

Candidate 1

Question 1(a)

For use with question 1 (a)

Statement of Financial Position on 31 December Year 3

	£	£	£
L			
Property			100,000 ✓
Furniture and Fittings	20,000	8,000	14,000
Motor Vehicles	30,000	10,000	20,000
		✓	
			134,000
Current Assets			
Closing Balance	0	2,000	
Trade Receivable		15,000	✓
Cash and Cash Equivalents		11,000	✓
Receivables		150	✓
PBD		(400)	0
			27,750
			161,750
Less Current Liabilities			
Trade Payables		8,000	✓
VAT		4,000	✓
Payables	0	(14,250)	
			26,250
			135,500
Non Current Assets			
Loan		0	25,000
			160,500
Add opening equity			110,000 ✓
Profit for Year			23,000 ✓
Drawings		0	(12,000)
			305,500
			A

0 ✓ 0

✓

12

Question 1(b)-(e)

For use with questions 1 (b)–(e)

(b)

Error	Increase/Decrease/No effect	Amount (£)	
1	Increase ✓1	36 ✓1	
2	No Effect	0	0
3	Decrease	100	0
4	Decrease	950	0
5	Decrease Decrease ✓1	150 150 0	0
6	Increase	64 ✓1	
7	Decrease No Effect	0 ✓1	
Total effect	Decrease Decrease	1000 1000	£

(c) New Profit for the Year £72000 £

(d) Duty 1 To prepare Income Statements

Duty 2 To prepare Statement of financial position ✓1

(e) Reason 1 Wear and tear ✓1

Reason 2 It could depreciate over time due to it being old. ✓1

Question 2(a)-(b)

For use with question 2

$$2 \text{ (a) (i)} \quad 10 + 36 = 46 \quad \checkmark_1 \quad \checkmark_1$$

$$\text{(ii)} \quad 80 - 46 = 34 \quad \boxed{\text{C}} \quad \boxed{\text{C}}$$

$$\text{(iii)} \quad 70,000 \quad \checkmark_1$$

$$\text{(iv)} \quad \begin{array}{r} 70,000 \\ 34 \end{array} = 2,058 \quad \boxed{\text{C}} \quad \boxed{\text{C}}$$

$$\text{(v)} \quad 794 \text{ units} \times 34^0 = 270,028 \quad \boxed{\text{C}} \quad \boxed{\text{C}}$$

$$\text{(vi)} \quad 7942^0 - 5000 = 2942 \times 34^{\boxed{\text{C}}} = 100,028 \quad \boxed{\text{C}}$$

$$\text{(vii)} \quad \begin{array}{r} 70,000 - 50,000 = 20,000 \\ 34^0 \end{array} = 588 \quad \boxed{\text{C}}$$

$$\text{(b) (i)} \quad Sp = 100 - VC \quad 68^{\checkmark_1} = 32 \quad \boxed{\text{C}} \quad \boxed{\text{C}} \quad \checkmark_1 \quad \checkmark_1$$

$$\text{(ii)} \quad FC = 7,000^0 \quad 32^{\boxed{\text{C}}} = 218 \quad \text{difference of } 1840 \quad \boxed{\text{C}}$$

$$\text{(iii)} \quad \begin{array}{r} 50,000 + 7,000 \\ 32 \end{array} = 1781 \quad \boxed{\text{C}} \quad \boxed{\text{C}}$$

Question 2(c)

For use with question 2

ci) ~~Non~~ Government Grant ✓ 1

cii) 2 advantages:

- ~~Has~~ large amount of money available to get 0
- doesn't have to be paid back ✓ 1

Disadvantages:

- Can only get one 0
- Need to have evidence on what you are using it for and if ~~liable to~~ liable to get it. ✓ 1

Question 3

Worksheet for question 3

Zheng Zhi Trial Balance as at 30 April Year 2		
	DR (£)	CR (£)
Wages and Salaries		36,850.
Trade Receivables		4,750.
Trade Payables	3,550	
Purchases	150,440.	
Sales Revenue		259,600.
Purchases Returns		7,860.
Sales Revenue Returns	9,900.	
Overdraft – Cash and Cash Equivalents	4,700.	
Provision for Bad Debts	350.	
Property	300,000	
Loan – Mortgage		150,000
Carriage In	1,100	
Carriage Out	850	
Drawings	6,700.	
Equity		97,780.
Discount Allowed	950	
Rent Received	1,150	1,150
Inventory	13,450.	
	E 483,080.	E 557,990
	483,080.	

Question 4

For use with question 4

a) Week 1 = 56.5 hours worked.

$$\text{Time} = 40\text{h} \times £12 = 480$$

✓1

$$\text{Overtime} = 5 \times £6 = 30$$

0

$$11.5 \times 24 = 276$$

✓1

✓1

b) Job Costing Statement - Job 4) b).

£

£

Direct Expenses.

Paint (13t x £25)

325

✓1

✓1

Labour.

~~Time (40h x £12)~~

Time (40h x £12)

480

Overtime (5h x £6)

30

~~(11.5h x £24)~~

276

510

0

Add Overheads.

Labour
hours

(11.5 x £60.50)

695.75

0

Add

Total Cost.

840.75

Add Markup @40%.

336.30

C

1177.05

Add VAT @20%.

235.41

C

Selling Price

1,412.46

C

Question 5

For use with question 5

(a) Inventory Record Card – Jemma Turner

Receipts				Issues			Balance		
Date	Qty	CPU (£)	Value (£)	Qty	CPU (£)	Value (£)	Qty	CPU (£)	Value (£)
2 June	150	4.20	630				150	4.20	630
5 June				40	4.20	168	110	4.20	462
14 June	80	4.30	344				110	4.20	462
							80	4.30	344
20 June				30	4.30	129	110	4.20	462
				80			60	4.30	258
21 June	15	4.30	64.5				125	4.20	525
			63				60	4.30	258
24 June				60	4.30	258	110	4.20	462
				15	4.20	63			

(b) Advantage She has money coming in at the end of the month from creditors

Disadvantage Buyer could become bankrupt and she would have lost money

(c) Reason because she bought on credit

(d) Treatment carriage out with is an expense

Question 6

Account Name: Bank (Cash & Cash Equivalents)								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
1 Oct	Balance					2,500	00	Dr
10/10	Printer	550	00			3050	00	
18/10	Drawings	700	00			3750	00	
25/10	Champ Sports			1080	00	2670	00	
								✓ ₁

Account Name: VAT								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
1 Oct	Balance					600	00	Cr
5/10	Champ Sports					400	00	Cr
10/10	Printer	110	00			290	00	Cr

Account Name: Purchases								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
5/10	Champ Sports			1000	00	1000	00	Cr

Account Name: <i>Champ Sports</i>							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
5/10	Purchases + Vat	1200	00			1200	00
25/10	Bank	1080	00			2280	00
25/10	Discount			2280	00	0	00

Account Name: <i>Office World.</i>							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
10/10	Printer + VAT			660	00	660	00

Account Name: <i>Drawings</i>							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
18/10	Bank	700	00			700	00

Account Name: <i>Discount</i>							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
<i>25/10</i>	<i>Champ Spots</i>	<i>2280</i>	<i>00</i>	C		<i>2280</i>	<i>00</i>

Candidate 2

Question 1(a)

L

For use with question 1 (a)

STATEMENT OF FINANCIAL POSITION FOR PAMELA'S PASTRIES

NON CURRENT ASSETS	COST	DEP	NBV
PROPERTY	100000		100000
VEHICLES	30000	11500	18500
			<u>118500</u>
CURRENT ASSETS			
TRADE RECEIVABLES	15000		
LESS PBO	<u>450</u>		
		14550	
OTHER PAYABLES		250	
INVENTORY		2000	
DISCOUNT RECEIVED		2300	
CASH		11000	
		<u>30100</u>	
CURRENT LIAB			
VAT	4000		
LOAN	<u>25000</u>		
		<u>29000</u>	
WORKING EQUITY			1100
CLOSING BALANCE			<u><u>117400</u></u>
FINANCED BY			
EQUITY		110000	
INVENTORY		2000	
DRAWINGS		12000	
CLOSING BALANCE			<u><u>100000</u></u>

0 0 0 8

✓

Question 1(b)-(e)

For use with questions 1 (b)–(e)

(b)

Error	Increase/Decrease/No effect	Amount
1	Decrease 0	£36 ✓1
2	Decrease	£5,000 ✓1
3	NO Effect	— ✓1
4	Increase	£850 0
5	Decrease ✓1	£300 ✓1
6	Decrease	£64 0
7	NO Effect	— ✓1
Total effect	Decrease	£7244 0

(c) New Profit for the Year £15756 ✓1

(d) Duty 1 Create ledgers ✓1

Duty 2 Calculate profit of the year by creating an income statement ✓1

(e) Reason 1 Wear and Tear ✓1

Reason 2 Older model ✓1

Question 2(a)-(b)

2A C.I) VARIABLE COST

RAW MATERIALS = £10 ✓₁

LABOUR $3 \times 12 = £36$ ✓₁

OVERHEADS $3 \times 8 = £24$ ✓₁
 $\underline{£70}$

C.II) CONTRIBUTION = SP - VC
 $£80 - £70 = £1.50$ ✓₁

C.III) FIXED COSTS = £40,000
 $+ £30,000$
 $£70,000 \times £10 =$
 $\underline{£700,000}$ X

C.IV) B.E.P = $\frac{FC}{C} = \frac{£700,000}{£1.50} = 4,666.66$ ✓₁
 $\times £80$
 $= £373,333$ [C]

CV) MOS $10,000 + 4,666.66$

$= 14,666.66 \times 80$

$= £1,173,332.8$ [C]

$$\text{Cvi)} 5000 \text{ UNITS} \times £80 = £400,000 \quad \checkmark_1$$
$$\text{LESS FC } £700,000$$

$$\rightarrow £300,000 \quad \boxed{\text{C}}$$

$$\text{Cvii)} \frac{£50,000 \text{ PROFIT}}{\div £150}$$

$$= £333.33 \quad \boxed{\text{C}}$$

$$\text{B ci)} \text{ NEW FC} = £630,000$$

$$\text{NEW MATERIALS} = £12 \quad \checkmark_1$$

$$\text{NEW LABOUR} = £48 \quad \checkmark_1$$

$$\text{OVERHEADS} = £24 \quad 0$$

$$£84$$

 $\boxed{\text{C}} \quad \boxed{\text{C}}$

$$\text{NEW CONTRIBUTION} = £100 - £84 = £16$$

$$\text{cii)} \quad \checkmark_1$$

$$\text{Ciii)} £50,000 \times £16 = 800,000 \quad 0$$

Question 2(c)

c.i) Mortgage ☐ 0

c.ii) Advantage - Can pay back over a long period of time. ☒ 1

Disadvantage - If not payed properly could be repossessed. ☒ 1

Question 3

Worksheet for question 3

Zheng Zhi Trial Balance as at 30 April Year 2		
	DR (£)	CR (£)
Wages and Salaries	36,850	✓1
Trade Receivables	4,750	
Trade Payables		3,550 ✓1
Purchases	150,440	
Sales Revenue		259,600 ✓1
Purchases Returns		7,860
Sales Revenue Returns	9,900	✓1
Overdraft – Cash and Cash Equivalents	4,700	0
Provision for Bad Debts	350	600 0
Property	300,000	✓1
Loan – Mortgage		150,000 ✓1
Carriage In	1,100	
Carriage Out	830	✓1
Drawings	6,700	✓1
Equity		97,780 ✓1
Discount Allowed		0 930
Rent Received	1,130	0
Inventory	13,430	✓1
	£530,240	£519,740 ✓1

Question 4(a)

a) basic wage

$$= 12 \times 40$$

$$= £52$$

0

Overtime

$$= 56.5 - 40 = 16.5$$

$$= 5 \times (12 + 6) = £90$$

✓1

$$= 11.5 \times (12 + 2) = £276$$

✓1

✓1

$$= £366$$

Bonus

$$= 60 - 56.5 = 3.5$$

$$= 3.5 \times \left(\frac{1}{3} \text{ of } 12\right)$$

$$= £14$$

✓1

✓1

✓1

Weekly Wage

$$= 52 + 366 + 14$$

$$= £432$$

C

Question 4(b)

For use with question 4

Job Costing Statement

	£	£	
<u>Materials</u>			
Paint (18+25)		325	✓1
			✓1
<u>Overhead</u>			
(56.5 + 0.50)		28.25	✓1
Prime cost		353.25	
Profit mark up (40%)		141.30	✓1
		494.55	
VAT (20%)		98.91	✓1
Total cost		<u>593.46</u>	0

Question 5

(a) Inventory Record Card – Jemma Turner

Date	Receipts			Issues			Balance		
	Qty	CPU (£)	Value (£)	Qty	CPU (£)	Value (£)	Qty	CPU (£)	Value (£)
2 Jun	150	4.20	630				150	4.20	630
5 Jun				40	4.20	168	110	4.20	462
19 Jun	80	4.30	344				110 80	4.20 4.30	462 344
20 Jun				30	4.30	129	80 110 50	4.20 4.20 4.30	462 462 215
21 Jun				15	4.20	63	95 80	4.20 4.30	399 344
29 Jun				75	4.30	322.50	95 5	4.20 4.30	399 21.50

(b) Advantage can offer a Trade discount to loyal customers

Disadvantage Don't get the money right away

(c) Reason encourage prompt payment

(d) Treatment Decrease profit of the year

Question 6

Account Name: Bank (Cash & Cash Equivalents)								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
1 Oct	Balance				✓ ₁	500	00	Dr
18 OCT	PERSONAL USE			700	00	1800	00	DR
25 OCT	CHAMP SPORTS			1080	00	720	00	DR
					✓ ₁			

Account Name: VAT								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
1 Oct	Balance					600	00	Cr
5 OCT	CHAMP SPORTS	200	00	✓ ₁		400	00	CR
10 OCT	OFFICE WORLD	100	00	0		300	00	CR
25 OCT	CHAMP SPORTS			12	00	288	00	CR

Account Name: PURCHASES A/C								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
5 OCT	CHAMP SPORTS	1000	00	0		1,000	00	DR
10 OCT	OFFICE WORLD	550	00	0		1,550	00	DR

Account Name: CHAMP SPORTS A/C							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
5 Oct	PURCHASES + VAT			1200	00	1200	00
25 Oct	BANK	1080	00			120	00
	VAT	12	00			108	00
	DISCOUNT REC	108	00				

Account Name: BRIAN RANKIN A/C							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
5 Oct	PURCHASES	1000	00			1000	00

Account Name: OFFICE WORLD A/C							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
5 Oct	PURCHASE + VAT			660	00	660	00

Account Name: PERSONAL USE A/C							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
8 OCT	BANK	700	00			700	00
			0				

DR

Account Name: DISCOUNT RECEIVED							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
25 OCT	CHAMP SPORTS	108	00			108	00

DR