

PEARSON EDEXCEL INTERNATIONAL GCSE (9–1) **Accounting**

Welcome to
Pearson:
Module 2

Event code: 4AC1-20IO2

First teaching in 2017, first assessment in 2019



Session Agenda

10:00 - Welcome

10.05 - Overview and assessment objectives

10.20 - Types of questions

10.35 - Mark schemes

10.40 - Marking exercises

11.45 - Support

11.50 - Networking and questions

12.00 - Finish



Overview

To understand the:

- assessment objectives
- question types
- mark schemes.

To practise using the mark schemes.

Support available from Pearson.



Overview of the specification

Paper 1 Introduction to Bookkeeping and Accounting	Paper 2 Financial Statements
Topic 1 The accounting environment	Topic 4 The preparation of financial statements
Topic 2 Introduction to bookkeeping	Topic 5 Accounting for end of period adjustments
Topic 3 Introduction to control processes	



Paper 1 – Introduction to Bookkeeping and Accounting

Content	Assessment
Topic 1 The accounting environment	<ul style="list-style-type: none">• 2 hour written examination• 100 marks• 66.7% of the total qualification
Topic 2 Introduction to bookkeeping	
Topic 3 Introduction to control processes	



Paper 1 – Introduction to Bookkeeping and Accounting

Section A (25 marks)	Section B (75 marks)
10 multiple choice questions (10 marks) 3 short answer questions (5 marks each)	5 multi part questions (15 marks each)



Paper 2 – Financial Statements

Content	Assessment
Topic 4 The preparation of financial statements	<ul style="list-style-type: none">• 1 hour 15 minute written examination• 50 marks
Topic 5 Accounting for end of period adjustments	<ul style="list-style-type: none">• 33.3% of the total qualification



Paper 2 – Financial Statements

Total for paper 50 marks

2 multi-part questions focusing on the preparation, analysis or evaluation of financial statements



What are the assessment objectives?

Assessment Objective	Description	Weighting
AO1	Demonstrate a knowledge and understanding of accounting terminology, principles, procedures and techniques	35-40%*
AO2	Select and apply their knowledge and understanding of accounting procedures to a variety of accounting problems	41-47%
AO3	Analyse, evaluate and present information in appropriate accounting formats and communicate reasoned explanations	17-20%



Where are each of the AOs assessed?

Unit number	Assessment Objective		
	AO1	AO2	AO3
Paper 1	25 - 28%	23 - 25%	9 - 10%
Paper 2	11 - 12%	19 - 21%	8 - 9%
Total	35 - 40%	41 - 47%	17 - 20%



Command word taxonomy

Command word	Mark Tariff	Assessment Objective	Requirements
(Multiple-choice - MCQ)	1	AO1	There will be ten multiple-choice questions (MCQ) in Paper 1. Candidates must select the correct answer from a choice of four options. These questions are designed to test recall of knowledge from the specification content. (AO1).
State	1	AO1	This requires the recall of one or more pieces of information. One mark per item.
Identify	1	AO1	This requires information to be selected from a range of possibilities, list or given stimulus. One mark per item.
Define	2	AO1	To describe the meaning of an accounting term.
Comment	2	AO3	The answer must include a simple statement based on the scenario and also a summary of why/how that statement is important to the scenario.



Command word taxonomy (continued)

Command word	Mark Tariff	Assessment Objective	Requirements
Evaluate	2-8	AO3	This will involve reviewing information and then bringing it together to form a conclusion, drawing on evidence including strengths, weaknesses, alternative actions, relevant data or information. A supported judgement/decision will be reached in relation to its context.
Describe	2-6	AO1	The identification of number of steps in process or number of features.
Explain	3-6	AO3	This requires a linked justification/exemplification of a point.
Complete	1	AO1/AO2	This requires the completion of a table or structure. This may include a calculation which will then be required to fill the incomplete table/structure. One per step/item.



Command word taxonomy (continued)

Command word	Mark Tariff	Assessment Objective	Requirements
Prepare	1	AO2	This will involve arranging financial information into an appropriate format. One mark per step/item.
Calculate	1	AO2	This will involve working out a numerical problem using mathematical processes and formulae, showing relevant working. One per step.
Recommend	2-4	AO3	This will involve suggesting a solution/decision by reviewing information from a scenario and providing a justification/exemplification for that choice.
...with examples	+1	AO1	For each relevant example.



How do students know what is being assessed?

AO1 'state' questions are straight recall and will be awarded a mark for each point.

Examples include this from the January 2020 paper:

(e) State **two** concepts that apply when depreciating non-current assets.

(2)

(f) (i) State the formula for each ratio.

(2)

Ratio	Formula	2019	2018
Current (working capital)		1.8:1	2:1
Liquid (acid test)		0.5:1	1:1



What AOs are being assessed?

12 Complete the table indicating with a tick (✓) whether **each** item is capital expenditure or revenue expenditure.

	Capital expenditure	Revenue expenditure
Delivery costs of a new motor vehicle		
Motor vehicle insurance		
Installation costs of new machinery		
Legal costs on purchase of business premises		
Bank interest on loan to purchase business premises		

(Total for Question 12 = 5 marks)

(c) Complete the trial balance at 31 December 2019. Any difference should be entered in the suspense account.

(10)

Trial Balance at 31 December 2019

Account	Balance \$	Trial balance	
		Debit \$	Credit \$
Bank overdraft	770		



A03 questions

A03 – Analyse, evaluate and present information in appropriate accounting formats and communicate reasoned explanations.

Candidates often struggle with these higher order skills.
Looking at the January 2020 examples, which questions are testing AO3?



What are mark schemes?

- These are the ‘answers’ to the questions.
- They often give a number of options students might give.
- They can show indicative content to guide the markers.
- They also advise marker of common errors and what to reward and not reward.
- Examiners are encouraged to use the MS positively and to look to reward marks for what is there rather than penalise students for what isn’t.
- There are two ‘types’ of mark scheme used in this paper: Points-based and levels-based mark schemes.



Points-based questions

Most of the questions are points based and include:

- MCQs – the first 10 questions on paper 1 will be multiple choice questions. Candidates must select one correct answer from a choice of four options. These are awarded 1 mark for each correct answer.
- ‘State’ questions are also points-based questions – these require recall of one or more pieces of information and will be awarded one mark per item.



Levels-based questions

Continuous prose questions with 6 or more marks will have a levels-based mark scheme.

The levels grids have been designed to make clear the skills and attributes expected for each question and within each level.

Candidates can approach an answer differently but they will be rewarded for the overall quality of their response rather than the quantity of points raised.





Marking activities

Question: Evaluate why a business maintains ledger control accounts (5)

Question number	Answer	Mark
15(a)	<p>Award marks as indicated. Award up to 2 marks for the identification and up to 2 marks for development. Award 1 mark for overall evaluation.</p> <p>Sample answer</p> <p>Provides the total figures for receivables and payables (1), which can be used to prepare the financial statements (1).</p> <p>Used to prevent fraud (1) as these are normally produced by a different person to who produced the subsidiary ledger accounts (1).</p> <p>Used to identify errors (1) as the control accounts is reconciled with the subsidiary ledger accounts (1).</p> <p>Accept any other appropriate responses.</p>	(5)



Question: Evaluate why a business maintains ledger control accounts (5)

15 (a) Evaluate why a business maintains ledger control accounts.

(5)

Business may maintain ledger control accounts, because it may help to reveal errors in the trial balance. It may be appropriate because it will show ^{which} ~~both~~ personal ledger contains errors. By maintaining control account it may help the business detect the honesty of their staff. However it may not reveal all errors eg error of commission etc. It means it is not that reliable for correction of errors. It may contain errors itself which may not be most suitable for the business. For preparing the control accounts business will need specialized people which is expensive. In conclusion, it may help business in many ways but not always.

Question number	Answer	Mark
15(a)	<p>Award marks as indicated. Award up to 2 marks for the identification and up to 2 marks for development. Award 1 mark for overall evaluation.</p> <p>Sample answer</p> <p>Provides the total figures for receivables and payables (1), which can be used to prepare the financial statements (1).</p> <p>Used to prevent fraud (1) as these are normally produced by a different person to who produced the subsidiary ledger accounts (1).</p> <p>Used to identify errors (1) as the control accounts is reconciled with the subsidiary ledger accounts (1).</p> <p>Accept any other appropriate responses.</p>	(5)



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1

Question number	Answer	Mark
15(a)	<p>Award marks as indicated.</p> <p>Award up to 2 marks for the identification and up to 2 marks for development.</p> <p>Award 1 mark for overall evaluation.</p> <p>Sample answer</p> <p>Provides the total figures for receivables and payables (1), which can be used to prepare the financial statements (1).</p> <p>Used to prevent fraud (1) as these are normally produced by a different person to who produced the subsidiary ledger accounts (1).</p> <p>Used to identify errors (1) as the control accounts is reconciled with the subsidiary ledger accounts (1).</p> <p>Accept any other appropriate responses.</p>	(5)



Question: Evaluate why a business maintains ledger control accounts (5)

15 (a) Evaluate why a business maintains ledger control accounts.

(5)

Because the ledger Control accounts is the arithmetical measurement of trade payables / Sales ledger Control account and a trade receivables / purchases ledger account. It corrects the errors. It is easy to use and it is not very expensive. They are only two types of Control Account. Trade payables and Trade receivables. Trade payables are like payments and Trade receivables are like receipts.

Question number	Answer	Mark
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Marking activity Q13

13 Huang maintains a provision for irrecoverable debts at 4% of trade receivables. The balance of the provision at 1 November 2018 was \$965

At 31 October 2019 the balance of Huang's trade receivables ledger control account was \$23 620 of which \$170 was irrecoverable.

(a) Calculate the balance on the provision for irrecoverable debts account at 31 October 2019.

(2)

(b) Prepare the provision for irrecoverable debts account for the year ended 31 October 2019 showing the transfer to the income statement. Balance the account at this date and bring the balance down at 1 November 2019.

(3)

Provision for Irrecoverable Debts Account

Date	Details	\$	Date	Details	\$

Question number	Answer	Mark
13(a)	Award 1 mark as indicated. \$1 500 (1)	(1)

Question number	Answer AO2(4)	Mark																														
13(b)	<p>Award 1 mark for correct date, details and amounts in combination.</p> <p style="text-align: center;">Provision for Irrecoverable Debts Account</p> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>31 March 2019</td><td>Balance c/d</td><td>1 500</td><td>1 April 2018</td><td>Balance b/d</td><td>1 250 (1)</td></tr><tr><td></td><td></td><td></td><td>31 March 2019</td><td>Income statement</td><td>250 (1of)</td></tr><tr><td></td><td></td><td><u>1 500</u></td><td></td><td></td><td><u>1 500</u></td></tr><tr><td></td><td></td><td></td><td>1 April 2019</td><td>Balance b/d</td><td>1 500 (2/1of)</td></tr></table>	Date	Details	\$	Date	Details	\$	31 March 2019	Balance c/d	1 500	1 April 2018	Balance b/d	1 250 (1)				31 March 2019	Income statement	250 (1of)			<u>1 500</u>			<u>1 500</u>				1 April 2019	Balance b/d	1 500 (2/1of)	(4)
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			1 April 2019	Balance b/d	1 500 (2/1of)																											

TOTAL FOR QUESTION 13 = 5 MARKS



Marking activity Q13 Script 1

Neha maintains a provision for irrecoverable debts at 10% of trade receivables.

At 31 March 2019 irrecoverable debts of \$550 were to be written off.

(a) Calculate the provision for irrecoverable debts at 31 March 2019.

(1)

$$(15,550 - 550) \times 10\% = \$1,500$$

(b) Prepare the provision for irrecoverable debts account for the year ended 31 March 2019. Balance the account on that date and bring the balance down on 1 April 2019.

(4)

Provision for Irrecoverable Debts Account

Date	Details	\$	Date	Details	\$
			1/4/18	Balance b/f	1250
31/3/19	Balance c/d	1500	31/3/19	Income statement	250
		1500			1500
			1/4/19	Balance b/d	1500

(Total for Question 13 = 5 marks)

Question number	Answer	Mark
13(a)	Award 1 mark as indicated. \$1 500 (1)	(1)

Question number	Answer AO2(4)	Mark																														
13(b)	<p>Award 1 mark for correct date, details and amounts in combination.</p> <p style="text-align: center;">Provision for Irrecoverable Debts Account</p> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>31 March 2019</td><td>Balance c/d</td><td>1 500</td><td>1 April 2018</td><td>Balance b/d</td><td>1 250 (1)</td></tr><tr><td></td><td></td><td></td><td>31 March 2019</td><td>Income statement</td><td>250 (1of)</td></tr><tr><td></td><td></td><td><u>1 500</u></td><td></td><td></td><td><u>1 500</u></td></tr><tr><td></td><td></td><td></td><td>1 April 2019</td><td>Balance b/d</td><td>1 500 (2/1of)</td></tr></table>	Date	Details	\$	Date	Details	\$	31 March 2019	Balance c/d	1 500	1 April 2018	Balance b/d	1 250 (1)				31 March 2019	Income statement	250 (1of)			<u>1 500</u>			<u>1 500</u>				1 April 2019	Balance b/d	1 500 (2/1of)	(4)
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TOTAL FOR QUESTION 13 = 5 MARKS



Marking activity Q13 Script 1

Neha maintains a provision for irrecoverable debts at 10% of trade receivables.

At 31 March 2019 irrecoverable debts of \$550 were to be written off.

(a) Calculate the provision for irrecoverable debts at 31 March 2019.

(1)

$$(15,550 - 550) \times 10\% = \$1,500$$

(b) Prepare the provision for irrecoverable debts account for the year ended 31 March 2019. Balance the account on that date and bring the balance down on 1 April 2019.

(4)

Provision for Irrecoverable Debts Account

Date	Details	\$	Date	Details	\$
			1/4/18	Balance b/f	1250
31/3/19	Balance c/d	1500	31/3/19	Income statement	250
		1500			1500
			1/4/19	Balance b/d	1500

(Total for Question 13 = 5 marks)

1
1

2

Question number	Answer	Mark
13(a)	Award 1 mark as indicated. \$1 500 (1)	(1)

Question number	Answer AO2(4)	Mark																														
13(b)	<p>Award 1 mark for correct date, details and amounts in combination.</p> <p style="text-align: center;">Provision for Irrecoverable Debts Account</p> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>31 March 2019</td><td>Balance c/d</td><td>1 500</td><td>1 April 2018</td><td>Balance b/d</td><td>1 250 (1)</td></tr><tr><td></td><td></td><td></td><td>31 March 2019</td><td>Income statement</td><td>250 (1of)</td></tr><tr><td></td><td></td><td><u>1 500</u></td><td></td><td></td><td><u>1 500</u></td></tr><tr><td></td><td></td><td></td><td>1 April 2019</td><td>Balance b/d</td><td>1 500 (2/1of)</td></tr></table>	Date	Details	\$	Date	Details	\$	31 March 2019	Balance c/d	1 500	1 April 2018	Balance b/d	1 250 (1)				31 March 2019	Income statement	250 (1of)			<u>1 500</u>			<u>1 500</u>				1 April 2019	Balance b/d	1 500 (2/1of)	(4)
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TOTAL FOR QUESTION 13 = 5 MARKS



Marking activity Q13 Script 2

Neha maintains a provision for irrecoverable debts at 10% of trade receivables.

At 31 March 2019 irrecoverable debts of \$550 were to be written off.

(a) Calculate the provision for irrecoverable debts at 31 March 2019.

(1)

$$= 1550 - 550 = 1000$$

$$= 1000 \times 10\% = 100$$

(b) Prepare the provision for irrecoverable debts account for the year ended 31 March 2019. Balance the account on that date and bring the balance down on 1 April 2019.

(4)

Provision for Irrecoverable Debts Account

Date	Details	\$	Date	Details	\$
31 MAR 19	Income statement	1150	1 APR 19	balance b/f	1250
31 MAR 19	balance c/d	100			
		1250			1250
			1 APR 19	balance b/d	100

(Total for Question 13 = 5 marks)

Question number	Answer	Mark
13(a)	Award 1 mark as indicated. \$1 500 (1)	(1)

Question number	Answer AO2(4)	Mark																														
13(b)	<p>Award 1 mark for correct date, details and amounts in combination.</p> <p style="text-align: center;">Provision for Irrecoverable Debts Account</p> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>31 March 2019</td><td>Balance c/d</td><td>1 500</td><td>1 April 2018</td><td>Balance b/d</td><td>1 250 (1)</td></tr><tr><td></td><td></td><td></td><td>31 March 2019</td><td>Income statement</td><td>250 (1of)</td></tr><tr><td></td><td></td><td><u>1 500</u></td><td></td><td></td><td><u>1 500</u></td></tr><tr><td></td><td></td><td></td><td>1 April 2019</td><td>Balance b/d</td><td>1 500 (2/1of)</td></tr></table>	Date	Details	\$	Date	Details	\$	31 March 2019	Balance c/d	1 500	1 April 2018	Balance b/d	1 250 (1)				31 March 2019	Income statement	250 (1of)			<u>1 500</u>			<u>1 500</u>				1 April 2019	Balance b/d	1 500 (2/1of)	(4)
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TOTAL FOR QUESTION 13 = 5 MARKS



Marking activity Q13 Script 2

Neha maintains a provision for irrecoverable debts at 10% of trade receivables.

At 31 March 2019 irrecoverable debts of \$550 were to be written off.

(a) Calculate the provision for irrecoverable debts at 31 March 2019.

(1)

$$= 1550 - 550 = 1000$$

$$= 1000 \times 10\% = 100$$

(b) Prepare the provision for irrecoverable debts account for the year ended 31 March 2019. Balance the account on that date and bring the balance down on 1 April 2019.

(4)

Provision for Irrecoverable Debts Account

Date	Details	\$	Date	Details	\$
31 MAR 19	Income statement	100	1 APR 19	balance b/f	1250
31 MAR 19	balance c/d	100			
		1250			1250
			1 APR 19	balance b/d	100

(Total for Question 13 = 5 marks)

Question number	Answer	Mark
13(a)	Award 1 mark as indicated. \$1 500 (1)	(1)

Question number	Answer AO2(4)	Mark																														
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TOTAL FOR QUESTION 13 = 5 MARKS



Marking activity Q13 Script 3

Neha maintains a provision for irrecoverable debts at 10% of trade receivables.

At 31 March 2019 irrecoverable debts of \$550 were to be written off.

(a) Calculate the provision for irrecoverable debts at 31 March 2019.

(1)

$$(15500 - 550) \times 10\% \quad (15500 - 550) \times 10\%$$

$$14950 \times 10\% = 15000 \times 10\% = 1500$$

(b) Prepare the provision for irrecoverable debts account for the year ended 31 March 2019. Balance the account on that date and bring the balance down on 1 April 2019.

(4)

Provision for Irrecoverable Debts Account

Date	Details	\$	Date	Details	\$
			1 April 2019	Balance b/d	1250
31 March 2019	Balance c/d	2750	31 March 2019	Income statement	1500
		2750			2750
			1 April 2019	Balance b/d	2750

(Total for Question 13 = 5 marks)

Question number	Answer	Mark
13(a)	Award 1 mark as indicated. \$1 500 (1)	(1)

Question number	Answer AO2(4)	Mark																														
13(b)	<p>Award 1 mark for correct date, details and amounts in combination.</p> <p style="text-align: center;">Provision for Irrecoverable Debts Account</p> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>31 March 2019</td><td>Balance c/d</td><td>1 500</td><td>1 April 2018</td><td>Balance b/d</td><td>1 250 (1)</td></tr><tr><td></td><td></td><td></td><td>31 March 2019</td><td>Income statement</td><td>250 (1of)</td></tr><tr><td></td><td></td><td><u>1 500</u></td><td></td><td></td><td><u>1 500</u></td></tr><tr><td></td><td></td><td></td><td>1 April 2019</td><td>Balance b/d</td><td>1 500 (2/1of)</td></tr></table>	Date	Details	\$	Date	Details	\$	31 March 2019	Balance c/d	1 500	1 April 2018	Balance b/d	1 250 (1)				31 March 2019	Income statement	250 (1of)			<u>1 500</u>			<u>1 500</u>				1 April 2019	Balance b/d	1 500 (2/1of)	(4)
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TOTAL FOR QUESTION 13 = 5 MARKS



Marking activity Q13 Script 3

Neha maintains a provision for irrecoverable debts at 10% of trade receivables.

At 31 March 2019 irrecoverable debts of \$550 were to be written off.

(a) Calculate the provision for irrecoverable debts at 31 March 2019.

(1)

$$(15550 - 550) \times 10\% \quad (15550 - 550) \times 10\%$$

$$15000 \times 10\% = 15000 \times 10\% = 1500$$

(b) Prepare the provision for irrecoverable debts account for the year ended 31 March 2019. Balance the account on that date and bring the balance down on 1 April 2019.

(4)

Provision for Irrecoverable Debts Account

Date	Details	\$	Date	Details	\$
			1 April 2019	Balance b/d	1250
31 March 2019	Balance c/d	2750	31 March 2019	Income statement	1500
		2750			2750
			1 April 2019	Balance b/d	2750

(Total for Question 13 = 5 marks)

Question number	Answer	Mark
13(a)	Award 1 mark as indicated. \$1 500 (1)	(1)

Question number	Answer AO2(4)	Mark																														
13(b)	<p>Award 1 mark for correct date, details and amounts in combination.</p> <p style="text-align: center;">Provision for Irrecoverable Debts Account</p> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>31 March 2019</td><td>Balance c/d</td><td>1 500</td><td>1 April 2018</td><td>Balance b/d</td><td>1 250 (1)</td></tr><tr><td></td><td></td><td></td><td>31 March 2019</td><td>Income statement</td><td>250 (1of)</td></tr><tr><td></td><td></td><td><u>1 500</u></td><td></td><td></td><td><u>1 500</u></td></tr><tr><td></td><td></td><td></td><td>1 April 2019</td><td>Balance b/d</td><td>1 500 (2/1of)</td></tr></table>	Date	Details	\$	Date	Details	\$	31 March 2019	Balance c/d	1 500	1 April 2018	Balance b/d	1 250 (1)				31 March 2019	Income statement	250 (1of)			<u>1 500</u>			<u>1 500</u>				1 April 2019	Balance b/d	1 500 (2/1of)	(4)
Date	Details	\$	Date	Details	\$																											
31 March 2019	Balance c/d	1 500	1 April 2018	Balance b/d	1 250 (1)																											
			31 March 2019	Income statement	250 (1of)																											
		<u>1 500</u>			<u>1 500</u>																											
			1 April 2019	Balance b/d	1 500 (2/1of)																											

TOTAL FOR QUESTION 13 = 5 MARKS



Levels-based questions

Discuss the need for a partnership to prepare different accounts from those prepared by a sole trader. (6)

Question number	Indicative content		Mark
2(e)	<ul style="list-style-type: none"> Partners must share the profits/losses, so they must prepare the appropriation accounts to show the share of profit/loss. Being partners, they may be entitled to interest on capital, drawings and interest on drawings, salaries etc so they must prepare the current account to show what business owes to them and what they owe to business. Being partners the drawings and profit share is not adjusted to the capital account so they must show the capital and current account separately in the statement of financial position. <p>The indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.</p>		(6)
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1 - 2	Some understanding of the accounting principles demonstrated but explanation has not been developed adequately.	
Level 2	3 - 4	Good understanding of the accounting principles demonstrated with a developed explanation but with limited evidence to support response.	
Level 3	5 - 6	Excellent understanding of the accounting principles demonstrated with a well-developed explanation with sufficient evidence to fully support response.	



Candidate 1

Discuss the need for a partnership to prepare different accounts from those prepared by a sole trader. (6)

Student answer:

A partnership is different from a sole trader as in a partnership the profit has to be shared and would include interest on drawings, interest on capital and salaries.

Question number	Indicative content	Mark
2(e)	<ul style="list-style-type: none"> Partners must share the profits/losses, so they must prepare the appropriation accounts to show the share of profit/loss. Being partners, they may be entitled to interest on capital, drawings and interest on drawings, salaries etc so they must prepare the current account to show what business owes to them and what they owe to business. Being partners the drawings and profit share is not adjusted to the capital account so they must show the capital and current account separately in the statement of financial position. <p>The indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.</p>	(6)
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1 - 2	Some understanding of the accounting principles demonstrated but explanation has not been developed adequately.
Level 2	3 - 4	Good understanding of the accounting principles demonstrated with a developed explanation but with limited evidence to support response.
Level 3	5 - 6	Excellent understanding of the accounting principles demonstrated with a well-developed explanation with sufficient evidence to fully support response.



Candidate 2

Discuss the need for a partnership to prepare different accounts from those prepared by a sole trader. (6)

Student answer:

As a sole trader only he/she contributes capital, takes out drawings, however in a partnership each partner may contribute different amounts of capital. Therefore a capital and current account for each partner needs to be prepared to know the amount the partnership owes them. A sole trader does not need these as they receive all the business profits. However in a partnership, the profits need to be shared according to the PSR, so the partnership needs to prepare an appropriation account.

Question number	Indicative content	Mark
2(e)	<ul style="list-style-type: none"> Partners must share the profits/losses, so they must prepare the appropriation accounts to show the share of profit/loss. Being partners, they may be entitled to interest on capital, drawings and interest on drawings, salaries etc so they must prepare the current account to show what business owes to them and what they owe to business. Being partners the drawings and profit share is not adjusted to the capital account so they must show the capital and current account separately in the statement of financial position. <p>The indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.</p>	(6)
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1 - 2	Some understanding of the accounting principles demonstrated but explanation has not been developed adequately.
Level 2	3 - 4	Good understanding of the accounting principles demonstrated with a developed explanation but with limited evidence to support response.
Level 3	5 - 6	Excellent understanding of the accounting principles demonstrated with a well-developed explanation with sufficient evidence to fully support response.



Candidate 3

Discuss the need for a partnership to prepare different accounts from those prepared by a sole trader. (6)

Student answer:

A partnership has 2 or more owners, so will require a capital account for each showing the amount each partner has invested. A partnership has an agreement showing how profits should be split and whether there are eg interest on capital and drawings/salary etc so after preparing the Income Statement a partnership must prepare an appropriation account showing how the profits have been distributed according to the partnership agreement. A sole trader does not need this as all the profits are theirs. The amounts due to each partner in the appropriation account are then transferred to their current accounts, a division of their capital accounts, showing how much is either owed to them, or owed by them. For a sole trader their capital account will only show their profit and any drawings.

Question number	Indicative content	Mark
2(e)	<ul style="list-style-type: none"> Partners must share the profits/losses, so they must prepare the appropriation accounts to show the share of profit/loss. Being partners, they may be entitled to interest on capital, drawings and interest on drawings, salaries etc so they must prepare the current account to show what business owes to them and what they owe to business. Being partners the drawings and profit share is not adjusted to the capital account so they must show the capital and current account separately in the statement of financial position. <p>The indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.</p>	(6)
Level	Mark	Descriptor
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Level 3	5 - 6	Excellent understanding of the accounting principles demonstrated with a well-developed explanation with sufficient evidence to fully support response.



Levels-based questions

Looking at the same question:

- Discuss the need for a partnership to prepare different accounts from those prepared by a sole trader.

Decide which of the two scripts on each of the following screens is best.



Exemplar marking activity

Script 1

(e) Discuss the need for a partnership to prepare different accounts from those prepared by a sole trader.

(6)

They need to show how profits were shared amongst the partners thus will need to prepare an appropriation account - will need to record Interest on capital, Interest on drawings, Drawing, salaries and share of profits - thus will prepare current A/c for each of the partners. The statement of financial position will have two sections for equity - one showing the fixed capital each partner invested in the business - the other showing the balances on the current accounts of each partner. The partnership therefore would prepare two capital accounts - one for fixed capital ^{for each partner} - and an extension to that account ^{ie} the current accounts for each partner.

Script 2

(6)

The Partnership has many other accounts compared to a sole trader such as current account, this account records the interest on drawing, ^{Interest on} bank loan and Interest on capital to evaluate the earning of each partner. Also a capital account is also made to record the investment made. The capital and current account are made separate so they can calculate the earning and profit of each partner separately. Also an appropriation account is also made to subtract Interest on drawing and capital and salaries of each partner from the net profit then the profit and loss can be shared equally among the partners. This entire format is very important and different from a sole trader.



Exemplar marking activity

Script 3

Since, In Partnership there is 2-20 partners but in sole trade business is only one. The business has to prepare different accounts to know how much capital each partner contributed. How much interest was charged when the person took money for personal use from the business. And the account is need because not all partners receive salary to business so the partnership business needs to know which partner received a salary. and it must also to know how much profit was shared among the partners.

Script 4

Whereas a sole trader only needs to accounting records for payables and receivables, which in itself is unnecessary, it is important for a partnership to have them. For starters, because of the allowance of 2-20 partners in a partnership, accounting records are important so that all partners are up to date with the condition of the business. Accounting records are also important in a partnership, in order to test liquidity of the business. Unlike a sole tradership, there is a lot more at risk if the business were to go into bankruptcy, as more than one person are involved. ~~# is also~~ Lastly, it is important for a partnership to have accounting records, so that the terms of the deed of partnership can be adhered to, such as the ratio at which they share profits.



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