

# Commentary on candidate evidence

## Commentaries for Question 1, Part A

### Candidate 1 – 18/25

- (a) (i) ♦ Correct. **(2 marks)**.
  - (ii) ♦ Correct. **(2 marks)** (£ sign is missing but ignore).
  - (iii) ♦ Correct figures but arithmetic error. **(1 mark)**.
  - (iv) ♦ Even although the candidate has correct answer of £54,000, they have then gone on to further adjust it. **(0 marks)**.
  - (v) ♦ The answer is consequentially correct. However, the label is wrong (should be units instead of £). **(1 mark)**.
- (b) ♦ The first part is consequentially correct. Candidate has then multiplied by contribution instead of selling price. **(2 marks)**.
- (c) ♦ Consequentially correct when using contribution of £16. **(3 marks)**.
- (d) ♦ The first part is consequentially correct. Candidate has then subtracted break-even units instead of adding them. **(2 marks)**.
- (e) ♦ The only part of the question the candidate has got wrong is multiplying Fixed Costs by 50% instead of 5%. The change in break-even units is consequential. **(5 marks)**.

### Candidate 2 – 13/25

- (a) (i) ♦ Correct. **(2 marks)** (£ sign is missing but ignore).
  - (ii) ♦ Correct. **(2 marks)**.
  - (iii) ♦ Correct. **(2 marks)**.
  - (iv) ♦ Incorrect. **(0 marks)**.
  - (v) ♦ Candidate has used a different figure for Fixed Costs from the one calculated in (iv). **(0 marks)**.
- (b) ♦ The first part is wrong as break-even units not been subtracted. Candidate has then multiplied by contribution instead of selling price. **(0 marks)**.
- (c) ♦ Fixed Costs are wrong and calculation is arithmetically incorrect. **(1 mark)**.
- (d) ♦ Candidate now seems to be using Fixed Costs figure of £12,000 from (a) (v) – so treat as consequential. **(3 marks)**.
- (e) ♦ New Fixed Costs consequentially correct. New Break-Even units consequentially correct. Changes in Selling Price, Variable Costs and Break-Even units not attempted. **(3 marks)**.

## Commentaries for Question 2, Part A

### Candidate 1 – 12/23

- (a)
- ◆ GP%: Correct. **(1 mark)**.
  - ◆ PFY%: Correct. **(1 mark)**.
  - ◆ Current Ratio: Correct. **(1 mark)**. (Answer is missing the: 1 label but this will result in the labels mark not being awarded).
  - ◆ ROEE: candidate has rounded down but put an extra 0 in the answer. The answer to two decimal places is 17.22%. **(0 marks)**.
  - ◆ Trade Receivables Collection: Candidate used wrong figure for Sales Revenue. Calculation is then consequentially correct and days have been rounded up correctly. **(1 mark)**.
  - ◆ ROIT: Cost of Sales is incorrect. Average Inventory is correct. Answer has been rounded incorrectly (should be 10.08 instead of 10.07). **1 mark**.
  - ◆ Expenses Ratio: Correct. **(2 marks)**.
  - ◆ Labels Mark: Current Ratio missing 1. **(0 marks)**.
- (b) (i) ◆ Cost of Sales figure is consequentially correct from (a) and the treatment of Opening and Closing Inventory is correct. This would have scored full marks but the arithmetic on the final figure is incorrect (looks like candidate has subtracted £22,000 instead of £22,500). **(2 marks)**.
- (b) (ii) ◆ Purchases figure is consequential. Answer to two decimal places is 22.04 days but candidate has correctly rounded down. **(1 mark)**.
- (c)
- ◆ PFY%: Accept from either point of view. Correct **(1 mark)**.
  - ◆ Current Ratio: The question asks why Betrillo's ratios are different to Spinelli's. Therefore, if candidate has not made clear whose ratios are being referred to – assume from the point of view of Betrillo. MI states "If candidate starts off answer by confusing who has higher/lower ratio then no award each time". In this instance candidate has said "Current Ratio is higher" (assume Betrillo) when in fact, Betrillo's Current Ratio is lower. **(0 marks)**.
  - ◆ ROEE: Same as above. No indication of whose ratios they are referring to (assume Betrillo) and opening statement is wrong as Betrillo has a higher ratio than Spinelli. **(0 marks)**.
  - ◆ Trade Receivables Collection: Correct. **(1 mark)**.
  - ◆ ROIT: Must treat as consequential. The candidate's answer from (a) indicates that Spinelli has a slightly higher inventory turnover. Therefore, it would indicate that Betrillo keeps more inventory. **(0 marks)**.
- (d) ◆ No response from candidate – **(0 marks)**.

**Candidate 2 – 14/23**

- (a)
- ◆ GP%: Correct. **(1 mark)**.
  - ◆ PFY%: Correct. **(1 mark)**.
  - ◆ Current Ratio: Correct. **(1 mark)**.
  - ◆ ROEE: Correct. **(1 mark)**.
  - ◆ Trade Receivables Collection: Candidate used wrong figure for Sales Revenue. Calculation is then consequentially correct. **(1 mark)**.
  - ◆ ROIT: Correct **(3 marks)**.
  - ◆ Expenses Ratio: Expenses figure calculated correctly but candidate has not multiplied by 100. **(1 mark)**.
  - ◆ Labels Mark: All present and correct **(1 mark)**.
- (b) (i) ◆ Incorrect. **(0 marks)**.
- (b) (ii) ◆ Purchases figure is consequential but candidate has multiplied by 100 instead of 365. **(0 marks)**.
- (c) Candidate has given no indication of whose ratios are being referred to so assume everything from Berrillo's point of view.
- ◆ PFY%: Incorrect as no reason has been given. **(0 marks)**.
  - ◆ Current Ratio: Correct. **(1 mark)**.
  - ◆ ROEE: Correct. **(1 mark)**.
  - ◆ Trade Receivables Collection: Incorrect as no reason has been given. **(0 marks)**.
  - ◆ ROIT: Correct. **(1 mark)**.
- (d)
- ◆ Advantage – answer incorrect as “money in and money out” would have to be dealt with, just at a later date. Disadvantage is correct. **(1 mark)**.

## Commentaries for Question 3

### Candidate 1 – 7/15

The candidate **was not awarded marks** for the following:

- ◆ Provision for Depreciation has been treated incorrectly although Non-current Asset NBVs are correct. **(0 marks)**.  
Note – although the candidate has put figures on different lines from nomenclature, accept as it is obvious what the candidate has done.
- ◆ Although Inventory figure is correct, the label is incorrect **(0 marks)**.
- ◆ Advertising is incorrect although it is not extraneous. **(0 marks)**.
- ◆ General Expenses receivable is in the wrong section. **(0 marks)**.
- ◆ Profit for Year figure is incorrect. **(0 marks)**.
- ◆ Layout mark not awarded as Working Equity label is attached to wrong figure. **(0 marks)**.
- ◆ Bad Debts has been included in Equity section, therefore extraneous. **(0 marks)**.
- ◆ Current Liabilities has an arithmetic error. **(0 marks)**.

NOTE:

- ◆ PBD mark was awarded as although under Trade Receivables, it is not detached and is correct treatment.
- ◆ Ignore final balancing label.

### Candidate 2 – 7/15

The candidate **was not awarded marks** for the following:

- ◆ The Provision for Depreciation has been treated incorrectly although Non-current Asset NBVs are correct. **(0 marks)**.
- ◆ Provision for Bad Debts has not been deducted from Trade Receivables. **(0 marks)**.
- ◆ Cash & Cash Equivalents is in wrong section. **(0 marks)**.
- ◆ General Expenses prepaid is incorrect although it is not extraneous. **(0 marks)**.
- ◆ Advertising owing is the incorrect amount and in the wrong section. **(0 marks)**.
- ◆ Heading not sufficient (need full date), incorrect layout. **(0 marks)**.

- ◆ Bad Debts included in Non-current Assets (also Discount Received included but reached maximum), extraneous information. **(0 marks)**.
- ◆ Working Equity deducted from Non-current Assets, arithmetic error. **(0 marks)**.

## Commentaries for Question 4

### Candidate 1 – 8/15

- (a) ♦ Correct. **(3 marks)**.
- (b) ♦ Correct. **(2 marks)**.
- (c) ♦ Candidate has not shown the increase in hours. **(0 marks)**.
- (d) ♦ Candidate has not stated per hour. **(0 marks)**.
- (e) ♦ The 92,000 is consequential from (c), but should have been divided by 4 not 40. **(1 mark)**.
- (f) ♦ The candidate is using the hours method but has not added the extra 92,000 hours to the 32,000 original hours **(0 marks)**.
  - ♦ Contribution for X is correct **(1 mark)**.
  - ♦ Contribution for Y is incorrect as not used 48,000 hours. **(0 marks)**.
  - ♦ The final profit is consequentially correct. **(1 mark)**.
- (g) ♦ Both answers to the theory questions are wrong.

### Candidate 2 – 11/15

- (a) ♦ Candidate has divided instead of multiplied and has not totaled their incorrect answers. **(0 marks)**.
- (b) ♦ Correct. **(2 marks)**.
- (c) ♦ This is consequentially correct **(1 mark)**.
- (d) ♦ Correct. **(1 mark)**.
- (e) ♦ The 500 is consequential from (c). **(2 marks)**.
- (f) ♦ Candidate has used answer from (e) to add on to 8,000 so consequentially correct. **(1 mark)**.
  - ♦ Contribution for X is consequentially correct **(1 mark)**.
  - ♦ Contribution for Y is correct. **(1 mark)**.
  - ♦ The final profit does not have Fixed Costs deducted. **(0 marks)**.
- (g) ♦ Both answers to the theory questions are correct. **(2 marks)**, (1 mark each).