



The Governance
Institute

Subject no. 50B

Level 4 Subsidiary Certificate in International Finance, Accounting and Administration
Level 4 Certificate in International Finance and Administration

Paper 2

Accounting

Sample mark scheme

January 2015

Section A

Question number	Answer	Mark
1	C – £15,000 spent on a computer	(1)

Question number	Answer	Mark
2	A current asset	(1)

Question number	Answer	Mark
3	Prudence	(1)

Question number	Answer	Mark
4	Dr Petty cash £425 (1) Cr Cash £425 (1) Do not record any half marks.	(2)

Question number	Answer	Mark
5	Deduct it from the sales.	(1)

Question number	Answer	Mark
6	Calculation: £60,000 ÷ 40 × 100 Sales = £150,000 1 mark for correct calculation of sales and 1 mark for correct workings. Accept 1 mark for the calculation completed expressed in words but do not accept just the formula for gross profit margin. Do not record any half marks.	(2)

Question number	Answer	Mark
7	An error of commission.	(1)

Question number	Answer	Mark
8	It will increase expenses and decrease current assets.	(1)

Question number	Answer	Mark
9	<p>Acid test = 1.16:1</p> <p>Calculation: $95,750 - 8,000 \div 75,650 = 1.16:1$</p> <p>1 mark for correct answer and 1 mark for correct calculation.</p> <p>Accept 1 mark for the formula expressed in words:</p> $\text{Acidtest} = \frac{\text{Current assets} - \text{Stock}}{\text{Current liabilities}} : 1$ <p>Candidate must provide correct workings AND correct answer to gain the full 2 marks.</p> <p>Do not record any half marks.</p>	(2)

Question number	Answer	Mark
10	<p>Profit = £23,500</p> <p>$£96,000 - £40,000 = £56,000$</p> <p>$£79,500 - £56,000 = £23,500$</p> <p>1 mark for correct calculation of annual profit.</p> <p>Up to 2 marks for correct workings.</p> <p>Accept up to 2 marks for the calculation or formula expressed in words.</p> <p>Do not record any half marks.</p>	(3)

Section B

Question number	Answer	Mark
11(a)	The purchases returns daybook records the goods a buyer returns to a supplier (1). When the entries are entered into the purchases ledger they will reduce the amounts owing to the supplier and will reduce the purchases made by the business (1).	(2)

Question number	Answer	Mark
11(b)	The sales daybook records all the sales invoices which a business has sent out to its customers (1). At the end of each day, each invoice should be entered, or 'posted', to the individual customer's account in the sales ledger (1).	(2)

Question number	Answer	Mark
12	<ul style="list-style-type: none"> • A sole trader is an individual who sets up a business on their own (1), whereas a partnership involves two or more persons forming a business (1). • A sole trader has unlimited liability for all the debts of the business (1), whereas each partner owns a share of the business in a partnership and will incur liability for any debts (1). • The sole trader will own all of the annual profit made by the business (1), whilst each partner will receive a share of the profits as per the partnership agreement (1). <p>Award up to 2 marks for explaining each difference.</p> <p>Award 3 marks for a detailed explanation of two differences.</p> <p>If the candidate only lists six differences without explaining them, award up to a total of 5 marks.</p> <p>Reward other valid responses.</p>	(2)
Total		(6)

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13	<table border="1"> <thead> <tr> <th>Year ended 31 Jan</th> <th>Turnover</th> <th>Opening stock</th> <th>Purchases</th> <th>Closing stock</th> <th>Cost of sales</th> <th>Gross profit</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>106,200</td> <td>20,665</td> <td>59,665</td> <td>37,850</td> <td>42,480</td> <td>63,720</td> </tr> <tr> <td>2013</td> <td>84,960</td> <td>18,340</td> <td>37,730</td> <td>30,580</td> <td>25,490</td> <td>59,470</td> </tr> <tr> <td>2012</td> <td>66,270</td> <td>48,490</td> <td>15,430</td> <td>38,350</td> <td>25,570</td> <td>40,700</td> </tr> </tbody> </table> <p>Award 1 mark for each correct entry.</p>	Year ended 31 Jan	Turnover	Opening stock	Purchases	Closing stock	Cost of sales	Gross profit	2014	106,200	20,665	59,665	37,850	42,480	63,720	2013	84,960	18,340	37,730	30,580	25,490	59,470	2012	66,270	48,490	15,430	38,350	25,570	40,700	
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Section C

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16	Ratios				
	Profit margins				
	1: Gross profit margin	$\frac{\text{Gross Profit}}{\text{Turnover}} \times 100$	$\frac{505,700}{1,820,000} \times 100$	27.79%	(3)
	2: Operating profit margin	$\frac{\text{Operating Profit}}{100} \times \text{Turnover}$	$\frac{118,685}{1,820,000} \times 100$	6.52%	(3)
	Management of working capital				
	1: Inventory holding days	$\frac{\text{Inventories}}{\text{Cost of sales}} \times 365$	$\frac{128,400}{1,314,300} \times 365$	25.89 days	(3)
	2: Collection of receivables	$\frac{\text{Receivables}}{\text{Sales}} \times 365$	$\frac{85,750}{1,820,000} \times 365$	17.20 days	(3)
	3: Payment of payables	$\frac{\text{Payables}}{\text{Cost of sales}} \times 365$	$\frac{116,575}{1,314,300} \times 365$	32.37 days	(3)
	1 mark per ratio identified	1 mark per calculation If calculation is not provided, accept correct calculation expressed as a formula in words.		1 mark per correct answer	Total marks = 15
	Do not record any half marks.				
Total				(15)	

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