-align: center;">£</th> <th></th> <th style="text-align: center;">£</th> <th></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td></td> <td style="text-align: right;">196 500</td> <td></td> </tr> <tr> <td>Returns inwards</td> <td></td> <td></td> <td style="text-align: right;"><u>(3 130)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">193 370</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inventory at 1 October 2022</td> <td style="text-align: right;">18 190</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">63 200</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Goods taken for own use</td> <td style="text-align: right;">(650)</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>80 740</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inventory at 30 September 2023</td> <td style="text-align: right;">(16 540)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>(64 200)</u></td> <td style="text-align: right;">(1) OF #</td> </tr> <tr> <td>Gross Profit</td> <td></td> <td></td> <td style="text-align: right;">129 170</td> <td style="text-align: right;">(1) OF#</td> </tr> </tbody> </table> <p data-bbox="421 1289 600 1318">Marker note:</p> <p data-bbox="421 1326 1137 1355">Marks are awarded for correct placement and direction.</p> <p data-bbox="421 1361 1464 1390"># Cost of sales must be labelled and include both opening and closing inventory.</p> <p data-bbox="421 1396 1787 1457"># Gross profit must be labelled and mathematically correct based upon students own revenue and cost of sales figures.</p>		£		£		Revenue			196 500		Returns inwards			<u>(3 130)</u>					193 370	(1)	Cost of sales					Inventory at 1 October 2022	18 190				Purchases	63 200	(1)			Goods taken for own use	(650)	(1)				<u>80 740</u>				Inventory at 30 September 2023	(16 540)							<u>(64 200)</u>	(1) OF #	Gross Profit			129 170	(1) OF#	<p data-bbox="1872 240 1895 269" style="text-align: center;">5</p> <p data-bbox="1823 309 1939 338" style="text-align: center;">AO1 = 5</p>
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13	1	<p>Prepare both the at cost account at 30 April 2023 and the provision for depreciation account at 30 April 2023, for the motor vans. Bring any balances down on 1 May 2023.</p> <table border="1" data-bbox="470 367 1702 766"> <thead> <tr> <th colspan="2">Dr</th> <th colspan="4">Motor Vans at Cost Account</th> <th>Cr</th> </tr> <tr> <th>Date</th> <th>Details</th> <th>£</th> <th></th> <th>Date</th> <th>Details</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>1 May 2022</td> <td>Balance b/d</td> <td>72 000</td> <td>(1)</td> <td>30 Nov 2022</td> <td>Disposal</td> <td>24 000 (1)</td> </tr> <tr> <td>30 Nov 2022</td> <td>Bank</td> <td>20 000</td> <td>(1)</td> <td>30 Apr 2023</td> <td>Balance c/d</td> <td><u>76 000</u></td> </tr> <tr> <td></td> <td>Disposal</td> <td><u>8 000</u></td> <td>(1)</td> <td></td> <td></td> <td><u>100 000</u></td> </tr> <tr> <td></td> <td></td> <td><u>100 000</u></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1 May 2023</td> <td>Balance b/d</td> <td>76 000</td> <td>(1)OF</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Marker note: To award marks: The entries must be on the correct side and have an appropriate label. The label should refer to the other account involved in the transaction and not a description of the transaction, eg the debit entry of £8 000 should refer to disposal account and not part-exchange. Accept reasonable abbreviations, eg for disposal account accept Disp a/c; for balance entries accept bal b/d, bal b/fwd. The mark for the balance b/d on 1 May 2023 is for the balancing process and should be awarded if it is arithmetically correct and there are no extraneous items, eg depreciation.</p>	Dr		Motor Vans at Cost Account				Cr	Date	Details	£		Date	Details	£	1 May 2022	Balance b/d	72 000	(1)	30 Nov 2022	Disposal	24 000 (1)	30 Nov 2022	Bank	20 000	(1)	30 Apr 2023	Balance c/d	<u>76 000</u>		Disposal	<u>8 000</u>	(1)			<u>100 000</u>			<u>100 000</u>					1 May 2023	Balance b/d	76 000	(1)OF				<p>11 AO2 = 11</p>
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Motor Vans Provision for Depreciation Account					
Dr			Cr		
Date	Details	£	Date	Details	£
30 Nov 2022	Disposal account	13 875 (1)	01 May 2022	Balance b/d	34 875 (1)
30 Apr 2023	Balance c/d	<u>34 750</u>	30 Apr 2023	Income statement*	<u>13 750 (3) W1</u>
		<u>48 625</u>			<u>48 625</u>
			01 May 2023	Balance b/d	34 750 (1)OF

Marker note:

To award marks:

The entries must be on the correct side and have an appropriate label. The label should refer to the other account involved in the transaction and not a description of the transaction.

Accept reasonable abbreviations, eg for disposal account accept Disp a/c; for balance entries accept bal b/d, bal b/fwd. For the income statement entry accept depreciation change.

The mark for the balance b/d on 1 May 2023 is for the balancing process and should be awarded if it is arithmetically correct and there are no extraneous items, eg cost of van.

* If there is no acceptable label and there is a correct depreciation (£13 750) figure then award **2 marks**. If there is no acceptable label and depreciation is incorrect check workings and if appropriate award **1 mark**.

W1 Depreciation

	£	
Cost	72 000	
Disposal	(24 000)	
Acquisition	<u>28 000</u>	
	<u>76 000</u>	(1)
Depreciation		
Provision	34 875	
Disposal depreciation	<u>(13 875)</u>	
	<u>21 000</u>	(1)
Net book value	55 000	
Depreciation rate	<u>25%</u>	
Depreciation for year	<u>13 750</u>	(1)OF#

award the OF depreciation mark for correctly calculating 25% of a net book value.

Question	Part	Marking guidance	Total marks																																																						
13	2	<p data-bbox="421 236 1529 268">Prepare the wages account at 30 April 2023. Bring any balance down on 1 May 2023.</p> <table border="1" data-bbox="421 331 1659 683"> <thead> <tr> <th colspan="3" data-bbox="430 338 958 363">Dr</th> <th colspan="3" data-bbox="967 338 1570 363">Wages Account</th> <th colspan="3" data-bbox="1579 338 1653 363">Cr</th> </tr> <tr> <th data-bbox="430 376 510 402">Date</th> <th data-bbox="645 376 741 402">Details</th> <th data-bbox="824 376 853 402">£</th> <th data-bbox="967 376 1048 402">Date</th> <th data-bbox="1272 376 1368 402">Details</th> <th data-bbox="1496 376 1525 402">£</th> <th data-bbox="430 408 510 434"></th> <th data-bbox="645 408 741 434"></th> <th data-bbox="824 408 853 434"></th> </tr> </thead> <tbody> <tr> <td data-bbox="430 408 510 434">30 April 2023</td> <td data-bbox="600 440 674 466">Bank</td> <td data-bbox="801 440 943 466">58 600 (1)</td> <td data-bbox="967 440 1122 466">1 May 2022</td> <td data-bbox="1182 440 1323 466">Balance b/d</td> <td data-bbox="1496 440 1615 466">2 800 (1)</td> <td data-bbox="430 472 510 497"></td> <td data-bbox="600 472 741 497"></td> <td data-bbox="824 472 853 497"></td> </tr> <tr> <td data-bbox="430 472 510 497">30 April 2023</td> <td data-bbox="600 504 741 529">Balance c/d</td> <td data-bbox="824 504 875 529">4 200</td> <td data-bbox="967 504 1122 529">30 April 2023</td> <td data-bbox="1182 504 1391 529">Income statement</td> <td data-bbox="1473 504 1615 529">60 000 (1)</td> <td data-bbox="430 536 510 561"></td> <td data-bbox="600 536 741 561"></td> <td data-bbox="824 536 853 561"></td> </tr> <tr> <td data-bbox="430 568 510 593"></td> <td data-bbox="600 568 741 593"></td> <td data-bbox="801 593 875 619"><u>62 800</u></td> <td data-bbox="967 568 1122 593"></td> <td data-bbox="1182 568 1391 593"></td> <td data-bbox="1473 593 1547 619"><u>62 800</u></td> <td data-bbox="430 600 510 625"></td> <td data-bbox="600 600 741 625"></td> <td data-bbox="824 600 853 625"></td> </tr> <tr> <td data-bbox="430 632 510 657"></td> <td data-bbox="600 632 741 657"></td> <td data-bbox="824 632 853 657"></td> <td data-bbox="967 632 1122 657">1 May 2023</td> <td data-bbox="1182 632 1323 657">Balance b/d</td> <td data-bbox="1496 632 1615 657">4 200 (1)</td> <td data-bbox="430 663 510 689"></td> <td data-bbox="600 663 741 689"></td> <td data-bbox="824 663 853 689"></td> </tr> </tbody> </table> <p data-bbox="421 721 600 746">Marker note:</p> <p data-bbox="421 769 645 794">To award marks:</p> <p data-bbox="421 817 1787 880">The entries must be on the correct side and have an appropriate label. The label should refer to the other account involved in the transaction and not a description of the transaction.</p> <p data-bbox="421 912 1473 944">Accept reasonable abbreviations, eg for balance entries accept bal b/d, bal b/fwd.</p> <p data-bbox="421 976 1765 1040">The mark for the balance b/d on 1 May 2023 is for the balancing process and should be awarded if it is arithmetically correct and there are no extraneous items.</p>	Dr			Wages Account			Cr			Date	Details	£	Date	Details	£				30 April 2023	Bank	58 600 (1)	1 May 2022	Balance b/d	2 800 (1)				30 April 2023	Balance c/d	4 200	30 April 2023	Income statement	60 000 (1)						<u>62 800</u>			<u>62 800</u>							1 May 2023	Balance b/d	4 200 (1)				<p data-bbox="1877 236 1899 268">4</p> <p data-bbox="1832 306 1944 338">AO2 = 4</p>
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14	1	<p data-bbox="412 236 1576 268">Prepare an updated cash book at 30 April 2023. Bring down any balance on 1 May 2023.</p> <table border="1" data-bbox="412 316 1720 657"> <thead> <tr> <th colspan="2" data-bbox="412 316 1079 347">Dr</th> <th colspan="2" data-bbox="1079 316 1496 347">Cash book (Bank columns)</th> <th colspan="2" data-bbox="1496 316 1720 347">Cr</th> </tr> <tr> <th data-bbox="412 354 555 386">Date</th> <th data-bbox="555 354 855 386">Details</th> <th data-bbox="855 354 1079 386">£</th> <th data-bbox="1079 354 1223 386">Date</th> <th data-bbox="1223 354 1496 386">Details</th> <th data-bbox="1496 354 1720 386">£</th> </tr> </thead> <tbody> <tr> <td data-bbox="412 392 555 424">30 April</td> <td data-bbox="555 392 855 424">Balance b/d</td> <td data-bbox="855 392 1079 424">868</td> <td data-bbox="1079 392 1223 424">30 April</td> <td data-bbox="1223 392 1496 424">Bank interest</td> <td data-bbox="1496 392 1720 424">45 (1)</td> </tr> <tr> <td data-bbox="412 430 555 462">30 April</td> <td data-bbox="555 430 855 462">Credit transfer Wu</td> <td data-bbox="855 430 1079 462">215 (1)</td> <td data-bbox="1079 430 1223 462">30 April</td> <td data-bbox="1223 430 1496 462">J J Holdings DD</td> <td data-bbox="1496 430 1720 462">650 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td data-bbox="1079 469 1223 501">30 April</td> <td data-bbox="1223 469 1496 501">Jones - Cheque adjustment</td> <td data-bbox="1496 469 1720 501">9 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td data-bbox="1079 507 1223 539">30 April</td> <td data-bbox="1223 507 1496 539">Balance c/d</td> <td data-bbox="1496 507 1720 539">379</td> </tr> <tr> <td></td> <td></td> <td data-bbox="855 577 1079 609"><u>1 083</u></td> <td></td> <td></td> <td data-bbox="1496 577 1720 609"><u>379</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td data-bbox="1496 616 1720 647"><u>1 083</u></td> </tr> <tr> <td></td> <td data-bbox="412 622 555 654">1 May</td> <td data-bbox="555 622 855 654">Balance b/d</td> <td></td> <td></td> <td data-bbox="855 622 1079 654">379 (1)OF</td> </tr> </tbody> </table> <p data-bbox="412 673 600 705">Marker note:</p> <p data-bbox="412 721 1800 785">Award the OF mark for correctly balancing the account (this could be on the credit side) provided there are no extraneous items.</p>	Dr		Cash book (Bank columns)		Cr		Date	Details	£	Date	Details	£	30 April	Balance b/d	868	30 April	Bank interest	45 (1)	30 April	Credit transfer Wu	215 (1)	30 April	J J Holdings DD	650 (1)				30 April	Jones - Cheque adjustment	9 (1)				30 April	Balance c/d	379			<u>1 083</u>			<u>379</u>						<u>1 083</u>		1 May	Balance b/d			379 (1)OF	<p data-bbox="1809 236 1899 268">5</p> <p data-bbox="1809 306 1944 338">AO2 = 5</p>
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14	2	<p>Prepare a bank reconciliation statement at 30 April 2023.</p> <p style="text-align: center;">Bank reconciliation statement at 30 April 2023</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">£</td> <td></td> </tr> <tr> <td>Balance per bank statement</td> <td style="text-align: right;">(5 967)</td> <td></td> </tr> <tr> <td>Add bank error 765421</td> <td style="text-align: right;"><u>4 600</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">(1 367)</td> <td></td> </tr> <tr> <td>Add outstanding banking - Khan</td> <td style="text-align: right;"><u>2 486</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">1 119</td> <td></td> </tr> <tr> <td>Less unrepresented cheques</td> <td style="text-align: right;"><u>(740)*</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Balance per cash book</td> <td style="text-align: right;"><u>379</u></td> <td style="text-align: right;">(1)OF</td> </tr> </table> <p>*Unpres JC Plumbing £465 + Citi Plumbing £275 = £740</p> <p>Alternative answer</p>		£		Balance per bank statement	(5 967)		Add bank error 765421	<u>4 600</u>	(1)		(1 367)		Add outstanding banking - Khan	<u>2 486</u>	(1)		1 119		Less unrepresented cheques	<u>(740)*</u>	(1)	Balance per cash book	<u>379</u>	(1)OF	<p style="text-align: center;">4</p> <p>AO2 = 4</p>
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Bank reconciliation statement at 30 April 2023

	£	
Balance per cash book	379	(1)OF
Add unpresented cheques	<u>740*</u>	(1)
	1 119	
Less bank error 765421	<u>(4 600)</u>	(1)
	(3 481)	
Less amounts not yet credited - Khan	<u>(2 486)</u>	(1)
Balance per bank statement	<u>(5 967)</u>	

Question	Part	Marking guidance	Total marks															
14	3	<p>The bookkeeper has decided to retire. The business is unsure whether they should employ another bookkeeper or employ an accountant.</p> <p>Advise the business whether they should employ another bookkeeper or employ an accountant.</p> <table border="1" data-bbox="392 544 1281 1648"> <thead> <tr> <th data-bbox="392 544 512 607">Level</th> <th data-bbox="512 544 627 607">Marks</th> <th data-bbox="627 544 1281 607">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="392 607 512 947">3</td> <td data-bbox="512 607 627 947">5-6</td> <td data-bbox="627 607 1281 947"> <ul style="list-style-type: none"> Relevant knowledge and understanding of principles, concepts and techniques has been applied to the context clearly and appropriately. A clear and balanced analysis of data is provided. The judgement/ recommendation is supported by evidence. </td> </tr> <tr> <td data-bbox="392 947 512 1283">2</td> <td data-bbox="512 947 627 1283">3-4</td> <td data-bbox="627 947 1281 1283"> <ul style="list-style-type: none"> Relevant knowledge and understanding of principles, concepts and techniques has been applied to the context, but not always clearly and/or appropriately. A clear but unbalanced OR a balanced but unclear analysis of data is provided. The judgement/ recommendation is partially supported by evidence. </td> </tr> <tr> <td data-bbox="392 1283 512 1581">1</td> <td data-bbox="512 1283 627 1581">1-2</td> <td data-bbox="627 1283 1281 1581"> <ul style="list-style-type: none"> Limited application of knowledge and understanding of principles, concepts and techniques to the context. A limited analysis of discrete points of accounting data is provided. There is limited support for the judgement/ recommendation. </td> </tr> <tr> <td data-bbox="392 1581 512 1648">0</td> <td data-bbox="512 1581 627 1648">0</td> <td data-bbox="627 1581 1281 1648">Nothing written worthy of credit.</td> </tr> </tbody> </table> <p>Answers may include: The main differences are:</p> <p>Bookkeepers are usually responsible for recording the day to day transactions:</p> <ul style="list-style-type: none"> maintaining accounting records entering transactions in the day books and ledger accounts checking the accuracy of the bookkeeping eg preparing a bank reconciliation statement. 	Level	Marks	Description	3	5-6	<ul style="list-style-type: none"> Relevant knowledge and understanding of principles, concepts and techniques has been applied to the context clearly and appropriately. A clear and balanced analysis of data is provided. The judgement/ recommendation is supported by evidence. 	2	3-4	<ul style="list-style-type: none"> Relevant knowledge and understanding of principles, concepts and techniques has been applied to the context, but not always clearly and/or appropriately. A clear but unbalanced OR a balanced but unclear analysis of data is provided. The judgement/ recommendation is partially supported by evidence. 	1	1-2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of principles, concepts and techniques to the context. A limited analysis of discrete points of accounting data is provided. There is limited support for the judgement/ recommendation. 	0	0	Nothing written worthy of credit.	<p>6</p> <p>AO2 = 2 AO3 = 4</p>
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	<p>Bookkeepers may assist in the preparation of the financial statements by preparing the trial balance.</p> <p>However, accountants are usually responsible for the actual preparation of the financial statements including making sure that:</p> <ul style="list-style-type: none">• accounting concepts are applied to the preparation• the financial statements show a true and fair view of the business. <p>In some businesses the bookkeeper may prepare the financial statements and the accountant may be involved in the bookkeeping.</p> <p>Given that the business appears small by the amount of transactions that went through the bank account for the month it may not need the services of an accountant.</p> <p>It appears that the business needs someone to write up the accounting records which is more the role of a bookkeeper.</p> <p>As a bookkeeper is normally cheaper to employ than an accountant I would advise them to employ another bookkeeper.</p> <p>Other creditworthy material should be rewarded as appropriate.</p>	
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Question	Part	Marking guidance	Total marks																																																																																	
15		<p>Prepare the statement of financial position as at 30 April 2023, taking into account any adjustments needed for items 1–6.</p> <p style="text-align: center;">Mel Statement of financial position as at 30 April 2023</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Non-current assets at net book value</td> <td></td> <td style="text-align: right;">28 760</td> </tr> <tr> <td><u>Current assets</u></td> <td></td> <td></td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">20 950 (1) W1</td> <td></td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">30 000</td> <td></td> </tr> <tr> <td>Other receivables</td> <td style="text-align: right;">1 050 (1) W2</td> <td></td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">10 175 (2) W3</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">62 175 (1) OF</td> </tr> <tr> <td>Total assets</td> <td></td> <td style="text-align: right;">90 935</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td><u>Equity</u></td> <td></td> <td></td> </tr> <tr> <td>At 1 May 2022</td> <td></td> <td style="text-align: right;">48 600</td> </tr> <tr> <td>Capital introduced</td> <td></td> <td style="text-align: right;">10 000 (1)</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">24 860 (4) W4</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">83 460</td> </tr> <tr> <td>Drawings</td> <td></td> <td style="text-align: right;">(21 450) (1) W5</td> </tr> <tr> <td>At 30 April 2023</td> <td></td> <td style="text-align: right;">62 010 (1) OF***</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td><u>Non-current liabilities</u></td> <td></td> <td></td> </tr> <tr> <td>Bank Loan</td> <td></td> <td style="text-align: right;">20 000 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td><u>Current liabilities</u></td> <td></td> <td></td> </tr> <tr> <td>Trade payables</td> <td style="text-align: right;">6 750</td> <td></td> </tr> <tr> <td>Other payables</td> <td style="text-align: right;">2 175 (1) W6</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">8 925 (1) OF</td> </tr> <tr> <td>Total liabilities</td> <td></td> <td style="text-align: right;">28 925</td> </tr> <tr> <td>Total equity and liabilities</td> <td></td> <td style="text-align: right;">90 935</td> </tr> </tbody> </table> <p>Marker note:</p> <p>To award marks the items must be labelled.</p> <p>Do not accept abbreviations as this is a statement of financial position. Accept reasonable alternatives, eg cash at bank or cash and cash equivalents for bank.</p> <p>*Award the OF marks for totals if the section is arithmetically correct and there are no extraneous items such as other payables, non-current assets and trade payables. Please note additional comments in workings regarding OF total marks</p>		£	£	Non-current assets at net book value		28 760	<u>Current assets</u>			Inventory	20 950 (1) W1		Trade receivables	30 000		Other receivables	1 050 (1) W2		Bank	10 175 (2) W3				62 175 (1) OF	Total assets		90 935				<u>Equity</u>			At 1 May 2022		48 600	Capital introduced		10 000 (1)	Profit for the year		24 860 (4) W4			83 460	Drawings		(21 450) (1) W5	At 30 April 2023		62 010 (1) OF***				<u>Non-current liabilities</u>			Bank Loan		20 000 (1)				<u>Current liabilities</u>			Trade payables	6 750		Other payables	2 175 (1) W6				8 925 (1) OF	Total liabilities		28 925	Total equity and liabilities		90 935	<p>15</p> <p>AO2 = 15</p>
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W1 Inventory

	£	
Original figure	21 700	
Sale or return goods	<u>(750)</u>	(1)
	20 950	

W2 Other receivables

	£	
Original figure	450	
Rent in advance (£900 x ² / ₃)	<u>600</u>	(1)
	1 050	

Marker note:

If the student only shows £600 in the current assets section then award 1 mark for this but do not award the OF mark for the total of current assets.

W3 Bank

	£	
Original figure	1 075	
Capital introduced	10 000	(1)
Rent paid	<u>(900)</u>	(1)
	10 175	

Marker note:

If the student correctly adjusts for capital introduced and rent paid, but does not include the opening bank balance award **2 marks** for the bank figure but do not award the OF for the total of current assets.

W4 Profit for the year

	£	
Original figure	27 860	
Wages/drawings	(350)	(1)
Goods sale or return	(750)	(1)
Loan interest	(1 600)	(1)
Rent	<u>(300)</u>	(1)
	24 860	

Marker note:

If the student makes correct adjustments but does not include the opening balance award marks appropriately but do not award the OF for the total of the equity section.

W5 Drawings

	£	
Original figure	21 800	
Wages	<u>(350)</u>	(1)
	<u>(21 450)</u>	

Marker note:

If the student correctly adjusts for wages but does not include the opening balance award **1 mark** for the drawings figure but do not award the OF for the total of the equity section.

W6 Other payables

	£	
Original figure	575	
Loan interest ($2\,400 \times \frac{2}{3}$)	<u>1 600</u>	(1)
	<u>2 175</u>	

Marker note:

If the student only shows £1 600 in the current liabilities section then award 1 mark for this but do not award the OF mark for the total of current liabilities.

Question	Part	Marking guidance	Total marks															
16		<p>Assess the performance of Alistair's business in relation to liquidity. Use the ratios provided by Alistair.</p> <table border="1" data-bbox="371 461 1289 2060"> <thead> <tr> <th data-bbox="371 461 475 499">Level</th> <th data-bbox="475 461 587 499">Marks</th> <th data-bbox="587 461 1289 499">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="371 499 475 904">4</td> <td data-bbox="475 499 587 904">10-12</td> <td data-bbox="587 499 1289 904"> <p>An excellent response that focuses fully on the demands of the question.</p> <ul style="list-style-type: none"> • A wide range of relevant knowledge and understanding of accounting principles, concepts and techniques is applied to the context clearly and appropriately. • Accounting data is analysed and evaluated thoroughly to make a balanced, well-reasoned and persuasive judgement/ recommendation. </td> </tr> <tr> <td data-bbox="371 904 475 1279">3</td> <td data-bbox="475 904 587 1279">7-9</td> <td data-bbox="587 904 1289 1279"> <p>A good response that focuses on many of the demands of the question.</p> <ul style="list-style-type: none"> • A range of relevant knowledge and understanding of accounting principles, concepts and techniques is applied, but not always clearly and/or appropriately. • Accounting data is analysed and evaluated to make a balanced and reasoned judgement/ recommendation. </td> </tr> <tr> <td data-bbox="371 1279 475 1720">2</td> <td data-bbox="475 1279 587 1720">4-6</td> <td data-bbox="587 1279 1289 1720"> <p>A reasonable response that focuses on some of the demands of the question.</p> <ul style="list-style-type: none"> • Some relevant knowledge and understanding of accounting principles, concepts and techniques is applied, but lacking in clarity and appropriateness. • There is some analysis and evaluation of accounting data but the judgement/recommendation is either unbalanced or there are gaps in the reasoning. </td> </tr> <tr> <td data-bbox="371 1720 475 2060">1</td> <td data-bbox="475 1720 587 2060">1-3</td> <td data-bbox="587 1720 1289 2060"> <p>A limited response that has little focus on the demands of the question.</p> <ul style="list-style-type: none"> • Limited application of relevant knowledge and understanding of accounting principles, concepts and techniques to the context, often lacking in clarity and appropriateness. • There is limited analysis and evaluation. The judgement/recommendation is lacking in both balance and reasoning. </td> </tr> </tbody> </table>	Level	Marks	Description	4	10-12	<p>An excellent response that focuses fully on the demands of the question.</p> <ul style="list-style-type: none"> • A wide range of relevant knowledge and understanding of accounting principles, concepts and techniques is applied to the context clearly and appropriately. • Accounting data is analysed and evaluated thoroughly to make a balanced, well-reasoned and persuasive judgement/ recommendation. 	3	7-9	<p>A good response that focuses on many of the demands of the question.</p> <ul style="list-style-type: none"> • A range of relevant knowledge and understanding of accounting principles, concepts and techniques is applied, but not always clearly and/or appropriately. • Accounting data is analysed and evaluated to make a balanced and reasoned judgement/ recommendation. 	2	4-6	<p>A reasonable response that focuses on some of the demands of the question.</p> <ul style="list-style-type: none"> • Some relevant knowledge and understanding of accounting principles, concepts and techniques is applied, but lacking in clarity and appropriateness. • There is some analysis and evaluation of accounting data but the judgement/recommendation is either unbalanced or there are gaps in the reasoning. 	1	1-3	<p>A limited response that has little focus on the demands of the question.</p> <ul style="list-style-type: none"> • Limited application of relevant knowledge and understanding of accounting principles, concepts and techniques to the context, often lacking in clarity and appropriateness. • There is limited analysis and evaluation. The judgement/recommendation is lacking in both balance and reasoning. 	<p>12</p> <p>AO2 = 3 AO3 = 9</p>
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	0	Nothing written worthy of credit.
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Answers may include:

AO2 – Application

- Use of liquidity ratios in answering questions e.g. trade receivables; trade payables; rate of inventory turnover.
- Explanation of ratios.

In 2023:

It takes Alistair 40 days to receive cash from his credit customers.

It takes 33 days for Alistair to pay his credit suppliers.

Inventory turnover shows that goods are sold and replaced 5 times a year.

AO3 – Analysis and evaluation

- **Trade receivable days**

Trade receivable days have been improving having fallen from 60 days in 2020 to 40 days in 2023 /by 20 days.

Alistair is improving his liquidity position as he is collecting his debts more quickly.

However, his liquidity position is worse than expected as his collection period is greater than the average credit period of 30 days offered.

- **Trade payable days**

Payable days are improving increasing from 20 days in 2020 to 33 days in 2023/by 13 days.

Alistair is improving his liquidity position as he is taking longer to pay his supplier.

His liquidity position has improved as his payment period is just more than the credit period allowed of 30 days.

There is a possible adverse effect on liquidity if suppliers withdraw credit because of slow payment.

There may be a negative impact on liquidity if Alistair loses cash discounts as a result of late payment.

- **Inventory turnover**

Inventory turnover has worsened, falling from 12 times a year in 2020 to 5 in 2023/by 7 times a year.

	<p>His liquidity position is worsened as he is taking longer to sell his inventory this will mean that more money is tied up in stock.</p> <p>A further negative impact on liquidity would result if the decrease in inventory turnover is the result of decreasing sales.</p> <ul style="list-style-type: none">• Assessment of performance <p>Trade receivables and trade payables days are improving. Comparing the two ratios in 2020 Alistair paid his suppliers 40 days before money was received from his customers. In 2023 Alistair paid his suppliers 7 days before receiving cash from his customers.</p> <p>Inventory turnover has deteriorated which may have a negative impact on his liquidity position. Without further information it is impossible to make a definitive judgement.</p> <p>Overall assessment- it is difficult to make a definitive judgement without other information for example industry averages, his actual bank balance and other ratios eg current ratio. However, the indication is that he has improved his credit control whilst the rate of inventory turnover has deteriorated which could be causing liquidity problems.</p> <p>Ratios have a number of limitations in assessing business performance for example:</p> <ul style="list-style-type: none">• May be out of date.• May be unreliable due to window dressing or the year-end figures may be distorted by factors and so not reflect the usual performance of the business. <p>Marker note: The indicative content is not exhaustive: other creditworthy material should be awarded marks as appropriate.</p>	
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