T-LEVELS | IfATE Institute for Apprenticeships and Technical Education

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Candidate surname	Other names

Centre Number | | | | | | |

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Learner ID

T Level Technical Qualification in Accounting (Level 3)

Monday 2 December 2024

Morning (Time: 2 hours 30 minutes)

Paper reference **19559**

Core: Examination

PAPER 1: Business Principles in Accounting

You must have:
a calculator

Total Marks

Instructions

- Use **black** ink or 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 as 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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Pearson

The T Level Technical Qualification is a qualification approved and managed by the Institute for Apprenticeships and Technical Education, and Pearson's development and delivery of the qualification and use of the mark is under the authority of the Institute for Apprenticeships and Technical Education.

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

SECTION A

1 Name **one** factor of production.

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(Total for Question 1 = 1 mark)

2 Give **one** professional characteristic required of an accountant.

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(Total for Question 2 = 1 mark)

3 Explain **one** advantage for a business of using a focus group.

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(Total for Question 3 = 2 marks)

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4 One specialist job role an accounting professional could perform is forensic accountant.

Give **one other** specialist job role of an accounting professional.

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(Total for Question 4 = 1 mark)

5 Explain **one** impact on a food manufacturer of the introduction of a plastic packaging tax.

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(Total for Question 5 = 2 marks)

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6 Explain **one** way an accounting practice could address any workforce resistance.

(Total for Question 6 = 2 marks)

7 Explain **one** advantage for a business of Customer Relationship Management (CRM).

(Total for Question 7 = 3 marks)

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Djimon manufactures hand creams using shea butter. He is considering expanding into other products, including body butters and body moisturisers.

Djimon will need to consider the costs of his new venture. He will need to produce:

- a product information file
- new packaging and labelling.

Djimon does not want to take out another bank loan as he currently has an outstanding bank loan of £5 000. He already has most of the equipment required to manufacture the new products. However, he needs additional funds to purchase additional ingredients and create packaging and labelling for the new products. He estimates he will need £10 000 of funding.

Djimon is considering using crowdfunding for this new venture.

8 Discuss the **advantages and disadvantages** for Djimon of using crowdfunding.

(Total for Question 8 = 6 marks)

TOTAL FOR SECTION A = 18 MARKS

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SECTION B

Scenario 1

Ross Croft, a sole trader, owns a business trading as RC Honey.

He is considering:

- expanding his business and employing staff
- converting his business to a private limited company.

Ross has carried out some research which gave the following information.

- It will cost £12 to register his business online with Companies House.
- He will be required to create Articles of Association.
- It will cost £13 to complete an annual Confirmation Statement, which can be done online.
- He will need an accountant to audit his financial statements.
- The company will be responsible for paying Corporation Tax.
- The company will need to operate a PAYE system.

Ross will voluntarily register with HMRC. To do this, he will need to complete the online registration form.

He currently produces and sells honey on a cash only basis so does not offer credit terms to any customers.

He is also considering how he might manage his finances better. He believes that he will need to move to a more sophisticated system. When he was last at his local high street bank, they suggested that online banking would allow his business to change the way it operates and gave him a brochure about the services he can do online.

Figure 1 shows an extract from the brochure.

Manage your banking online

- Check balances and any recent transactions
- Transfer money between accounts or pay someone else
- Get notifications if you are about to exceed your overdraft limit
- Set up, change or cancel any direct debits or standing orders
- Pay in cheques so you don't need to come into the branch

Figure 1

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You must use Scenario 1 to answer questions 9(c) and 9(d).

9 (a) Explain **one** advantage for a sole trader of converting to a private limited company.

(2)

(b) Explain **one** difference between Corporation Tax and Income Tax.

(2)

(c) Explain **one** advantage for RC Honey of being a VAT registered business when making purchases.

(3)

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(d) Discuss the impact on RC Honey of moving to online banking.

(9)

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(Total for Question 9 = 16 marks)

Scenario 2

LYS Dentists is a medium-sized dental partnership that employs nine dentists, twelve dental nurses, one office manager and three receptionists. The partnership has been operating since 2002 and has not changed anything in the practice since it first opened, unless it was needed.

Each dentist who is a partner is paid a salary based on estimated final profits at the end of the year and they are all responsible for contributing towards the operating costs of the practice. To become a partner at the dental practice, a capital investment of £50 000 is required and currently out of the nine dentists, four are partners. The other dentists receive a salary that is a percentage of the payments received based on income generated. The rest of the employees are paid a fixed salary.

The partnership is planning to purchase new equipment, costing £100 000, and needs to prepare a business case to understand the likely return on investment.

The dental practice will also be undergoing extensive renovations to remain competitive. The funding options have not yet been determined.

The partners are also considering converting their partnership to a private limited company.

You must use Scenario 2 to answer questions 10(a) – 10(e).

10 (a) Calculate the depreciation charge on the new equipment using the reducing balance method at 20% per annum for the first and second years.

(2)

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(b) Calculate the difference in the depreciation charge for the second year if the new equipment was depreciated using the straight line method at 25% per annum.

(3)

(c) Explain **one** benefit to LYS Dentists of using a Gantt chart to manage its renovation project.

(2)

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(d) Assess the **advantages and disadvantages** for the partners of converting to a private limited company.

(9)

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LYS Dentists is planning an extensive renovation to remain competitive and attract new customers. They were initially considering using cash reserves and contributions from each of the partners. Upon reviewing the actual costs, this will not be enough to cover all the projected expenses.

In order to meet the project plans they will have to decide on the best way forward.

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

- use the available cash reserves and scale back the renovations
- delay the project for two years.

(e) Evaluate which of the **two** options is most suitable for LYS Dentists.

(12)

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Scenario 3

Revamp that Ad is a new start-up marketing company. The business was set up by brother and sister, Ralph and Emma, after completing their degrees and gaining a few years of industry experience. They currently only have assignments for a few businesses as they are focusing on businesses with large marketing budgets. This allows them time to create highly effective and creative targeted marketing campaigns and strategies.

Emma has done some secondary research and has found the following information.

- The total digital advertising spend in the UK for 2023 was £23.5 billion.
- Estimated digital video advertising spend for 2024 will be £5.5 billion.
- Estimated growth of the UK advertising market for 2025 is 9.5%.

She will be doing primary research and further data analysis on her secondary research to identify the upcoming trends in marketing and advertising. Emma hopes that her research will identify any gaps in the market.

One potential market that Emma has identified is Europe, focusing on businesses that rely on visitors from the UK looking for beach holiday destinations and short city breaks.

You must use Scenario 3 to answer questions 11(a) – 11(d).

11 (a) Explain the difference between liquidity and solvency.

(3)

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(b) Explain **two** methods of secondary research that Emma may have undertaken.

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(c) Assess the **advantages and disadvantages** of using data analysis to help make business decisions.

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Revamp that Ad wants to purchase office furniture.

It is considering **two** options. These involve purchasing:

- new office furniture
- recycled office furniture.

(d) Evaluate which of the **two** options is more appropriate for Revamp that Ad.

(12)

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(Total for Question 11 = 28 marks)

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

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