T Level Technical Qualification in Accounting

Mark Scheme (Results)

Summer 2024

Paper 2: Application of Accounting

Accounting Paper 2: Application of Accounting – Mark Scheme

General Marking Guidance

- All students must receive the same treatment. Examiners must mark the first studentin exactly the same way as they mark the last.
- Mark schemes should be applied positively. Students must be rewarded for what they haveshown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception ofwhere 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 alwaysaward 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 markswill be awarded.
- When examiners are in doubt regarding the application of the mark scheme to a student'sresponse, a senior examiner should be consulted.
- Crossed out work should be marked **unless** the student has replaced it with an alternativeresponse.
- Accept incorrect/phonetic spelling (as long as the term is recognisable) unless instructedotherwise.

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 responsibilities: • Offer equal opportunities (1) • Pay national minimum wage (1) • Pay national living wage (1) • Provide a contract of employment (1) • Ensure staff are paid (1) • Ensure staff do not work above maximum working hours (1) • Give holiday entitlement (1) • Give parental leave (1) • Avoid discrimination (1) • Protect against bullying (1) • Protect against harassment (1) • Follow health and safety regulations (1) Accept any other appropriate/alternative responses.	1

Question Number	Answer	Mark
2	Award **one** mark for each external user up to **two** marks: • Customers (1) • Suppliers (1) • Government / HMRC (1) • Bank/other lenders (1) • Potential investors (1) • Local community (1) • External auditors (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
3	Award **one** mark for a purpose, **one** mark for expansion and **one** mark for further expansion up to a maximum of **three** marks: • To help shareholders make financial decisions (1) as they are able to analyse the financial health of the business (1) to judge whether they are likely to make a return on the investment (1) • To keep shareholders informed (1) by showing how equity has moved within the business (1) so that they can judge if this is favourable or adverse (1) Accept any other appropriate/alternative responses.	3

Question Number	Answer	Mark
4	Award **two** marks for the correct calculation of capital (equity) 93 370 (2) Award a maximum of **one** mark for any correct stage of the calculation. Assets – liabilities = capital (equity) (1) 125 000 + 12 500 + 25 000 + 9 800 = 172 300 (1) 61 330 + 17 600 = 78 930 (1) 172 300 – 78 930 (1)	2

Question Number	Answer	Mark
5	Award **one** mark for a role and **one** mark for an appropriate linked justification/expansion up to a maximum of **two** marks. • Protects workplace pensions in the UK (1) allowing businesses to effectively contribute to their employees' retirement (1) • To ensure that employers / trustees / pension specialists / business advisers act in the interests of scheme members (1) to maximise the return for those scheme members (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
6	Award **one** mark for the principle and **one** mark for an appropriate linked justification/expansion up to a maximum of **two** marks. • It records the entry of debits and credits (1) for every credit there is a debit / and for every debit there is a credit (1) • That each financial transaction impacts the business in two different ways / two entries must be made when recording each transactions (1) which are recorded in two separate accounts (1) Accept any other appropriate/alternative responses.	2

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: • Pushpa would be accepting a bribe which is illegal under criminal law, resulting in an investigation by police and potential prosecution in a criminal court of law. This could lead to a custodial sentence and/or fine • Aimee is offering a bribe which is illegal under criminal law, resulting in an investigation by police and potential prosecution in a criminal court of law. This could lead to a custodial sentence and/or fine • Removing some of the expenditure will reduce the total expenditure and increase the profit figures, which will be inflated above their true levels • Investors may make the decision to invest in the business because of these false profit figures, and these decisions are based on false information which may result in lower financial returns for these investors • Staff may be happier as they will receive a bonus, more motivated staff may be more productive, helping to improve revenues • It may reduce the likelihood of a bonus the following year as the expenditure may be delayed and have to be reported in the next financial year 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 reputational risk, **one** mark for an appropriate linked expansion, and **one** mark for further expansion. This is when the good name of Albagrow is at risk of being damaged (1) due to actions it did or did not take (1) which could result financial / employee or customer loss (1). Accept any other appropriate/alternative responses.	3

Question Number	Answer	Mark
8b	Award **one** mark for a meaning and **one** mark for justification/expansion and one mark for further expansion, up to a maximum of **three** marks: • The information is useful (1) and shows a factual account of financial transactions (1) to demonstrate the overall health and value of the business (1) • Information is accurate (1) to maintain trust with both external and internal stakeholders (1) and allow for good business decision-making (1) • Information is complete and able to be verified (1) to show the actual financial position of the business (1) to help the users of the accounts make informed decisions. (1) • Albagrow plc must ensure that the accounts remain relevant when adjusting financial years (1) so that users of the accounts can make sense of the financial performance (1) to make more informed decisions (1) Accept any other appropriate/alternative responses.	3

Question Number	Answer	Mark
8c	Award **one** mark for way, **one** mark for an appropriate linked expansion, and **one** mark for further expansion up to a maximum of **three** marks. • Albagrow plc could ensure they pay a fair wage (1)which for the same work is equal to non-migrant workers (1) so that the migrant workers can afford to meet all their basic needs (1) • Introducing an equality and diversity statement / policy / code of practice in the workplace (1) to protect workers from discrimination (1) and avoid unconscious bias (1)	3

	• Albagrow plc could make reasonable adjustments (1) to assist in providing accommodation (1) as the migrants try to settle in a new country(1) Accept any other appropriate/alternative responses.	

Question Number	Answer	Mark
8d	Students might refer to some/all of the following in their responses, but students should be rewarded for other pertinent contextualised answers: Advantages for Albagrow plc of acting responsibly: • improved public opinion as less pesticides are likely to be used • brand image and reputation may improve as the business is diverse and offers equality • increased levels of trust in the local community • continuing customer loyalty as the business respects the law • ability to apply premium pricing because customers are happier to pay more when they know the food is organic • enhanced staff motivation as they are treated fairly • revenue could increase due to a better brand image, helping to improve profitability Implications of acting responsibly: • may result in reduced profitability if costs of the business rise more rapidly than revenues • may result in increased costs as environmentally friendly pesticides are likely to be more expensive • customer loyalty and retention could reduce as they are not willing to pay more for their products Accept any other appropriate/alternative responses. Answers will only be accepted if linked to or qualified with information from the context of the question.	9

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 regulatory change up to **two** marks: • confidentiality clauses (1) • data protection/GDPR (1) • cyber security (1) • money laundering (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
9b	Award **one** mark for identifying each reason, up to **two** marks, and award **one** mark for linked expansion up to **two** marks: • There may be a conflict of interest (1) as BaHu Accountants may mislead the owners with prejudiced information to secure more fees (1) • BaHu Accountants could compromise their financial reporting statements (1) by misleading FICP for financial gain (1) • There is a risk of an accountancy scandal (1) which could damage the reputation of BaHu Accountants (1) • It is not good practice within the industry (1) as it impacts on BaHu Accountants' independence (1) Accept any other appropriate/alternative responses.	4

Question Number	Answer	Mark
9c	Financial Reporting Council (FRC)	1

Question Number	Answer	Mark
9d	Award **one** mark for threat to compliance and **one** mark for linked justification/ expansion**,** a further **one** mark for linked expansion up to a maximum of **three** marks: • Familiarity (1) due to close or personal relationship with his partner (1) therefore he may be too sympathetic towards the interests of HEMC.(1) • Intimidation (1) the email is threatening Peyton's partner's job (1) so Peyton is more likely to share the financial information about the competitor to protect their job (1) • Self-interest (1) Peyton will benefit by sharing the information (1) as their own partner will be more financially secure (1) • Confidentiality (1) as Peyton is being asked to break confidence (1) to share information about one client with another client (1) Accept any other appropriate/alternative responses.	3

Question Number	Answer	Mark

9e	Students might refer to some/all of the following in their responses, but students should be rewarded for other pertinent contextualised answers:
	
	Data analytics
	
	• Positives of Data analytics
	  ○ Can be used internally to reduce costs paid to external agencies
	  ○ Enhanced security in terms of third parties not accessing data when in-house
	  ○ It can streamline operations, reducing the time taken by accountants to analyse financial information
	  ○ It enables BaHu Accounting to keep up to date with technology
	• Negatives of Data analytics
	  ○ Impact on using the four existing employees time and resources
	  ○ Need to understand what anomalies they are looking for in the accounts, which may require training
	  ○ Looking for sudden increases in transactions so close monitoring of all financial activity would need to be undertaken
	  ○ Need to analyse potentially large volumes of data which could be time consuming
	
	AI Software
	
	• Positives of AI Software
	  ○ Could be more accurate and effective as it reduces human error
	  ○ Would reduce impact on existing employee time if it was to be in-house
	  ○ Allows for real-time detection in fraud as it is occurring
	  ○ The software could adapt to what it learns from the data collected
	• Negatives of AI Software
	  ○ Could be costly to the company to upgrade machinery and software
	  ○ Staff would need specific training on how to interact with the AI system
	  ○ Risk of redundancy to existing staff
	  ○ AI does not consider ethical dilemmas and the impact on clients
	
	Conclusion
		12

	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 Ahas elements 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 identifying the purpose of IAS16 and **one** mark for linked expansion: • Prescribes the accounting treatment for non-current assets (1) and only allows for two methods of depreciation (straight-line or reducing balance) (1) • To ensure that non-current assets are recorded at cost (1) in addition to any capitalised allowances (1) • To ensure that the value of the assets owned by the business (1) provides a realistic valuation on the health of the business (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
10b	Award **one** mark for the role and **one** mark for linked expansion. • To ensure that all costs are covered (1) to generate profits (1) • To set a market price (1) to achieve maximum sales / profit (1) Accept any other appropriate/alternative responses.	2

Question Number	Answer	Mark
10c	Award **one** mark for a way, **one** mark for linked expansion and **one** mark for further expansion, up to a maximum of **three** marks: • Help make judgements on the profitability (1) by assessing the revenue generated and the amounts being paid by the business for various expenses (1) enabling them to judge if it a sound investment (1) • It will enable them to complete calculations on profitability (1) such as gross profit margin and net profit margin (1) which could be compared against previous years or competitors (1) Accept any other appropriate/alternative responses.	3

Question Number	Answer	Mark
10d	Award **one** mark for each factor identified and **one** mark for linked expansion. • Seasonality (1) as demand will be uneven across the year (1) • Favourable weather/adverse weather (1) a warmer period may boost sales above expected/colder period may reduce sales below expected (1) • Economic factors (1) economic growth slowing may result in lower than expected quantity of sales (1) • Past sales information (1) – this will enable trends to be identified and included in forecasting (1) Accept any other appropriate/alternative responses.	4

Question Number	Answer	Mark
10e	Award **one** mark for identifying each global impact up to a maximum of **two** marks and **one** mark for each linked expansion up to a maximum of **four** marks: • War (1) – creating difficulty is accessing supplies increasing expenses/costs (1) • Political instability in major trading nations (1) – volatility of financial markets affecting interest rates and or exchange rates (1) • Climate change (1) – impact on outdoor workers health and safety, green initiatives and associated costs (1) • Inflation (1) may result in people having less money available to purchase barbecues reducing sales revenue (1) Accept any other appropriate/alternative responses.	4

Question Number	Answer	Mark
10f	Award **three** marks for the correct answer. • 61 053 units (3 marks for correct BEP) If the answer is incorrect, award **one** mark for each of the following up to **two** marks: Fixed costs / selling price per unit – variable cost per unit OR Fixed costs / contribution per unit (1) 580 000 / (22.00 – 12.50) (1) 22 – 12.50 = 9.50 (1)	3

Question Number	Answer	Mark
10g	Award **two** marks for the correct answer. • 78 947 (2 marks for correct MOS) If the answer is incorrect, award a maximum of **one** mark for the following: Margin of safety = Actual sales volume - Break-even sales volume (1) 140 000 – 61 053 (1)	2

Question Number		Mark
10h	Students might refer to some/all of the following in their responses, but students should be rewarded for other pertinent contextualised answers: The information is based on potential sales as it will assume that all products will be sold. Option 1: **Increase the selling price by 10%** Positives: • Decreases the amount of products needed to be sold, the business can decide to reduce current production or increase their sales volume for a potential larger profit • Increases the margin of safety • Contribution per unit available to spend on overheads will also increase • Increasing the sales price may result in an improved cashflow and less risk in terms of achieving their targets	12

	New break-even point 49 573 units Negatives: • Allows for competition to move into the market • Higher selling price could affect demand • Increase in selling price can alienate loyal or future customers if they are allowing to accept a higher price Option 2: **Reduce the cost of raw materials by 5%** Positives: • Break even point/ output will occur earlier/decrease • The contribution per unit will increase meaning the business will need to sell less • Potential to decrease selling price, attracting new markets Negatives: • Can alienate potential customers who may see the product as being made cheaper or appearing to be a cheaper product • Quality of the product may reduce if cheaper materials are used • Reputational damage if the quality of the barbecue cutlery stations becomes worse • Suppliers may not be happy if this reduces their profit margins 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).

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