T-LEVELS | Institute for Apprenticeships & Technical Education

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number

LL-

Learner ID

T Level Technical Qualification in Accounting (Level 3)

Tuesday 11 June 2024

Morning (Time: 2 hours 30 minutes)

Paper reference **19559**

Core: Examinations

PAPER 1: Business Principles in Accounting

You must have:
A calculator.

Total Marks

Instructions

- Use **black** ink or a ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and Pearson learner ID.
- There are two sections in this question paper. Answer **all** questions in Section A and Section B.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*

Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets
  – *use this as a guide to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

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SECTION A

Answer ALL questions. Write your answers in the spaces provided.

1 Name the main government agency responsible for collecting taxation in the UK.

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(Total for Question 1 = 1 mark)

2 Give **one** way to measure business performance.

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(Total for Question 2 = 1 mark)

3 Give **two** functional areas within the accounting department of a public limited company.

1 .....

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2 .....

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(Total for Question 3 = 2 marks)

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4 Give **two** skills that are needed when producing information for a project.

1 .....

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(Total for Question 4 = 2 marks)

5 Explain **one** reason why it is important to determine the financial needs of an external customer.

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(Total for Question 5 = 3 marks)

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6 Explain **one** role of a project manager.

(Total for Question 6 = 3 marks)

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Rosa Milan works from home preparing year-end tax returns and VAT returns for her clients. Rosa will either collect the necessary financial documents from the client or the client will send the documents using Royal Mail guaranteed special delivery. Rosa has recently read that many accountants are switching to using digital technology tools and software.

7 Discuss the advantages and disadvantages of moving to digital technology for collecting financial documents.

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(Total for Question 7 = 6 marks)

TOTAL FOR SECTION A = 18 MARKS

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SECTION B

Scenario 1

Stars and Stripes is a small partnership that provides alterations and dressmaking services for weddings. Stars and Stripes consists of two partners, Jess and Lily, who work from their homes to save on rent. Both have limited financial knowledge. They have not established any formal sets of accounts and are simply adding a percentage to their costs and charging an hourly rate for the estimated time involved.

Figure 1 shows an extract of Stars and Stripes' Statement of Profit or Loss.

Extract from Statement of Profit or Loss for the year ended 31 March 2023	
	£
Revenue	55 000
Cost of sales	22 000
Insurance	1 000
Utilities	250
Wages	10 000
Advertising	50
Miscellaneous expenses	500
Subtotal of expenses	11 800

Figure 1

Stars and Stripes has purchased two industrial sewing machines and shares a steam iron. Fabric, thread and other dressmaking materials are purchased when required. Stars and Stripes has not made any adjustments to its figures to account for the depreciation of their non-current assets.

Jess and Lily have been asked to provide information on their pricing costs for labour for the business. As they are using estimations, it is unclear if they are under or over charging their customers which can have a detrimental impact on the business's reputation and profit. The accountants will be using this information to prepare a labour and production budget to establish best practice.

Stars and Stripes recognises that in order to gain more clients it needs to invest in advertising and marketing. This will enable the business to target more clients and illustrate the services that can be provided to a potentially growing market. Jess and Lily are considering hiring a web designer in order to ensure that they target the right market to generate future growth. It is estimated that the costs of producing an interactive website and maintenance fees will be £5 000 for the first year.

You must use Scenario 1 to answer questions 8(a) – 8(e).

8 (a) Calculate the profit for the year (net profit) for Stars and Stripes.

(2)

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(b) Explain **one** difference between capital expenditure and revenue expenditure.

(2)

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(c) Explain **one** impact that depreciation will have on the value of non-current assets.

(3)

(d) Assess whether Stars and Stripes should use a business loan to fund the web design costs.

(9)

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(Total for Question 8 =16 marks)

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Scenario 2

Pamper Your Pets Ltd is a medium-sized business that offers a variety of services to pet owners. Within its store the business sells pet supplies including indoor and outdoor pet furniture, pet food and toys. The store also offers a range of services including grooming and veterinary care. The business is VAT registered and employs an accountancy firm to manage taxation. When setting the prices the business was careful to follow UK taxing conventions and has included VAT in its prices. The owners of the business have also noticed on their most recent VAT return that pet food for animals classed as working breeds is zero rated but that canned foods for animals incurs the VAT charge. VAT Notice 701/15, states pet food for working dogs can be zero rated.

Pamper Your Pets Ltd has been established in the local area for a number of years. Sales growth in the pet industry is expected to increase by 13.4% over the next five years. The business has enjoyed being the only pet store in the area with profits increasing year on year. Recently a pet store chain has been researching into the local area and is considering opening one of its chain stores near to Pamper Your Pets Ltd's location.

Pamper Your Pets Ltd has always considered the shareholders/owners in economic decision making as a priority. One of the directors has recently attended a Future Business event on the importance of employee wellbeing.

Figure 2 shows the organisational structure of Pamper Your Pets Ltd.

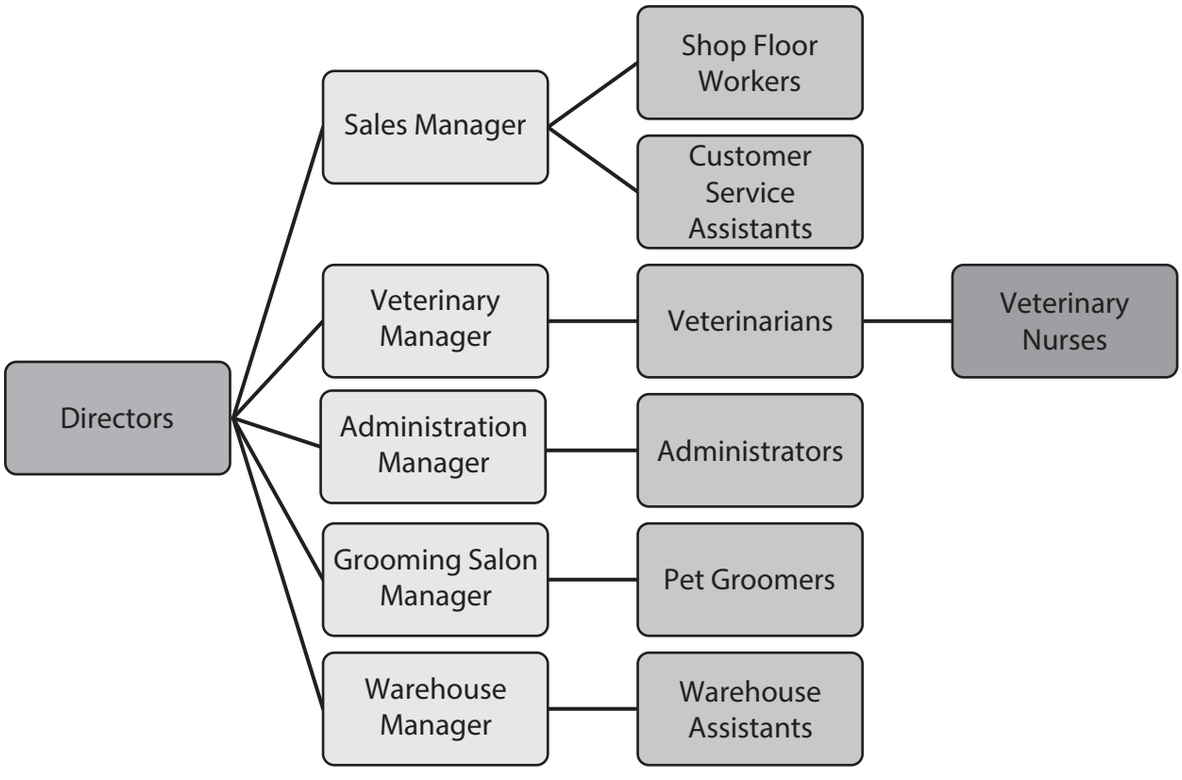


Figure 2

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Figure 3 shows a SWOT analysis produced for Pamper Your Pets Ltd.

Strengths	**Weaknesses**
• veterinary service • grooming service • excellent customer service • wide-range of products	• rising staff wages • rising utility costs • high prices on selected products • limited marketing
Opportunities	**Threats**
• extending services to offer more to clients • growth in online services • future growth in the pet market	• potential competition from high street chain store • fear of economic recession • high rates of inflation

Figure 3

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The business has decided that a long-term business strategy would be extending its services. Two of the services it is considering:

– Dog walking services

– Puppy training classes.

The owners have looked at the potential income and costs that will be generated from these two services shown in Figure 4:

	Dog walking	**Puppy training**
Estimated weekly users	70 clients	Maximum class of 20
Income	£15 per hour per dog	£135 for 5 weekly sessions
Initial equipment (one time cost)	Dog leashes, water bottles, dog bags and dog treats Total cost £155	Dog training cones, clickers, barriers, target sticks and dog treats Total cost £400
Wages	£11.16 per hour	Trainer to receive 25% of the income from each session
Number of sessions	3x a day maximum 5 dogs Monday to Friday	1 weekly session

Figure 4

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You must use Scenario 2 to answer questions 9(a) – 9(e).

9 (a) Explain **one** impact of zero-rated tax codes on Pamper Your Pets Ltd.

(3)

(b) Explain **one** disadvantage for Pamper Your Pets Ltd of having a hierarchical organisational structure.

(2)

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The triple bottom line decision-making model considers the impacts of business decisions on the business's profit, employees and the environment or social context in which they operate. Sometimes this is referred to as the three Ps, People, Profit and Planet.

(c) Explain **one** benefit of having people-related goals at Pamper Your Pets Ltd.

(2)

(d) Assess how the SWOT analysis for Pamper Your Pets Ltd will support decision making.

(9)

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Pamper Your Pets Ltd would like to attract more potential customers.

To do this it is considering expanding its services.

There are **two** options to choose from:

- offering dog walking sessions
- providing puppy training classes.

(e) Evaluate which of the **two** options is most appropriate for Pamper Your Pets Ltd.

(12)

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(Total for Question 9 = 28 marks)

Scenario 3

EverAlps is a travel company that offers adventure holidays to their customers. Whether hiking in the Alps, scuba diving in the Red Sea or parachuting out of planes, the company accommodates every type of customer. A survey in 2022 found that 40% of adults in the UK would like to go on an adventure holiday.

Recently the company has noticed that they are not as efficient in the administration of the business as they are in providing unique experiences. For example:

- The business's payroll is not always up to date
- Employees have been paid late
- A supplier was paid late, which resulted in the loss of a discount
- The VAT return was filed late, incurring a fine.

To ensure that this does not continue the business may have to consider outsourcing some of its financial obligations. Dwayne Talpert, the owner, is typically on holiday adventures with his clients and does not always have access to financial information to keep up to date with the financial commitments of the company.

Dwayne was provided with a marketing brochure from Proton Accounting, which offers financial technology (FinTech) to streamline some of their services. Their services are available through a mobile app, which means that clients can access their financial information wherever and whenever they need it.

Dwayne Talpert feels that there might be a potential market for the less adventurous traveller and is considering expanding into the leisure tourism industry. EverAlps will need to make sure it offers the right experience to the right clients.

EverAlps has used secondary research into the walking holiday breaks market in the UK and abroad. Upon seeing evidence from this analysis the company has noted that walking holiday breaks will attract a different type of client looking for an immersive cultural experience. The research showed that 28% of adults in the UK were interested in taking walking holidays and that there had been an 18% increase in walking for leisure in 2021.

However, some staff are unhappy about offering more relaxing holidays as they prefer the more exciting and fast-paced holidays typically on offer. Dwayne is worried that some of his hard-working, long-term employees will leave but is also concerned about future growth due to the economic crisis. He has decided to conduct interviews to further investigate this option.

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You must use Scenario 3 to answer questions 10(a) – 10(d).

10 (a) Explain **one** purpose of FinTech for EverAlps.

(3)

(b) (i) Explain **one** advantage for EverAlps of using interviews as a tool to analyse its data.

(2)

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(b) (ii) Explain **one** disadvantage for EverAlps of using interviews as a tool to analyse its data.

(2)

(c) Assess the importance of Customer Relationship Management (CRM) to the success of EverAlps.

(9)

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Dwayne Talpert wants to increase the profit for EverAlps.

Dwayne is considering **two** options:

- launching new walking holiday packages
- targeted marketing campaign for its adventure holiday packages.

(d) Evaluate which of the **two** options is more appropriate for EverAlps.

(12)

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(Total for Question 10 = 28 marks)

TOTAL FOR SECTION B = 72 MARKS
TOTAL FOR PAPER = 90 MARKS

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