T Level Technical Qualification in Accounting

Mark Scheme (Results)

Summer 2024

Paper 2: Application of Accounting

Accounting Paper 2: Application of Accounting – MarkScheme

General Marking Guidance

● All students must receive the same treatment. Examiners must mark the first student in exactly the same way as they mark the last.

● Mark schemes should be applied positively. Students 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.

● 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. Examiners should also be prepared to award zero marks if the student's response is not rewardable according to the mark scheme.

● Where judgement is required, a mark scheme will provide the principles by which marks will be awarded.

● When examiners are in doubt regarding the application of the mark scheme to astudent's response, a senior examiner should be consulted.

● Crossed out work should be marked unless the student has replaced it with an alternative response.

● Accept incorrect/phonetic spelling (as long as the term is recognisable) unless instructed otherwise.

Points-Based Mark Scheme Guidance

Points-based mark schemes are made up of:

1) **Mark scheme rubric**
   A mark scheme rubric instructs an examiner as to how each mark is awarded.

2) **Example Responses**
   These demonstrate the type of acceptable responses that a student might provide and where each mark is awarded.

3) **Additional marking Guidance**
   This informs examiners about any parameters which should be applied e.g. 'accept any other appropriate/alternative responses.'

Applying the points-based mark scheme guidance

Examiners should follow the mark scheme rubric and use the example responses as a guide for the relevance and expectation of the responses. Students must be credited for any appropriate response. Should candidates provide answers that meet the rubric but in an alternative order, credit should be given.

Levels-Based Mark Scheme Guidance

Levels-based mark schemes (LBMS) have been designed to assess students' work holistically. Theyconsist of two parts:

1) **Indicative content**
   Indicative content reflects content-related points that a student might make but is not an exhaustive list. Nor is it a model answer. Students may make some or none of the points included in the indicative content as its purpose is as a guide for the relevance and expectationof the responses. Students must be credited for any appropriate response.

2) **Levels-based descriptors**
   Each level is made up of a number of traits which when combined together articulate the quality of response that a student needs to demonstrate. The traits progress across the levelsto demonstrate the different expectations of each level. When using a levels-based mark scheme, the 'best fit' approach should be used.

Applying the levels-based descriptors

Examiners should take a 'best fit' approach to determining the mark.

- Examiners should first make a holistic judgement on which level most closely matches the student's response. Students will be placed in the level that best describes their answer. Answers can display characteristics from more than one level, and where this happens markersmust use any additional guidance (e.g. weighting of traits) and their professional judgement to decide which level is most appropriate.

- The mark awarded within the level will be decided based on the quality of the answer and willbe modified according to how securely all traits are displayed at that level:

    - Marks will be awarded at the top of that level if the student has evidenced each of thedescriptor traits securely.

    - Where the response does not securely meet all traits, the marks should be awardedbased on how closely the descriptor has be

Section A Question

Question Number	Answer	Mark
1	Award **one** mark for any of the following protected characteristics • sex (1) • age (1) • disability (1) • religion or belief (1) • marriage or civil partnership (1) • gender reassignment (1) • pregnancy and maternity (1) • race (1) • sexual orientation (1)	1

Question Number	Answer	Mark
2	Award **one** mark for each process up to **two** marks: • passwords (1) • firewalls (1) • digital certificates (1) • file permissions / access levels (1) • file encryption (1) • use of external servers (1) • avoiding the use of insecure internet connection (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
3	Award **one** mark for a purpose and **one** marks for expansion up to a maximum of **two** marks: • To control what information is held about an individual (1) and to ensure that the information is used lawfully and fairly (1) • To ensure that information held is accurate (1) so that customers are treated fairly (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
4	Award **one** mark for a correct purpose The Companies Act 2006 provided legislation that governs companies in the UK in just about every way a company is managed, run and financed.	1

Question Number	Answer	Mark
5	Award **one** mark for a duty and **one** mark for an appropriate linked justification/expansion up to a maximum of **two** marks. • to consider the interests of employees (1) so that health and safety is being adhered to (1) • to consider the environment (1) by enforcing policies to minimise any damage to the environment (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
6	Award **one** mark for each reason and **one** mark for each linked expansion up to a maximum of **four** marks. • an offer (1) which is an expression of willingness to contract on specific terms (1) • acceptance of the offer (1) which is a final and unqualified expression of assent to the terms of an offer. (1) • intention to be legally bound / intention to create legal relations (1) ie the parties must intend their agreement to be legally binding. (1) • consideration (1) "something of value" which is given for a promise and is required in order to make the promise enforceable as a contract. (1) Accept any other appropriate/alternative responses.	4

Question Number	Answer	Mark
7	Students might refer to some/all of the following in their responses, but students should be rewarded for other pertinent contextualised answers: • Wallis & Crawford Accountants will retain a new client which will lead to increased income from future fees. • Michael is a successful businessman and has sold a business for £250 000, meaning it is probably/likely that the money in cash is from legitimate means and there will not be any legal consequence to Wallis & Crawford. • Michael owns successful businesses in the local area and may recommend Wallis & Crawford to others, resulting in more revenue. • Michael declined to verify where the money was from, posing a risk to Wallis & Crawford who could be handling criminal property and face legal repercussions. • Wallis & Crawford face a legal risk as the money could be connected to money laundering. • Wallis & Crawford face a reputational risk if the money is found to have been linked to crime. • Anthony will be potentially compromising his professional ethics by accepting the cash without undertaking due diligence. • The company will need to prepare a Suspicious Activity Report and submit this to the National Crime Agency. Failure to do so could result in a charge under the Proceeds of Crime Act for money laundering. Accept any other appropriate/alternative responses. Answers will only be accepted if linked to or qualified with information from the context of the question.	6

Level	Mark	Descriptor - Discuss 6 marks ALL traits carry equal weighting
0	0	• No rewardable material.
1	1 - 2	• Demonstrates a basic analysis of the situation by superficially breaking down the different aspects into their component parts (AO3a). • Demonstrates basic application of knowledge and understanding that is partially relevant to the context of the question (AO2).
2	3 - 4	• Demonstrates a good analysis of the situation by breaking down the different aspects into their component parts (AO3a). • Demonstrates good application of knowledge and understanding that is relevant to the context of the question (AO2).
3	5 – 6	• Demonstrates a thorough analysis of the situation by comprehensively breaking down the different aspects into their component parts (AO3a).

		• Demonstrates comprehensive application of knowledge and understanding that is consistently relevant to the context of the question (AO2).

Question Number	Answer	Mark
8a	Award **one** mark for explaining the ethical principle, and **one** mark for an appropriate linked expansion. Integrity (1) Door to Door plc is not acting with honesty or due diligence by reporting that inspections have been taking place on their company reports (1) • Professional competence and due care (1) has the company providing inadequate or potentially falsified information that is not in accordance with professional standards (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
8b	Award **one** mark for the importance of a code of conduct, and **one** mark for an appropriate linked expansion. • It will allow the company to monitor its processes as set out in the code of practice (1) that can be used to fix any issues or problems identified to ensure the integrity of the business and its dealings with suppliers and employees (1) • It can protect the company's image and reputation (1) to ensure that staff and third-parties are aware of their procedures and can be seen to be working within regulations and governance (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
8c	Award **one** mark for a benefit and **one** mark for justification/expansion • this will result in a reduction in tariffs charged on goods being exported to overseas countries (1) lowering the price paid by buyers abroad (1) • when importing from overseas countries to the UK, tariffs will be reduced (1) lowering costs to importers (1	2

	• goods crossing international borders will face less delays (1) because the need for inspections and checking of paperwork will be reduced (1) Accept any other appropriate/alternative responses.	

Question Number	Answer	Mark
8d	Award **one** mark for a benefit **one** mark for justification/expansion and one mark for further expansion This will enable the business to maintain good relations with its suppliers (1) which can result in more favourable business terms(1) increasing profitability (1) Accept any other appropriate/alternative responses.	3
Question Number	Answer	Mark
8e	Students might refer to some/all of the following in their responses, but students should be rewarded for other pertinent contextualised answers: Advantages of having a risk management strategy: • will help develop procedures to reduce risk • develops a plan to control risk • protects against loss that may be experienced importing and exporting goods to different countries • looks at the issues before they arise, so Door to Door plc can put procedures in place before they become a problem • sets a reminder to monitor risk regularly • improves company reputation if risks are managed, which can result in attracting customers • Provides an analysis of the companies strengths and weaknesses • Develops a culture of communication and discussions around risk, staff may feel more comfortable discussing issues they have identified or concerned about Disadvantages for having a risk management strategy: • must follow the procedures set into place, allows for less innovation as these must be followed at all times • complex procedures could be costly to introduce and these costs these may be passed onto customers • risk management strategies can only reduce risks, not reduce them completely • understatement of risks, the company may not understand the true cost of the eventual loss • The effectiveness of the system depends on whether staff are adhering to strategies identified • failure to effectively communicate information to staff	9

	Accept any other appropriate/alternative responses. Answers will only be accepted if linked to or qualified with information from the context of the question.	

Level	Mark	Descriptor – Discuss 9 marks ALL traits carry equal weighting
0	0	• No rewardable material.
1	1 - 3	• Demonstrates a basic analysis of the situation by superficially breaking down the different aspects into their component parts (AO3a). • Demonstrates basic application of knowledge and understanding that is partially relevant to the context of the question (AO2). • Demonstrates a basic evaluation which partially considers different factors/events and competing points, leading to a conclusion which is superficial or unsupported (AO3b).
2	4 - 6	• Demonstrates a good analysis of the situation by breaking down the different aspects into their component parts (AO3a). • Demonstrates good application of knowledge and understanding that is relevant to the context of the question (AO2). • Demonstrates a good evaluation which considers different factors/events and competing points, leading to a conclusion which is partially supported (AO3b).
3	7 - 9	• Demonstrates a thorough analysis of the situation by comprehensively breaking down the different aspects into their component parts (AO3a). • Demonstrates comprehensive application of knowledge and understanding that is consistently relevant to the context of the question (AO2). • Demonstrates a thorough evaluation which comprehensively considers different factors/events and competing points, leading to a conclusion which is well supported (AO3b).

Question Number	Answer	Mark
9a	Award **one** mark for each example up to **two** marks. • updating their skills (1) • updating their knowledge (1) • continuous professional development (1) • gaining additional qualifications (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
9b	Award **one** mark for a reason, one mark for linked expansion, and one mark for a further expansion up to **three** marks. • being alert to any misstatement of factual information (1) due to error or fraud (1) enabling correct decisions to be taken (1) • the need for a questioning attitude (1) this allows for a robust challenge where appropriate (1) and corrective action to be taken (1) • to ensure they maintain their professional ethics (1) to remain objective and independent (1) safeguarding their reputation (1) Accept any other appropriate/alternative responses.	3

Question Number	Answer	Mark
9 c	Students might refer to some/all of the following in their responses, but students should be rewarded for other pertinent contextualised answers: Implications for Hunter and Lincoln: • legal issues if the irregularities lead to non-compliance with financial regulations • the businesses reputation may be damaged resulting in a loss of customers. • they may not be displaying integrity which is one of the fundamental principles of being an accountant Implications for the client business: • incorrect decision making which can negatively affect the businesses day to day operations • overestimating revenue can result in overspending, while underestimating liabilities can lead to insufficient reserves. • errors in financial reporting can misrepresent the company's cash position, leading to cash flow problems and financial instability. This can affect the company's ability to meet its financial obligations, such as paying suppliers and employees on time. • non-compliance with regulatory standards due to inaccurate reporting can result in hefty fines and penalties from regulatory bodies. • Their reputation and credibility can suffer significantly if stakeholders lose trust in the accuracy of its financial reports. This can lead to a loss of investor confidence, reduced market value, and difficulty in raising capital.	9

	Accept any other appropriate/alternative responses. Answers will only be accepted if linked to or qualified with information from the context of the question.	

Level	Mark	Descriptor – Assess 9 marks ALL traits carry equal weighting
0	0	• No rewardable material.
1	1 - 3	• Demonstrates a basic analysis of the situation by superficially breaking down the different aspects into their component parts (AO3a). • Demonstrates basic application of knowledge and understanding that is partially relevant to the context of the question (AO2). • Demonstrates a basic evaluation which partially considers different factors/events and competing points, leading to a conclusion which is superficial or unsupported (AO3b).
2	4 - 6	• Demonstrates a good analysis of the situation by breaking down the different aspects into their component parts (AO3a). • Demonstrates good application of knowledge and understanding that is relevant to the context of the question (AO2). • Demonstrates a good evaluation which considers different factors/events and competing points, leading to a conclusion which is partially supported (AO3b).
3	7 - 9	• Demonstrates a thorough analysis of the situation by comprehensively breaking down the different aspects into their component parts (AO3a). • Demonstrates comprehensive application of knowledge and understanding that is consistently relevant to the context of the question (AO2). • Demonstrates a thorough evaluation which comprehensively considers different factors/events and competing points, leading to a conclusion which is well supported (AO3b).

Question Number	Answer	Mark
9d	Students might refer to some/all of the following in their responses, but students should be rewarded for other pertinent contextualised answers: • Why they should ○ future growth opportunity if they should take on this client ○ increase in profits and profits share to partners so they will keen to take on the new client ○ Hunter & Lincoln will have the ability to hire new staff or identify new training opportunities, expansion of their current team will be required to ensure a robust service can be provided • Why they should not ○ could face charges of fraud if information is in fact mis-represented, Hunter & Lincoln could be considered implicit	12

	in illegal activity if they were to take on the client without due diligence ○ Could result in no longer being able to act as auditors or accountants as licence being revoked, this will be the case if they are found to be accepting falsified accounting information ○ Will damage their reputation and this will impact on their current and future clients who may remove their services from Hunter & Lincoln Conclusion The conclusion should be based on the student's own analysis and applied knowledge and understanding provided. It will draw on the evidence provided by the candidate to come to a supported judgement. Accept any other appropriate/alternative responses. Answers will only be accepted if linked to or qualified with information from the context of the question.	

Level	Mark	Descriptor – Evaluate 12 marks ALL traits carry equal weighting
0	0	• No rewardable material.
1	1 - 4	• Demonstrates a basic analysis of the situation by superficially breaking down the different aspects into their component parts (AO3a). • Demonstrates basic application of knowledge and understanding that is partially relevant to the context of the question (AO2). • Demonstrates a basic evaluation which partially considers different factors/events and competing points, leading to a conclusion which is superficial or unsupported (AO3b).
2	5 - 8	• Demonstrates a good analysis of the situation by breaking down the different aspects into their component parts (AO3a). • Demonstrates good application of knowledge and understanding that is relevant to the context of the question (AO2). • Demonstrates a good evaluation which considers different factors/events and competing points, leading to a conclusion which is partially supported (AO3b).
3	9 - 12	• Demonstrates a thorough analysis of the situation by comprehensively breaking down the different aspects into their component parts (AO3a). • Demonstrates comprehensive application of knowledge and understanding that is consistently relevant to the context of the question (AO2). • Demonstrates a thorough evaluation which comprehensively considers different factors/events and competing points, leading to a conclusion which is well supported (AO3b).

Question Number	Answer	Mark
10a	Award **one** mark for each purpose and **one** mark for relevant expansion up to a maximum of **four** marks. ○ A cash flow forecast enables a business to identify when short-term finance is required (1) so that this is in place when needed (1) ○ This information would be required if he is looking to secure a bank loan in the future (1) potential lenders will require evidence that the loan repayments are affordable to the borrower (1) ○ it allows the business to estimate their inflows and outflows (1) allowing for important business decision making (1) Accept any other appropriate/alternative responses.	4
Question Number	Answer	Mark
10b	Award **one** mark for the difference **one** mark for expansion and **one** mark for further expansion up to a maximum of **three** marks: • Information is based on facts (1) whereas advice is typically a recommendation that is not always based on facts (1) which could be influenced by personal bias (1) Accept any other appropriate/alternative responses.	3

Question Number	Answer	Mark
10 c	Students might refer to some/all of the following in their responses, but students should be rewarded for other pertinent contextualised answers: • stakeholders play an essential role in a company's success because they provide the capital or revenue necessary for business operations. • financial statements play a crucial role in assessing the financial health and performance of a company. • they provide valuable information to stakeholders such as investors, lenders, and managers, helping them make informed decisions about investment opportunities, creditworthiness, and strategic planning.	9

	• financial statements will show the overall financial health of the business and advise stakeholders the amount the business owns and is owed, as well as the amount shareholders have invested. • financial statements provide stakeholders with insights into project costs, revenue, profitability, and cash flow, enabling them to assess the financial health of projects. • financial statements can help to improve the reputation and credibility of the business which can improve investor confidence leading to an increase in market price and opportunities to raise finance. Accept any other appropriate/alternative responses. Answers will only be accepted if linked to or qualified with information from the context of the question.	

Level	Mark	Descriptor – Assess 9 marks ALL traits carry equal weighting
0	0	• No rewardable material.
1	1 - 3	• Demonstrates a basic analysis of the situation by superficially breaking down the different aspects into their component parts (AO3a). • Demonstrates basic application of knowledge and understanding that is partially relevant to the context of the question (AO2). • Demonstrates a basic evaluation which partially considers different factors/events and competing points, leading to a conclusion which is superficial or unsupported (AO3b).
2	4 - 6	• Demonstrates a good analysis of the situation by breaking down the different aspects into their component parts (AO3a). • Demonstrates good application of knowledge and understanding that is relevant to the context of the question (AO2). • Demonstrates a good evaluation which considers different factors/events and competing points, leading to a conclusion which is partially supported (AO3b).
3	7 - 9	• Demonstrates a thorough analysis of the situation by comprehensively breaking down the different aspects into their component parts (AO3a). • Demonstrates comprehensive application of knowledge and understanding that is consistently relevant to the context of the question (AO2). • Demonstrates a thorough evaluation which comprehensively considers different factors/events and competing points, leading to a conclusion which is well supported (AO3b).

Question Number		Mark
10 d	Students might refer to some/all of the following in their responses, but students should be rewarded for other pertinent contextualised answers: Option 1: Rent a larger shop at £1 100 per month. • Any potential cash will be used on rent rather than securing a mortgage and ownership of a property • A larger premises enables Terry to better display products for customers • It would enable him to provide a wider range of trains/models for different customer needs • Higher business rates for larger premises, increasing cash outflows • A larger location is likely to have higher utility bills, increasing cash outflows • New location may not be suitable for existing customers, does it have parking/transportation links • Potential that sales prices will need to increase to afford rent and sustain a good profit overall Option 2: Extend his business by selling his model trains online. • Potential to expand business to customers from further away from his shop's physical location • Increasing trend towards online shopping • Costs of packaging, postage and delivery – environmental effect of extra materials • An online shop can be open 24/7 – customers can buy at any time • Costs some funds to host a website, along with any additional security needed to ensure information remains secure • He would not need to pay any additional rent on top of his current store location – save £300 in comparison. Conclusion The conclusion should be based on the student's own analysis and applied knowledge and understanding provided. It will draw on the evidence provided by the candidate to come to a supported judgement. Accept any other appropriate/alternative responses. Answers will only be accepted if linked to or qualified with information from the context of the question.	12

Level	Mark	Descriptor – Evaluate 12 marks ALL traits carry equal weighting
0	0	• No rewardable material.
1	1 - 4	• Demonstrates a basic analysis of the situation by superficially breaking down the different aspects into their component parts (AO3a). • Demonstrates basic application of knowledge and understanding that is partially relevant to the context of the question (AO2). • Demonstrates a basic evaluation which partially considers different factors/events and competing points, leading to a conclusion which is superficial or unsupported (AO3b).
2	5 - 8	• Demonstrates a good analysis of the situation by breaking down the different aspects into their component parts (AO3a). • Demonstrates good application of knowledge and understanding that is relevant to the context of the question (AO2). • Demonstrates a good evaluation which considers different factors/events and competing points, leading to a conclusion which is partially supported (AO3b).
3	9 - 12	• Demonstrates a thorough analysis of the situation by comprehensively breaking down the different aspects into their component parts (AO3a). • Demonstrates comprehensive application of knowledge and understanding that is consistently relevant to the context of the question (AO2). • Demonstrates a thorough evaluation which comprehensively considers different factors/events and competing points, leading to a conclusion which is well supported (AO3b).

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