



Pearson

Mark Scheme (Results)

October 2017

Pearson Edexcel IAL Accounting
(WAC11)

Paper 01 The Accounting System and
Costing

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October 2017

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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) (i)	<p>AO1 (1), AO2 (1), AO3 (3)</p> <p>AO1: One mark for posting the correct capital introduced.</p> <p>AO2: One mark for deriving the correct closing balances.</p> <p>AO3: Three marks for correctly calculating and recording the goodwill adjustment.</p>	(5)

(i)

Capital Accounts

	Aaron	Bitan	Chaman		Aaron	Bitan	Chaman
	£	£	£		£	£	£
Goodwill	16 000 (1) AO3	16 000	8 000 (1) AO3	Balance b/d	50 000	75 000	
Balance c/d	54 000	79 000	27 000	Assets			35 000 (1) AO1
				Goodwill	20 000	20 000 (1) AO3	
	<u>70 000</u>	<u>95 000</u>	<u>35 000</u>		<u>70 000</u>	<u>95 000</u>	<u>35 000</u>
				Balance b/d	54 000	79 000 (1) of AO2	27 000 All 3

(5)

(ii)

AO1 (6), AO2 (14)

AO1: Six marks for transferring balances from the list of balances to the financial statements without amendment.

AO2: Fourteen marks for adjusting balances from the list of balances and posting correctly in the financial statements.

Aaron, Bitan and Chaman

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 July 2017

	£	£
Revenue		377 500
Less		
Opening inventory	36 500	
Purchases	183 200	
Carriage inwards	<u>10 300 (1) AO1</u>	
	230 000	
Closing inventory	<u>(40 000)</u>	
Cost of sales		<u>190 000 (1)of + w AO2</u>
Gross profit		187 500
Plus Other income:		
Rent receivable (1 750 + 750)		<u>2 500 (1) AO2</u>
		190 000
Less		
Depreciation – Land and buildings	2 000 (1) AO2	
Motor vehicles	11 200 (1) AO2	
Office equipment	6 000 (1) AO2	
Wages and salaries	56 500 (1) AO1	
General expenses (31 000 – 4 000)	27 000 (1) AO2	
Allowance for doubtful debts increase	900 (1) AO2	
Carriage outwards	7 450 (1) AO1	
Insurance (3 650 – 600)	3 050 (1) AO2	
Rent	12 000 (1) AO1	
Motor vehicle expenses	9 800 (1) AO1	
Bank loan interest (2 000 + 2 000)	<u>4 000 (1) AO2</u>	
		<u>(139 900)</u>
Profit for the year		50 100
Plus		
Interest on drawings - Aaron	400 (1) AO2	
Bitan	300 (1) AO2	
Chaman	<u>200 (1) AO2</u>	
		<u>900</u>
		51 000
Less		
Salaries- Bitan	15 000	
Chaman	<u>12 000 (1) AO1</u>	
		<u>(27 000)</u>
		24 000
Share of profit		
Aaron		9 600 (1)of AO2
Bitan		9 600
Chaman		<u>4 800 (1)of AO2</u>
		<u>24 000</u>

(20)

(iii)

AO1 (2), AO2 (4)

AO1: Two marks for transferring balances from the list of balances to the account without amendment.

AO2: Four marks for recording correct calculations from appropriation.

Current Accounts

	Aaron	Bitan	Chaman		Aaron	Bitan	Chaman
	£	£	£		£	£	£
Balance b/d	1 300			Balance b/d		900	
Salaries paid		15 000 (1) AO2	12 000 Both	Salaries		15 000 (1) AO1	12 000 Both
Drawings	8 000 (1) AO1	6 000	4 000	Share of profit	9 600	9 600 (1) of AO2	4 800 All 3
Int on drawing	400	300 (1) of AO2	200 All 3	Balance c/d	100		
Balance c/d		4 200	600				
	<u>9 700</u>	<u>25 500</u>	<u>16 800</u>		<u>9 700</u>	<u>25 500</u>	<u>16 800</u>
Balance b/d	100			Balance b/d		4 200 (1) of AO2	600 All 3

(6)

Question Number	Answer	Mark																																																																																																																																												
1 (b)	<p>AO1 (4), AO2 (7), AO3 (1) AO1: Four marks for correctly transferring balances from the list of balances to the position statement without amendment. AO2: Seven marks for adjusting balances for the treatment of the item in the income statement. AO3: One mark for correctly calculating the adjusted trade receivables.</p> <p style="text-align: center;">Statement of Financial Position at 31 July 2017</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="4">Assets</td> </tr> <tr> <td colspan="4">Non-current Assets</td> </tr> <tr> <td></td> <td style="text-align: center;">Cost</td> <td style="text-align: center;">Accumulated Depreciation</td> <td style="text-align: center;">Carrying Value</td> </tr> <tr> <td></td> <td style="text-align: center;">£</td> <td style="text-align: center;">£</td> <td style="text-align: center;">£</td> </tr> <tr> <td>Land and buildings</td> <td style="text-align: right;">100 000</td> <td style="text-align: right;">6 000</td> <td style="text-align: right;">94 000 (1)of AO2</td> </tr> <tr> <td>Motor vehicles</td> <td style="text-align: right;">80 000</td> <td style="text-align: right;">35 200</td> <td style="text-align: right;">44 800 (1)of AO2</td> </tr> <tr> <td>Office equipment</td> <td style="text-align: right;"><u>40 000</u></td> <td style="text-align: right;"><u>16 000</u></td> <td style="text-align: right;"><u>24 000 (1)of AO2</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>220 000</u></td> <td style="text-align: right;"><u>57 200</u></td> <td style="text-align: right;">162 800</td> </tr> <tr> <td colspan="4">Current Assets</td> </tr> <tr> <td>Inventory</td> <td></td> <td style="text-align: right;">40 000 (1) AO1</td> <td></td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">48 000</td> <td></td> <td></td> </tr> <tr> <td>Less Allowance for doubtful debts</td> <td style="text-align: right;"><u>(2 400)</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">45 600 (1)of AO3</td> <td></td> </tr> <tr> <td>Other receivables: (4 000 + 750 + 600)</td> <td></td> <td style="text-align: right;">5 350 (1) AO2</td> <td></td> </tr> <tr> <td>Bank</td> <td></td> <td style="text-align: right;"><u>5 000 (1) AO1</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>95 950</u></td> </tr> <tr> <td>Total Assets</td> <td></td> <td></td> <td style="text-align: right;"><u>258 750</u></td> </tr> <tr> <td colspan="4">Capital and Liabilities</td> </tr> <tr> <td colspan="4">Capital Accounts</td> </tr> <tr> <td></td> <td style="text-align: right;">Aaron</td> <td style="text-align: right;">54 000</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Bitan</td> <td style="text-align: right;">79 000</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Chaman</td> <td style="text-align: right;"><u>27 000</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">160 000 (1)of AO2</td> </tr> <tr> <td colspan="4">Current Accounts</td> </tr> <tr> <td></td> <td style="text-align: right;">Aaron</td> <td style="text-align: right;">100 Dr</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Bitan</td> <td style="text-align: right;">4 200 Cr</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Chaman</td> <td style="text-align: right;"><u>600 Cr</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">4 700 (1)of AO2</td> </tr> <tr> <td colspan="4">Non-current Liabilities</td> </tr> <tr> <td>8% bank loan (repayable December 2025)</td> <td></td> <td></td> <td style="text-align: right;">50 000 (1) AO1</td> </tr> <tr> <td colspan="4">Current Liabilities</td> </tr> <tr> <td>Trade payables</td> <td></td> <td style="text-align: right;">42 050 (1) AO1</td> <td></td> </tr> <tr> <td>Other payables:</td> <td></td> <td style="text-align: right;"><u>2 000 (1) AO2</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>44 050</u></td> </tr> <tr> <td>Total Capital and Liabilities</td> <td></td> <td></td> <td style="text-align: right;"><u>258 750</u></td> </tr> </table>	Assets				Non-current Assets					Cost	Accumulated Depreciation	Carrying Value		£	£	£	Land and buildings	100 000	6 000	94 000 (1)of AO2	Motor vehicles	80 000	35 200	44 800 (1)of AO2	Office equipment	<u>40 000</u>	<u>16 000</u>	<u>24 000 (1)of AO2</u>		<u>220 000</u>	<u>57 200</u>	162 800	Current Assets				Inventory		40 000 (1) AO1		Trade receivables	48 000			Less Allowance for doubtful debts	<u>(2 400)</u>					45 600 (1)of AO3		Other receivables: (4 000 + 750 + 600)		5 350 (1) AO2		Bank		<u>5 000 (1) AO1</u>					<u>95 950</u>	Total Assets			<u>258 750</u>	Capital and Liabilities				Capital Accounts					Aaron	54 000			Bitan	79 000			Chaman	<u>27 000</u>					160 000 (1)of AO2	Current Accounts					Aaron	100 Dr			Bitan	4 200 Cr			Chaman	<u>600 Cr</u>					4 700 (1)of AO2	Non-current Liabilities				8% bank loan (repayable December 2025)			50 000 (1) AO1	Current Liabilities				Trade payables		42 050 (1) AO1		Other payables:		<u>2 000 (1) AO2</u>					<u>44 050</u>	Total Capital and Liabilities			<u>258 750</u>	(12)
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Question Number		Indicative Content
1 (c)		<p>AO1 (1), AO2 (1), AO3 (5), AO4 (5)</p> <p>Potential arguments for Greater resources available to business. Can specialise to strengths of the partnership. Cover for holidays and sickness.</p> <p>Potential arguments against Must share profits. Cannot make decisions without referring to other partners. Need for mutual trust as joint and several liability.</p> <p>Decision Candidates may decide that the decision to join the partnership was a positive or negative move. Candidate's decisions must be supported by a rationale of key points in arriving at that conclusion.</p> <p style="text-align: right;">(12)</p>
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	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.

Question Number	Answer	Mark
2 (a)	<p>AO2 (3) AO2: Three marks for correctly identifying the errors requiring a suspense account.</p> <p>(1) (1) AO2 (4) (1) AO2 (6) (1) AO2</p>	(3)

Question Number	Answer	Mark																																																			
2 (b)	<p>AO1 (3), AO2 (13) AO1: Three marks for correctly identifying the account. AO2: Thirteen marks for correctly identifying the account and the entry and value.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; width: 15%;">Dr £</th> <th style="text-align: center; width: 25%;">Journal Cr £</th> </tr> </thead> <tbody> <tr> <td>Suspense</td> <td style="text-align: right;">3 250</td> <td style="text-align: right;">(1) AO2</td> </tr> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">3 250 (1) AO2</td> </tr> <tr> <td>Gihan</td> <td style="text-align: right;">850</td> <td style="text-align: right;">(1) AO2</td> </tr> <tr> <td>Gayesha</td> <td></td> <td style="text-align: right;">850 (1) AO2</td> </tr> <tr> <td>Inventory (1) AO1</td> <td style="text-align: right;">900</td> <td></td> </tr> <tr> <td>Income statement</td> <td></td> <td style="text-align: right;">900 (1) AO2</td> </tr> <tr> <td>Discount Allowed</td> <td style="text-align: right;">560</td> <td style="text-align: right;">(1) AO2</td> </tr> <tr> <td>Suspense (1) AO1</td> <td></td> <td style="text-align: right;">560</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">2 000</td> <td style="text-align: right;">(1) AO2</td> </tr> <tr> <td>Income statement (1) AO1</td> <td></td> <td style="text-align: right;">2 000</td> </tr> <tr> <td>Telephone Expenses</td> <td style="text-align: right;">180</td> <td style="text-align: right;">(1) AO2</td> </tr> <tr> <td>Suspense</td> <td></td> <td style="text-align: right;">180 (1) AO2</td> </tr> <tr> <td>Computer</td> <td style="text-align: right;">5 000</td> <td style="text-align: right;">(1) AO2</td> </tr> <tr> <td>Computer Expenses</td> <td></td> <td style="text-align: right;">5 000 (1) AO2</td> </tr> <tr> <td>Income statement/ Depreciation</td> <td style="text-align: right;">1 250</td> <td style="text-align: right;">(1) AO2</td> </tr> <tr> <td>Provision for depreciation</td> <td></td> <td style="text-align: right;">1 250 (1) AO2</td> </tr> </tbody> </table>		Dr £	Journal Cr £	Suspense	3 250	(1) AO2	Revenue		3 250 (1) AO2	Gihan	850	(1) AO2	Gayesha		850 (1) AO2	Inventory (1) AO1	900		Income statement		900 (1) AO2	Discount Allowed	560	(1) AO2	Suspense (1) AO1		560	Rent	2 000	(1) AO2	Income statement (1) AO1		2 000	Telephone Expenses	180	(1) AO2	Suspense		180 (1) AO2	Computer	5 000	(1) AO2	Computer Expenses		5 000 (1) AO2	Income statement/ Depreciation	1 250	(1) AO2	Provision for depreciation		1 250 (1) AO2	(16)
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2 (c)	<p>AO1 (2), AO2 (3) AO1: Two marks for establishing the opening balance of the account. AO2: Three marks for posting the correct narrative and value.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Revenue</td> <td style="text-align: center;">£</td> <td style="text-align: center;">3 250</td> <td style="text-align: center;">(1) AO2</td> <td colspan="2"></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;"><u>3 250</u></td> <td></td> <td colspan="2"></td> </tr> <tr> <td colspan="7" style="text-align: center;">Suspense Account</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">£</td> <td style="text-align: center;">2 510</td> <td style="text-align: center;">(2) / (1) of AO1</td> <td colspan="2"></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;">180</td> <td style="text-align: center;">(1) AO2</td> <td colspan="2"></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;"><u>560</u></td> <td style="text-align: center;">(1) AO2</td> <td colspan="2"></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;"><u>3 250</u></td> <td></td> <td colspan="2"></td> </tr> </table>	Revenue		£	3 250	(1) AO2						<u>3 250</u>				Suspense Account									£	2 510	(2) / (1) of AO1						180	(1) AO2						<u>560</u>	(1) AO2						<u>3 250</u>				(5)
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Question Number	Answer	Mark
2 (d) (i)	AO1 (3) AO1: Three marks for recording the correction or balancing the account.	(3)

Inventory Account

2017		£	2017		£
31 Aug	Balance b/d	41 600 (1) AO1	31 Aug	Balance c/d	42 500
	Income Statement	900 (1) AO1			
		<u>42 500</u>			<u>42 500</u>
1 Sept	Balance b/d	42 500 (1)of AO1			

(3)

Question Number	Answer	Mark
2 (d) (ii)	AO1 (3) AO1: Three marks for recording the correction or balancing the account.	(3)

Discount Allowed Account

2017		£	2017		£
31 Aug	Balance b/d	1 320 (1) AO1	31 Aug	Balance c/d	1 880
	Suspense	560 (1) AO1			
		<u>1 880</u>			<u>1 880</u>
1 Sept	Balance b/d	1 880 (1)of AO1			

(3)

Question Number	Answer	Mark
2 (d) (iii)	AO1 (3) AO1: Three marks for recording the correction or balancing the account.	(3)

Computer Expenses Account

2017		£	2017		£
31 Aug	Balance b/d	12 300 (1) AO1	31 Aug	Computer Account	5 000 (1) AO1
			31 Aug	Balance c/d	7 300
		<u>12 300</u>			<u>12 300</u>
1 Sept	Balance b/d	7 300 (1)of AO1			

(3)

Question Number	Answer	Mark
2 (e)	AO2 (9), AO3 (1) AO2: Nine marks for identifying the correct effect of the error. AO3: One mark for correctly calculating the depreciation.	(10)

			£
Draft profit for the year			23 350
	Increase	Decrease	
	£	£	
(1) The Sales Day Book had been under-cast by £3 250.	3 250 (1) AO2		
(2) Purchases on credit from Gayesha £850, had been recorded in the ledger account of Gihan.	No effect (1) AO2		
(3) On 31 August 2017, a page from the inventory count (stock-take), for a total of £900, had been omitted.	900 (1) AO2		
(4) Discount allowed of £280 had been credited to the Discount Allowed Account.		560 (1) AO2	
(5) Rent of £6 000 had been paid for the period 1 May - 31 October 2017. The full amount had been charged to the Statement of Profit or Loss and Other Comprehensive Income.	2 000 (1) AO2		
(6) Telephone expenses of £750, had been correctly recorded in the Bank Account but had been recorded in the Telephone Expenses Account as £570.		180 (1) AO2	
(7) The purchase of a new computer, £5 000, had been recorded in the Computer Expenses Account. Depreciation is charged on computers at the rate of 25% per annum using the straight line method.	5 000 (1) AO2	1 250 (1) AO3	
Sub total	11 150	1 990	
Revised profit for the year			32 510 (2)/(1)of AO2

Question Number	Indicative Content	Mark
2 (f)	<p>AO1 (1), AO2 (1), AO3 (5), AO4 (5)</p> <p>Potential arguments for Prepares draft figures for use. Gives a reasonable estimate of profit. Assists the making of decisions. Easier to adjust draft statements to prepare final statements.</p> <p>Potential arguments against Reliance cannot be placed upon the information which is not accurate. Work has to be repeated – time and cost. Can lead to incorrect decisions.</p> <p>NOT Any discussion of errors such as type, location, identification etc. Check accuracy.</p> <p>Decision Candidates may decide that the decision to prepare financial statements when there are errors in the books was a positive or negative move. Candidate's decisions must be supported by a rationale of key points in arriving at that conclusion.</p>	(12)
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.</p> <p>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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Question Number	Answer	Mark																					
3 (a) (i)	<p>AO2 (4) AO2: Four marks for completing the calculations.</p> <p>Revenue</p> <table style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: center;">£</td> <td></td> </tr> <tr> <td>Cash receipts</td> <td style="text-align: right;">34 000</td> <td>(1) AO2</td> </tr> <tr> <td>Cheque receipts</td> <td style="text-align: right;">106 000</td> <td>(1) AO2</td> </tr> <tr> <td>Trade receivables at end</td> <td style="text-align: right;"><u>9 200</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">149 200</td> <td></td> </tr> <tr> <td>Trade receivables at start</td> <td style="text-align: right;"><u>(10 400)</u></td> <td>(1) AO2</td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">138 800</td> <td>(1) of AO2</td> </tr> </table>		£		Cash receipts	34 000	(1) AO2	Cheque receipts	106 000	(1) AO2	Trade receivables at end	<u>9 200</u>			149 200		Trade receivables at start	<u>(10 400)</u>	(1) AO2	Revenue	138 800	(1) of AO2	(4)
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3 (a) (ii)	<p>AO2 (3) AO2: Three marks for completing the calculations.</p> <p>Purchases</p> <table style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: center;">£</td> <td></td> </tr> <tr> <td>Cheque payments</td> <td style="text-align: right;">95 000</td> <td>(1) AO2</td> </tr> <tr> <td>Trade payables at end</td> <td style="text-align: right;"><u>15 000</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">110 000</td> <td></td> </tr> <tr> <td>Trade payables at start</td> <td style="text-align: right;"><u>(8 000)</u></td> <td>(1) AO2</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">102 000</td> <td>(1) of AO2</td> </tr> </table>		£		Cheque payments	95 000	(1) AO2	Trade payables at end	<u>15 000</u>			110 000		Trade payables at start	<u>(8 000)</u>	(1) AO2	Purchases	102 000	(1) of AO2	(3)
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Question Number	Answer	Mark
3 (b) (i)	<p>AO3 (3) AO3: Three marks for calculations for closing inventory.</p> <p>Closing inventory</p> <p>Sales 138 800 x $\frac{100}{133 \frac{1}{3}}$ = Cost of sales 104 100 (1)of AO3</p> <p>(13 600 + Purchases 102 000 of) = 115 600 (1)of AO3 - Cost of sales 104 100 = 11 500 (1)of AO3</p>	(3)

Question Number	Answer	Mark																				
3 (b) (ii)	<p>AO1 (2), AO2 (1) AO1: Two marks for establishing receipts and payments. AO2: One mark for adjusting the calculations for opening balance.</p> <p>Bank</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">£</th> <th></th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Receipts</td> <td></td> <td>Payments</td> <td></td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">106 000</td> <td>Trade receivables</td> <td style="text-align: right;">95 000 (1)</td> </tr> <tr> <td>Cash sales</td> <td style="text-align: right;"><u>3 000</u></td> <td>General expenses</td> <td style="text-align: right;"><u>6 500</u> AO1</td> </tr> <tr> <td></td> <td style="text-align: right;">109 000 (1) AO1</td> <td></td> <td style="text-align: right;">101 500</td> </tr> </tbody> </table> <p>Opening balance (1 700) + 109 000 – 101 500 = 5 800 (1)of AO2</p>		£		£	Receipts		Payments		Trade receivables	106 000	Trade receivables	95 000 (1)	Cash sales	<u>3 000</u>	General expenses	<u>6 500</u> AO1		109 000 (1) AO1		101 500	(3)
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3 (c)	<p>AO1 (4), AO2 (3) AO1: Four marks for transferred balances. AO2: Three marks adjusting balances to be included.</p> <p style="text-align: center;">Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 September 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;">£</th> <th style="width: 20%; text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">138 800 (1)of AO1</td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">13 600</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;"><u>102 000</u> of</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">115 600</td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;"><u>(11 500)</u> (1)of AO1</td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>104 100</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">34 700 (1)of AO2</td> </tr> <tr> <td colspan="3">Less</td> </tr> <tr> <td>Motor van expenses</td> <td style="text-align: right;">7 800 (1) AO1</td> <td></td> </tr> <tr> <td>Wages (14 000 + 900)</td> <td style="text-align: right;">14 900 (1) AO2</td> <td></td> </tr> <tr> <td>Motor van depreciation</td> <td style="text-align: right;">3 100 (1) AO1</td> <td></td> </tr> <tr> <td>General expenses (6 500 – 400)</td> <td style="text-align: right;"><u>6 100</u> (1) AO2</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>31 900</u></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>2 800</u></td> </tr> </tbody> </table>		£	£	Revenue		138 800 (1)of AO1	Opening inventory	13 600		Purchases	<u>102 000</u> of			115 600		Closing inventory	<u>(11 500)</u> (1)of AO1		Cost of sales		<u>104 100</u>	Gross profit		34 700 (1)of AO2	Less			Motor van expenses	7 800 (1) AO1		Wages (14 000 + 900)	14 900 (1) AO2		Motor van depreciation	3 100 (1) AO1		General expenses (6 500 – 400)	<u>6 100</u> (1) AO2				<u>31 900</u>	Profit for the year		<u>2 800</u>	(7)
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3 (d)	<p>AO1 (1), AO3 (1) AO1: One mark for stating the meaning of the concept. AO3: One mark for naming the concept.</p> <p>Accounting/Business entity (1) AO3 the owner and the business will have a separate identity (1) AO1.</p>	(2)

Question Number	Answer	Mark
3 (e)	<p>AO1 (2) AO1: Two marks for explaining the method and its application.</p> <p>Revaluation method (1) AO1 based on the reduction in the market value over the accounting period. (1) AO1</p>	<p>(2)</p>

Question Number	Indicative Content		Mark
3 (f)	<p>AO2 (1), AO3 (2), AO4 (3)</p> <p>Potential positive points for maintaining a set of books Balances of personal accounts available at all times. Profit can be ascertained. Assists decision making.</p> <p>Potential arguments for not maintaining a set of books Cost and employment of accounting specialist. More time to run the business.</p> <p>NOT Decision about errors.</p> <p>Decision Candidates may decide that maintaining a formal set of books is a positive or negative move. Candidate's decisions must be supported by a rationale of key points in arriving at that conclusion.</p>		
			(6)
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.	

Question Number	Answer	Mark
4 (a) (i)	<p>AO1 (2) AO1: Two marks for stating how the concepts apply to depreciation.</p> <p>Going concern It is assumed that the business will have perpetual life (1) AO1 Therefore the cost of non-current assets should be matched to each accounting period over the useful life of the asset. (1) AO1</p>	(2)

Question Number	Answer	Mark
4 (a) (ii)	<p>AO1 (2) AO1: Two marks for stating how the concepts apply to depreciation.</p> <p>Consistency Whichever method of depreciation and rate has been chosen for a non-current asset it should be consistently applied to the non-current assets' useful life (1) AO1 to avoid distortion of profit. (1) AO1</p>	(2)

Question Number	Answer	Mark
4 (b) (i)	<p>AO2 (2) AO2: Two marks for completing the calculations.</p> <p>Land and buildings</p> <p>$250\,000 + 60\,000 = 310\,000$ (1) AO2 x 10% = 31 000 (1)of AO2</p>	(2)

Question Number	Answer	Mark
4 (b) (ii)	<p>AO2 (2), AO3 (1) AO2: Two marks for completing the calculations. AO3: One mark for adjusting the calculations for disposals.</p> <p>Motor vehicles</p> <p>Carrying value after disposal 37 000 (1) AO3 + 23 000 = 60 000 (1) AO2 x 25% = 15 000 (1) of AO2</p> <p>OR</p> <p>((42 000 – 5 000 (1) AO3) + 23 000 (1) AO2)) x 25% = 15 000 (1) of</p>	(3)

Question Number	Answer	Mark
4 (b) (iii)	<p>AO2 (1), AO3 (2) AO2: One mark for completing the calculations. AO3: Two marks for adjusting the calculations for disposals.</p> <p>Loose tools</p> <p>15 000 + 6 000 = 21 000 (1) AO2 – 14 000 = 7 000 (1) AO3 – 5000 = 2 000 (1) AO3</p>	(3)

Question Number	Answer	Mark																																																
4 (c)	<p>AO1 (5), AO2 (7) AO1: Five marks for inserting figures in the table. AO2: Seven marks for applying provision for depreciation correctly.</p> <p style="text-align: center;">Schedule of Non-current Assets at 30 June 2017.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Land and buildings</th> <th style="text-align: center;">Motor vehicles</th> <th style="text-align: center;">Loose tools</th> </tr> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Cost at 30 June 2016</td> <td style="text-align: right;">250 000</td> <td style="text-align: right;">72 000</td> <td style="text-align: right;">15 000</td> </tr> <tr> <td>Additions for year</td> <td style="text-align: right;">60 000 (1) AO1</td> <td style="text-align: right;">23 000 (1) AO1</td> <td style="text-align: right;">6 000 (1) AO2</td> </tr> <tr> <td>Disposals for year</td> <td style="text-align: right;">(-)</td> <td style="text-align: right;">(25 000) (1) AO2</td> <td style="text-align: right;">(-)</td> </tr> <tr> <td>Total non-current asset cost</td> <td style="text-align: right;">310 000</td> <td style="text-align: right;">70 000</td> <td style="text-align: right;">21 000</td> </tr> <tr> <td>Less depreciation</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Provision at 30 June 2016</td> <td style="text-align: right;">(80 000)</td> <td style="text-align: right;">(30 000)</td> <td style="text-align: right;">(5 000)</td> </tr> <tr> <td>Depreciation on non-current asset disposals</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 000 (1) AO2</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Depreciation for the year ended 30 June 2017</td> <td style="text-align: right;">(31 000) (1) of AO2</td> <td style="text-align: right;">(15 000) (2) (1) of AO2</td> <td style="text-align: right;">(2 000) (1) of AO2</td> </tr> <tr> <td>Total accumulated depreciation</td> <td style="text-align: right;">(111 000)</td> <td style="text-align: right;">(25 000)</td> <td style="text-align: right;">(7 000)</td> </tr> <tr> <td>Carrying value at 30 June 2017</td> <td style="text-align: right;">199 000 (1) of AO1</td> <td style="text-align: right;">45 000 (1) of AO1</td> <td style="text-align: right;">14 000 (1) of AO1</td> </tr> </tbody> </table>		Land and buildings	Motor vehicles	Loose tools		£	£	£	Cost at 30 June 2016	250 000	72 000	15 000	Additions for year	60 000 (1) AO1	23 000 (1) AO1	6 000 (1) AO2	Disposals for year	(-)	(25 000) (1) AO2	(-)	Total non-current asset cost	310 000	70 000	21 000	Less depreciation				Provision at 30 June 2016	(80 000)	(30 000)	(5 000)	Depreciation on non-current asset disposals	-	20 000 (1) AO2	-	Depreciation for the year ended 30 June 2017	(31 000) (1) of AO2	(15 000) (2) (1) of AO2	(2 000) (1) of AO2	Total accumulated depreciation	(111 000)	(25 000)	(7 000)	Carrying value at 30 June 2017	199 000 (1) of AO1	45 000 (1) of AO1	14 000 (1) of AO1	(12)
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Question Number	Indicative Content		Mark
4 (d)	<p>AO2 (1), AO3 (2), AO4 (3)</p> <p>Potential positive arguments for the policy Buildings will require depreciation because they will deteriorate. Accruals/matching concepts are being applied. Prudence concept has been applied. Straight line method is the same depreciation each year and does not distort profit.</p> <p>Potential negative points for the policy Land is not normally depreciated. At 10% the rate is too high for matching/accruals concept. The book value may not be near to the market value.</p> <p>NOT Less time to calculate. Less errors.</p> <p>Decision Candidates may decide that the application of 10% straight line depreciation to land and buildings is appropriate or not appropriate. Candidate's decisions must be supported by a rationale of key points in arriving at that conclusion.</p>		(6)
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.	
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Question Number	Answer	Mark
5 (a) (i)	<p>AO1 (2) AO1: Two marks for explaining the terms.</p> <p>Semi-variable cost</p> <p>The cost includes a fixed (1) AO1 and a variable component (1) AO1 OR Electricity, telephone charges where there is a fixed cost (standing charge) (1) and a variable cost (cost of calls or electricity usage) (1).</p>	(2)

Question Number	Answer	Mark
5 (a) (ii)	<p>AO1 (2) AO1: Two marks for explaining the terms.</p> <p>Overhead allocation</p> <p>Costs which are wholly identifiable (1) AO1 with one cost centre. (1) AO1</p>	(2)

Question Number	Answer	Mark
5 (a) (iii)	<p>AO1 (2) AO1: Two marks for explaining the terms.</p> <p>Absorption of overheads</p> <p>A basis of recovering the total costs of a cost centre by the jobs that pass through them (1) AO1. This may be by a labour hour rate or machine hour rate. (1) AO1</p> <p>OR</p> <p>The money charged for customers jobs (1) based on the calculated budgeted overhead absorption rate (1)</p>	(2)

Question Number	Answer	Mark																																				
5 (b)	<p>AO1 (2), AO2 (4), AO3 (1)</p> <p>AO1: Two marks for transferring the allocated overheads and totalling.</p> <p>AO2: Four marks for identifying the correct basis of apportionment and carrying out the apportionment.</p> <p>AO3: One mark for apportioning depreciation.</p> <table border="0" data-bbox="416 613 1214 981"> <thead> <tr> <th></th> <th style="text-align: center;">Metal shop £</th> <th style="text-align: center;">Paint shop £</th> <th style="text-align: center;">Administration £</th> </tr> </thead> <tbody> <tr> <td>Allocated overheads</td> <td style="text-align: right;">39 000</td> <td style="text-align: right;">53 000</td> <td style="text-align: right;">24 000 (1) AO1</td> </tr> <tr> <td>Rent and rates</td> <td style="text-align: right;">12 000</td> <td style="text-align: right;">6 000</td> <td style="text-align: right;">2 000 (1) AO2</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">4 000</td> <td style="text-align: right;">20 000</td> <td style="text-align: right;">4 000 (1) AO3</td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">1 000</td> <td style="text-align: right;">5 000</td> <td style="text-align: right;">1 000 (1) AO2</td> </tr> <tr> <td>Management salaries</td> <td style="text-align: right;"><u>25 000</u></td> <td style="text-align: right;"><u>15 000</u></td> <td style="text-align: right;"><u>5 000</u> (1) AO2</td> </tr> <tr> <td></td> <td style="text-align: right;">81 000</td> <td style="text-align: right;">99 000</td> <td style="text-align: right;">36 000</td> </tr> <tr> <td>Reallocation</td> <td style="text-align: right;"><u>27 000</u></td> <td style="text-align: right;"><u>9 000</u></td> <td style="text-align: right;">(1)of AO2</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">108 000</td> <td style="text-align: right;">108 000</td> <td style="text-align: right;">(1)of AO1</td> </tr> </tbody> </table>		Metal shop £	Paint shop £	Administration £	Allocated overheads	39 000	53 000	24 000 (1) AO1	Rent and rates	12 000	6 000	2 000 (1) AO2	Depreciation	4 000	20 000	4 000 (1) AO3	Insurance	1 000	5 000	1 000 (1) AO2	Management salaries	<u>25 000</u>	<u>15 000</u>	<u>5 000</u> (1) AO2		81 000	99 000	36 000	Reallocation	<u>27 000</u>	<u>9 000</u>	(1)of AO2	Total	108 000	108 000	(1)of AO1	(7)
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5 (c) (i)	<p>A02 (1), A03 (1) A02: One mark for calculating the hourly rate. A03: One mark for calculating the annual hours chargeable to customer's jobs.</p> <p>Metal shop</p> $\frac{\pounds 108\,000}{9\,000} = \pounds 12 \text{ (1) of A02}$ <p style="text-align: center;">9 000 (1) A03</p>	(2)

Question Number	Answer	Mark
5 (c) (ii)	<p>A02 (1), A03 (1) A02: One mark for calculating the hourly rate. A03: One mark for calculating the annual hours chargeable to customer's jobs.</p> <p>Paint shop</p> $\frac{\pounds 108\,000}{5\,400} = \pounds 20 \text{ (1) of A02}$ <p style="text-align: center;">5 400 (1) A03</p>	(2)

Question Number	Answer	Mark																																							
5 (d)	<p>AO1 (1), AO2 (6) AO1: One mark for transferring the profit figure to the quotation. AO3: Six marks for calculating the corrected figure and then correctly inserting it into the quotation.</p> <p style="text-align: center;">Quotation</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">£</th> <th style="width: 20%; text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Raw materials £250 + 20%</td> <td></td> <td style="text-align: right;">300 (1) AO2</td> </tr> <tr> <td colspan="3">Direct labour</td> </tr> <tr> <td>Metal shop 16 x £7.5</td> <td style="text-align: right;">120 (1) AO2</td> <td></td> </tr> <tr> <td>Paint shop 20 x £10</td> <td style="text-align: right;"><u>200</u> (1) AO2</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">320</td> </tr> <tr> <td colspan="3">Overheads</td> </tr> <tr> <td>Metal shop 16 x £12</td> <td style="text-align: right;">192 (1) of AO2</td> <td></td> </tr> <tr> <td>Paint shop 20 x £20</td> <td style="text-align: right;"><u>400</u> (1) of AO2</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>592</u></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">1 212</td> </tr> <tr> <td>Profit</td> <td></td> <td style="text-align: right;"><u>150</u> (1) AO1</td> </tr> <tr> <td>Quotation price</td> <td></td> <td style="text-align: right;"><u><u>1 362</u></u> (1) of AO2</td> </tr> </tbody> </table>		£	£	Raw materials £250 + 20%		300 (1) AO2	Direct labour			Metal shop 16 x £7.5	120 (1) AO2		Paint shop 20 x £10	<u>200</u> (1) AO2				320	Overheads			Metal shop 16 x £12	192 (1) of AO2		Paint shop 20 x £20	<u>400</u> (1) of AO2				<u>592</u>	Total		1 212	Profit		<u>150</u> (1) AO1	Quotation price		<u><u>1 362</u></u> (1) of AO2	(7)
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Question Number	Indicative Content		Mark
5 (e)	<p>AO2 (1), AO3 (2), AO4 (3)</p> <p>Potential positive arguments for apportionment A realistic estimate of the usage of specific costs by each department. A departmental rate can be calculated for quotations.</p> <p>Potential negative points for apportionment Only an estimate. Cost may not be reduced if the department is removed or under performs. Costly, time consuming, requires skill.</p> <p>Decision Candidates may decide that apportionment is useful or not useful. Candidate's decisions must be supported by a rationale of key points in arriving at that conclusion.</p>		(6)
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.	

Question Number	Answer	Mark
6 (a) (i)	<p>AO1 (2) AO1: Two marks for explaining the terms.</p> <p>Profitability – The amount of profit earned (1) AO1 by a business for every £ of capital/sales invested in it. (1) AO1</p>	(2)

Question Number	Answer	Mark
6 (a) (ii)	<p>AO1 (2) AO1: Two marks for explaining the terms.</p> <p>Liquidity – The ability of the business to meet financial commitments/current liabilities (1) AO1 turning current assets into cash. (1) AO1</p>	(2)

Question Number	Answer	Mark
6 (b)	<p>AO1 (1), AO2 (3) AO1: One mark for using the opening bank balance. AO2: Three marks for calculating the total receipts and expenditure and calculating the closing balance.</p>	(4)

Receipts	£	Payments	£
Receipts from trade receivables	625 000	Payments to trade payables	580 000
6% Loan taken out by Yaso	300 000	Non-current assets	250 000
		Expenses paid	125 000
		Drawings	<u>40 000</u>
	<u>925 000</u>		995 000

Balance 40 000 (1) **AO1** + 925 000 (1) **AO2** – 995 000 (1) **AO2** = 30 000 overdraft (1) **of AO2**

Question Number	Answer	Mark
6 (c) (i)	<p>AO2 (1), AO3 (1) A02: One mark for the correct answer with descriptor. A03: One mark for calculating the corrected figure and then correctly inserting it into the ratio.</p> <p style="text-align: center;">Inventory turnover (times)</p> <p style="text-align: center;">$\frac{560\,000}{(35\,000 + 45\,000)/2}$ (1) A03 = 14 times (1) of A02</p>	(2)

Question Number	Answer	Mark
6 (c) (ii)	<p>AO2 (1), AO3 (1) A02: One mark for the correct answer with descriptor. A03: One mark for calculating the corrected figure and then correctly inserting it into the ratio.</p> <p style="text-align: center;">Current ratio</p> <p style="text-align: center;">$\frac{45\,000 + 160\,000 + 20\,000}{60\,000 + 30\,000}$ (1) A03 = 2.50:1 (1) of A02</p>	(2)

Question Number	Answer	Mark
6 (c) (iii)	<p>AO2 (2) AO2: Two marks for calculating the correct answer with descriptor.</p> <p>Liquid (acid test) ratio</p> $\frac{160\,000 + 20\,000}{60\,000 + 30\,000} = 2:1 \text{ (1) of AO2}$ <p>of (1) AO2</p>	(2)

Question Number	Answer	Mark
6 (c) (iv)	<p>AO2 (2) AO2: Two marks for calculating the correct answer with descriptor.</p> <p>Trade payables payment period (in days)</p> $\frac{60\,000 \times 365}{570\,000} = 38.42 \text{ days (1) AO2}$ <p>(1) AO2</p>	(2)

Question Number	Answer	Mark
6 (c) (v)	<p>AO2 (2) AO2: Two marks for calculating the correct answer with descriptor.</p> <p>Trade receivables collection period (in days)</p> $\frac{160\,000 \times 365}{800\,000} = 73 \text{ days (1) AO2}$	(2)

Question Number	Answer	Mark
6 (c) (vi)	<p>AO2 (1), AO3 (1) AO2: One mark for the correct answer with descriptor. AO3: One mark for calculating the corrected figure and then correctly inserting it into the ratio.</p> <p>Revenue to non-current assets</p> $\frac{800\,000}{320\,000} = 2.5:1 \text{ (1) AO3}$ <p>OR</p> <p>250% (1)</p>	(2)

Question Number	Indicative Content	Mark
6 (d)	<p>AO2 (1), AO3 (2), AO4 (3) Own figure rule applies</p> <p>Potential positive arguments for liquidity The current and liquid (acid test) ratio are higher than the accepted benchmark. Inventory is being turned over quicker than last year or the sector average. The current and liquid (acid test) ratio are higher than last year and the sector average. Trade payables payment period is slightly better than last year and the sector average.</p> <p>Potential negative points for liquidity The current and liquid (acid test) ratio mainly consist of outstanding trade receivables. The trade receivables collection at 73 days is too high and debt collection procedures need reviewing. Trade receivables collection has worsened and is more than twice the sector average. Although the revenue to non-current assets is comparable with last year and the sector average. The purchase of £320 000 of new non-current assets has had an effect on the availability of cash.</p> <p>Decision Candidates may decide that the liquidity is sufficient or insufficient. Candidate's decisions must be supported by a rationale of key points in arriving at that conclusion.</p>	(6)
Level	Mark	Descriptor
	0	A completely incorrect response.
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Question Number	Answer	Mark
6 (e)	<p>AO1 (4) AO1: Four marks for listing non-financial factors.</p> <p>Skill of the staff Management Product range Product development Location of the business Reputation/goodwill Customer loyalty Relationship with suppliers Competitive environment</p> <p>4 x (1) AO1</p>	(4)