



Level 3 Business Awareness

Sample Assessment and Mark Scheme

Qualification Specification: Level 3 Diploma in Accounting

SCQF Level 7 Diploma in Accounting

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Notes for students and training providers

This is a sample assessment and mark scheme which is reflective of the question types, depth of content coverage, the level of demand, duration and mark allocation of tasks that will be in the live assessment.

Under each sub-task, you will see a reference to the unit specification, e.g. (1.4.1); this denotes the Learning Outcome, Topic Area and scope being covered in the sub-task, enabling you to identify which area of the unit specification is being assessed.

It is not designed to be used on its own to determine whether students are ready for the live assessment.

Assessment information

You have **2 hours and 30 minutes** to complete this sample assessment.

- This assessment contains **7 tasks** and you should attempt to complete **every** task,
- Each task is independent. You will not need to refer to your answers to previous tasks.
- The total number of marks for this assessment is **100** marks.
- Read every task carefully to make sure you understand what is required.
- Where the date is relevant, it is given in the task data.
- Both minus signs and brackets can be used to indicate negative numbers **unless** task instructions state otherwise.
- You must use a full stop to indicate a decimal point. For example, write 100.57 **not** 100,57 or 10057.
- You may use a comma to indicate a number in the thousands, but you don't have to. For example, 10000 and 10,000 are both acceptable.

Task 1 (20 marks)

This task is about organisations and ethics for accountants.

For this task, students will have access to an extract of the *AAT Code of Professional Ethics (COPE)* via the references section in the assessment platform.

(a) Identify whether each of the following statements is true or false.

Statement	True ✓	False ✓
Private limited companies are owned by individual people, trusts, associations and/or other companies.		
A sole trader business operates as a separate legal entity from its owners.		

(2 marks) (1.1.1)

(b) (i) Identify which ONE of the following structures is suited to an organisation which runs regional projects with a centralised head office function.

Statement	✓
Functional	
Divisional	
Matrix	

(1 mark) (1.4.1)

(ii) Identify which type of control is described by each of the following statements.

Statement	Centralised control	Decentralised control	Wide span of control	Narrow span of control
The manager has a high number of employees under their direct control.				
Decision making and control is delegated to managers at lower levels in the organisation.				
The organisation has less flexibility but a higher level of control over decision making.				

(3 marks) (1.4.1, 1.4.2)

HTR Limited is a private school for children aged four to six years old. Florence Granger is the sole owner and Principal. A team of teachers work at the school full-time, and there are three part-time administrative staff and two part-time cleaners/gardeners.

The school is regulated by Ofsted (a government agency responsible for regulating schools) which undertakes regular inspections and sets guidelines for activities the children should complete daily.

The school has funds to invest and there are two options available:

- 1) to expand the sports hall and add new equipment, or
- 2) to upgrade the computer facilities.

- (c) (i) **Identify which ONE of the following stakeholders has the power to make the decision about which option to invest in.**

Stakeholder	✓
Parents of the children attending the school	
Florence Granger	
Teaching staff	
Ofsted	

(1 mark) (1.3.4)

- (ii) **Identify which ONE of the following stakeholders has the greatest interest in the decision about which option to invest in.**

Stakeholder	✓
Teaching staff	
Administrative staff	
Ofsted	
Cleaners/gardeners	

(1 mark) (1.3.2)

- (iii) Identify which ONE of the following is the system by which companies are directed and controlled.**

System	✓
Corporate compliance	
Corporate governance	
Corporate administration	
Corporate regulations	

(1 mark) (1.1.2)

- (iv) Complete the following statement about a company's board of directors by selecting ONE option.**

The board of directors is required to _____

Options	✓
contribute capital into the company as individuals.	
set the company's objectives.	
recruit all members of staff.	

(1 mark) (1.4.2)

Sheldon is an accountant in practice. She has been told by her client, Freshino Ltd, that she must attend a meeting where Freshino Ltd will be trying to raise additional funds by selling shares to investors.

Freshino Ltd want Sheldon to speak at the meeting about what a good investment shares in Freshino Ltd would be for each investor.

(d) (i) Identify how Sheldon's principles are threatened by completing the following statement.

This is...	Gap 1	...threat to...	Gap 2
------------	--------------	-----------------	--------------

Gap 1 options	✓
an advocacy	
a self-review	
an intimidation	

Gap 2 options	✓
objectivity.	
confidentiality.	
professional competence and due care.	

(2 marks) (3.1.12)

Accountants in the UK are required to keep their knowledge up to date, and to undertake continuing professional development (CPD).

(ii) Identify which ONE of the following fundamental principles this protects.

Fundamental principle	✓
Integrity	
Objectivity	
Professional competence and due care	
Professional behaviour	

(1 mark) (3.1.4)

- (iii) Identify which TWO of the following are advantages of a principles-based approach to ethics over a rules-based approach to ethics.

Advantage	✓
Easy enforcement.	
Applicable to all situations.	
Reduced misunderstandings or misinterpretation.	
Less chance of people finding loopholes.	

(2 marks) (3.1.7)

- (e) (i) For each statement below, identify the safeguard needed to protect professional ethics. Each option can be used only once.

Statement	Disciplinary procedures	Continued professional development	Document access controls
There are poor inventory controls in place which could result in staff stealing computer equipment.			
With regulatory changes often occurring in the accountancy profession, there is a risk knowledge may be out of date.			
If a client offers incentives, or discounted goods or services to staff, they may override the work schedule to prioritise their work at busy times.			

(3 marks) (3.1.17)

- (ii) Identify in which TWO of the following situations can an accountant in practice disclose confidential information about a client without the client's express permission.

Disclosure of confidential information	✓
Disclosure is required by law.	
Disclosure is required to comply with the practice's internal policy.	
Disclosure is requested verbally by the relevant tax authority.	
There is a professional duty or right to disclose.	

(2 marks) (3.1.15)

Task 2 (18 marks)

This task is about analysing the external environment.

Holiday Maker is a business operating in the hotel and tourism industry. It operates a fleet of planes from a major airport in the UK, which also fly to European countries. It also owns hotels throughout the UK and the rest of Europe.

As well as a full holiday package, which includes flights and accommodation, Holiday Maker also sells packages of day trips, entry to tourist attractions and advance meal bookings at the customer’s destination. The packages are organised and provided by a third party, although customers book and pay for the packages with Holiday Maker.

Unlike its competitors, Holiday Maker has not upgraded its website and booking system for a number of years. All bookings must be made over the telephone by their customers, or by email. There is currently no facility on their website for customers to book their holidays or packages.

(a) For each of the three specified PESTLE categories:

(i) identify ONE threat facing Holiday Maker.

(3 marks) (2.1.3, 2.1.4, 2.1.5)

(ii) Explain ONE action Holiday Maker could take to reduce threats under each category.

(6 marks) (2.1.3, 2.1.4, 2.1.5)

Economic
Social
Technological

(iii) Identify ONE of the remaining PESTLE categories.

<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

(1 mark) (2.1.1)

(b) Match each of the technologies to ONE significant advantage it brings to accounting systems used in business.

Technology	Frees up time for more valuable work	Transparency of transactions	Security and confidentiality	Speeds up data entry
Automation				
Machine learning				
Blockchain				
Electronic document filing				

(4 marks) (4.1.3)

(c) (i) Identify whether each of the following statements about the financial statements of limited companies is true or false.

Statement	True ✓	False ✓
The preparation of financial statements is the responsibility of the shareholders.		
Financial statements must be approved by shareholders.		

(2 marks) (1.2.1)

(ii) Complete each of the following definitions about unlimited liability partnerships.

Goodwill in a partnership can be defined as:	Gap 1	The ownership proportions, salary and distribution of profits is defined by:	Gap 2
--	--------------	--	--------------

Gap 1	✓
the partnership agreement.	
the partnership contract.	
the amount by which the business' total value exceeds the value of its separately identifiable net assets.	
the amount paid for the brand.	

Gap 2	✓
the partnership agreement.	
the partnership contract.	
the amount by which the business' total value exceeds the value of its separately identifiable net assets.	
the amount paid for the brand.	

(2 marks) (1.2.2)

Task 3 (17 marks)

This task is about business structures, technology and data security.

(a) (i) Identify which TWO of the following are the key features of cloud accounting.

Feature	✓
Secure local backup.	
Availability of apps and plug-ins.	
Restricted mobile access to information.	
Enables access to large networks.	

(2 marks) (4.1.4)

(ii) Identify which ONE of the following is a benefit of cloud accounting.

Benefit	✓
Reduced data collection.	
Data is updated in real-time.	
Increased data security.	
One-off investment cost.	

(1 mark) (4.1.4)

(b) Complete each of the following statements about cloud accounting by selecting ONE option for each gap.

Cloud accounting software has had an impact on the role of the accountant because transactions are now _____ GAP 1 _____ which enables the accountant to focus on analysis work and decision making.

Challenges can be faced when sharing information with stakeholders due to _____ GAP 2 _____.

GAP 1 options	✓
removed	
automated	
complex	

GAP 2 options	✓
increased security settings.	
using different software.	
sharing out of date data.	

(2 marks) (4.1.5)

(c) Identify which TWO of the following are risks to business operations posed by cyber-attacks.

Statement	✓
Loss of customer data.	
Failure of IT systems.	
Immediate need for fundamental changes in the business model.	
Inability to raise new finance.	

(2 mark) (1.1.3)

- (d) Identify ONE action that should be performed in relation to personal data after a business has finished using it.**

Action	✓
Pass it on to another data controller.	
Give it back to the data subject.	
Securely delete or destroy it.	

(1 mark) (4.2.3)

- (e) Identify which TWO of the following are valid principles of data protection.**

Principle	✓
Personal data held for any purpose or purposes shall be held for a minimum of 12 weeks and it shall not be held for more than 6 years for any reason.	
The information contained in personal data shall be obtained, and personal data shall be processed, fairly and lawfully.	
Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.	
Personal data shall be updated on a minimum of an annual basis.	

(2 marks) (4.2.1)

- (f) Complete the following statement about data breach.**

If a business owner breaches data protection legislation, they will be _____.

Options	✓
fined.	
imprisoned.	
subject to disciplinary procedures.	

(1 mark) (4.2.2)

(g) Identify which quality of a service is described in each of the following statements.

Statement	Intangibility	Inseparability	Variability	Perishability
The service cannot be stored and used later.				
The service is usually provided at the same time as it is consumed.				
The service does not provide a physical product.				
The service is tailored to the needs of each individual customer.				

(4 marks) (1.1.4)

Bales Ltd is purchasing a new machine and are considering how they should fund the purchase.

(h) Identify the funding source that each of the following characteristics relates to.

Characteristic	Working capital	Loan	Capital introduced
There will be regular cash outflows to repay the funding.			
Suitable for short term funding requirements.			

(2 marks) (1.1.3)

Task 4 (10 marks)

This task is about ethical and legal compliance.

For this task, students will have access to an extract of the *AAT Code of Professional Ethics* (COPE) via the references section in the assessment platform.

Helena works for a small accountancy practice.

She has just started working on a client, Buildsup Ltd. Helena has identified a serious tax error which was made in last year’s tax return. The error was made by her manager, Andrew, and has led to a large underpayment of tax by Buildsup Ltd.

Helena discussed this issue with Andrew. He told her to ignore it as the error relates to last year and nothing can be done about it now. She has since discovered that Andrew has had a large amount of work completed on his house by Buildsup Ltd at a heavily discounted price.

- (a) (i) Explain ONE ethical issue arising in this scenario. Ignore any legal implications, e.g. money laundering.**

(2 marks) (3.2.4)

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- (ii) Explain the consequences if Helena takes no action in relation to this matter. Ignore any legal implications e.g. money laundering.**

(2 marks) (3.2.5, 3.2.6)

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You have received the following email from Helena in relation to another client.

To: AnAccountant <An@accountant.co.uk>
From: Helena <Helena@helenaaccts.co.uk>
Date: 28/2/X8
Subject: Confidential

Good morning

I am looking for some advice please. I am concerned about one of my clients, a car dealership. My knowledge is not as up to date as yours. Could you please respond with information to cover the following:

- 1) an explanation of money laundering
- 2) TWO examples of a specific money laundering offence that could be committed by the car dealership
- 3) an explanation of the term 'layering' in relation to money laundering of cash.

Many thanks for your help.

Helena

(b) Reply to Helena, addressing each of the three points that she raised in her email.

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(6 marks) (3.3.1)

Task 5 (10 marks)

This task is about the microeconomic environment and sustainability.

- (a) (i) **Identify which TWO of the following events will cause a shift in the demand curve of a normal good.**

Event	✓
A change in the quantity supplied.	
A change in consumer income.	
A change in consumer tastes and preferences.	
A change in raw material costs.	

(2 marks) (2.2.1)

A normal good, called N, has a substitute, called S. The price of S has fallen.

- (ii) **Identify the effect of the fall in the price of S on the quantity demanded of N, as shown on its demand curve.**

Effect	✓
There will be a movement down the demand curve.	
The demand curve will shift to the right.	
The demand curve will shift to the left.	
There will be a movement up the demand curve.	

(1 mark) (2.2.2)

A chain of small discount supermarkets is entering into another area of the market by opening up big hypermarkets.

(iii) Identify which TWO of the following will be the impact of the small discount supermarket's entry.

Impact	✓
Higher prices as a result of increased competition in the hypermarket industry due to an increased number of participants.	
Heavy discounting as a competitive response from the large hypermarket chains to protect their market share.	
Potentially unethical behaviour as other hypermarkets respond by putting more pressure on suppliers to cut prices.	
Reduced market share for the large hypermarket chains, which will lead to increased economies of scale.	

(2 marks) (2.2.3)

(b) (i) Complete the following statement about the meaning of sustainability.

A sustainable business meets the needs of the present time without _____

Options	✓
any negative impact on the environment.	
impacting the resources of future generations.	
changing the long-term goals of the business.	

(1 mark) (2.3.1)

- (ii) Identify ONE type of sustainability that each of the following organisational policies relates to.

Organisational policy	Social sustainability	Environmental sustainability	Financial sustainability
BCLG Ltd have a policy to consult with wildlife protection groups on any new housing developments before finalising plans.			
Becker B Ltd have a very successful internal continuing professional development plan for all employees.			
Habati Ltd have clearly defined strategic plans and all new projects must be capable of achieving a minimum level of profit within three years to be accepted.			

(3 marks) (2.3.2)

An organisation has the following stakeholders:

- 1) Customers
- 2) Shareholders
- 3) Employees
- 4) Local community

- (iii) Identify which of the stakeholders has/have an interest in the organisation's sustainability plans. Select ONE option.

Stakeholders	✓
1) and 3)	
3) and 4)	
1) only	
1), 2), 3) and 4)	

(1 mark) (2.3.3)

Task 6 (13 marks)

This task is about communication and visualisation.

Today's date is 8 January 20X8. You work for Amberdale, a business selling lawn mowers and garden equipment.

- Amberdale is a sole trader business owned by Amber Brooks.
- The client base is expanding, as their lawn mowers and equipment are high quality and are purchased at high prices by large building contractors and landscape gardeners.
- Amberdale employs eight sales staff. This includes one Sales Manager and seven Sales Representatives who are each responsible for a number of customer accounts.
- Amberdale's customers regularly make purchases. A standard 30-day payment term is given to all customers following credit checks.
- Amberdale's suppliers allow a 60-day payment term.

Sales data has been provided for the six-month period to 31 December 20X7.

The Finance Manager is responsible for analysing results for use by Amber and other managers in the business. Unfortunately, the Finance Manager has been called away urgently and is not expected to return for a few weeks.

Amber has asked you to help with this analysis in the absence of the Finance Manager.

Amber would like to know about:

- the performance of the business over the six months to 31 December 20X7
- the expected performance of the business for the three months to 31 March 20X8
- the information which should be communicated to the Sales Manager to appraise performance of the Sales Representatives.

(a) Discuss the performance of the business over the six months to 31 December 20X7 and the expected performance of the business for the three months to 31 March 20X

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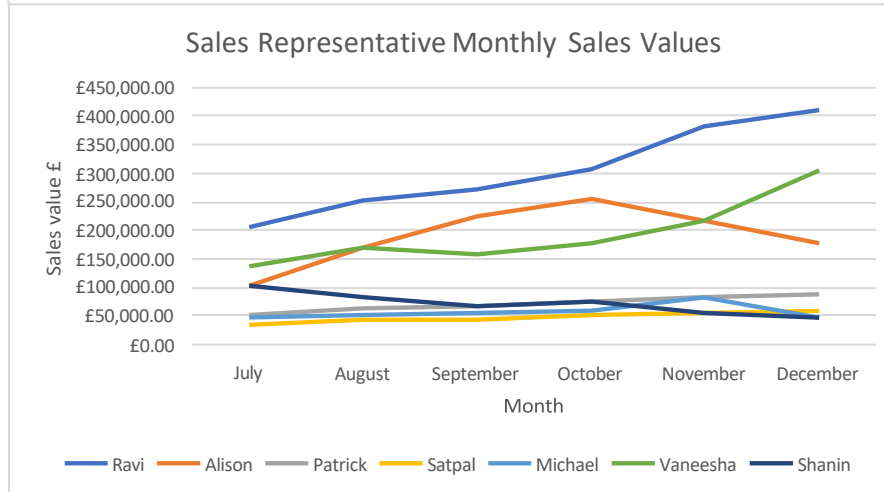
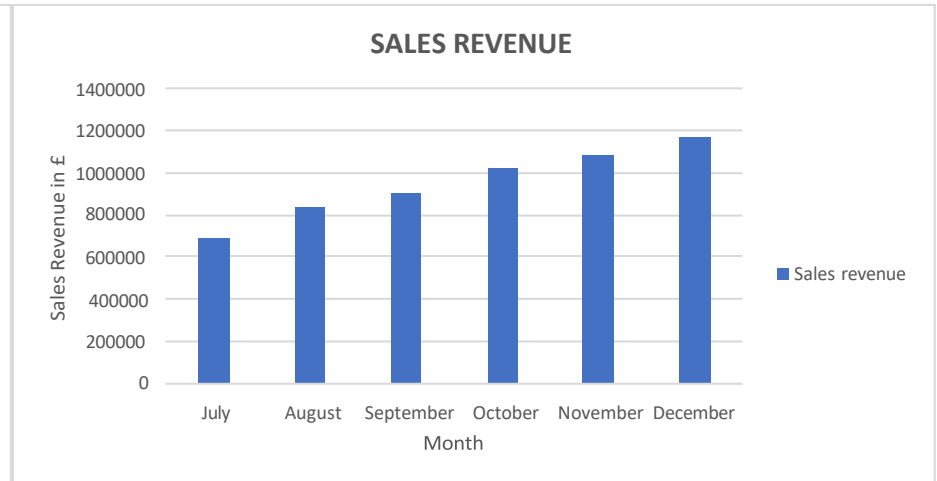
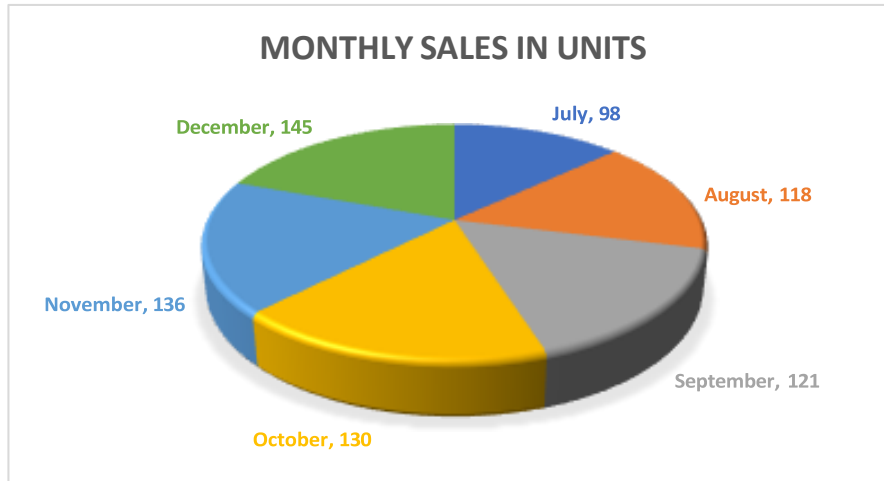
(c) Complete the following statement about professional communication.

When preparing information for the Sales Manager about the Sales Representatives performance it must be _____.

OPTIONS	✓
in a shared location to enable easy access by all team members.	
clearly presented and accurate.	
in a spreadsheet format and emailed to the Sales Manager.	

(1 mark) (5.3.2)

Task 6: Sales Data



Unit sales per product						
Product	July	August	September	October	November	December
Basic Mower	18	16	14	12	10	7
Standard Mower	40	60	63	70	76	80
Superior Mower	20	22	24	28	32	38
Preparation Machine	8	8	8	8	8	8
Finishing Machine	12	12	12	12	12	12
Total	98	118	121	130	138	145

Task 7 (12 marks)

This task is about risk and big data.

(a) Identify ONE appropriate strategy to deal with each of the following risks.

Risk	Transfer	Accept	Reduce	Avoid
The risk to a chemical manufacturer of their employees suffering an injury due to handling hazardous materials, an essential part of their job.				
The remote risk to a retailer that their high-value inventory may be destroyed by fire.				

(2 marks) (1.4.5)

(b) Identify which ONE of the following factors would normally be classed as a strategic risk.

Factor	Strategic risk ✓
One of the business' suppliers imposing stricter credit terms.	
A permanent worldwide shortage of a raw material that the business uses.	
The business' third largest customer transferring its purchases to a competitor.	
An error in the valuation of inventory.	

(1 mark) (1.4.5)

A large supermarket chain, Zedsa, has a range of different store types. These are:

- supermarkets – large stores selling food and household items situated in smaller towns and cities
- convenience stores – small local stores selling a smaller range of food items and a very limited range of household goods
- collection stores – stores which offer collection only for an online order using a customer account.

Zedsa encourages its supermarket and convenience store customers to register for a 'Zedsa loyalty card'. When they provide the details of this card, or present it at the till with their shopping, customers earn points which can be exchanged for discount vouchers.

- (c) (i) Identify which **ONE** of the following is a benefit for Zedsa of having the loyalty card scheme.

Benefit	✓
Enables the collection of shopping habit data by Zedsa.	
Provides Zedsa with a range of secondary data.	
Simplifies Zedsa's tills and operating systems.	
Reduces Zedsa's reliance on IT systems.	

(1 mark) (5.1.4)

- (ii) Identify the big data characteristic that underlies the challenge or benefit for Zedsa described in each statement below.

Statement	Volume	Velocity	Variety	Veracity
Zedsa collects data from all three different store types and requires all customers to use their loyalty cards and/or customer accounts. This is in addition to data collected from their website and till systems.				
There are thousands of customers visiting the stores on a daily basis. This means Zedsa is collecting, processing and analysing data every minute of every day.				
Zedsa requires a comprehensive processing system to collect, analyse and store all the data.				

The loyalty card data collection is deemed to be accurate as it is decided by and controlled by Zedsa in the systems they use.				
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(4 marks) (5.1.3)

Data collected via the loyalty cards is analysed and information is provided to assist each store with making decisions.

Information is gathered about the products that are most commonly purchased together and the week of each month when purchases are at their highest.

(iii) Complete the following statement about decision making by selecting ONE option.

This information will assist in making decisions about where to place the products in the store, so it is an example of _____ decision.

Options	✓
a strategic	
a managerial	
an operational	

(1 mark) (5.1.2)

(iv) Identify whether the following statement about the quality of the information is true or false.

Statement	True ✓	False ✓
The information derived from the loyalty card scheme is good quality because it is available in real-time.		

(1 mark) (5.1.1)

Zedsa's Finance function interacts with other business functions, for example, the Human Resources function and the Operations function.

- (d) Identify which TWO pieces of information Zedsa's Finance function would directly receive from the Human Resources function, not from the Operations function.**

Information received ONLY from the Human Resources function	✓
New employee start date.	
Overtime hours worked this week.	
Hourly and overtime rate.	
Travel expenses due for reimbursement.	

(2 marks)

Zedsa's Finance function interacts with other business functions, for example, the Human Resources function and the Operations function.

- (a) Identify which TWO pieces of information Zedsa's Finance function would directly receive from the Human Resources function, not from the Operations function.**

Information received ONLY from the Human Resources function	✓
New employee start date.	
Overtime hours worked this week.	
Hourly and overtime rate.	
Travel expenses due for reimbursement.	

(2 marks) (1.4.4)



Level 3 Business Awareness

Model answers and mark scheme

Qualification Specification: Level 3 Diploma in Accounting

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Task 1 (20 marks)**(a) Identify whether each of the following statements is true or false.**

Statement	True ✓	False ✓
Private limited companies are owned by individual people, trusts, associations and/or other companies.	✓	
A sole trader business operates as a separate legal entity from its owners.		✓

(2 marks)

(b) (i) Identify which ONE of the following structures is suited to an organisation which runs regional projects with a centralised head office function.

Statement	✓
Functional	
Divisional	
Matrix	✓

(1 mark)

(ii) Identify which type of control is described by each of the following statements.

Statement	Centralised control	Decentralised control	Wide span of control	Narrow span of control
The manager has a high number of employees under their direct control.			✓	
The decision making and control is delegated to managers at lower levels in the organisation.		✓		
The organisation has less flexibility but a higher level of control over decision making.	✓			

(3 marks)

- (c) (i) Identify which ONE of the following stakeholders has the power to make the decision about which option to invest in.

Stakeholder	✓
Parents of the children attending the school	
Florence Granger	✓
Teaching staff	
Ofsted	

(1 mark)

- (ii) Identify which ONE of the following stakeholders has the greatest interest in the decision about which option to invest in.

Stakeholder	✓
Teaching staff	✓
Administrative staff	
Ofsted	
Cleaner/gardener	

(1 mark)

- (iii) Identify which ONE of the following is the system by which companies are directed and controlled.

System	✓
Corporate compliance	
Corporate governance	✓
Corporate administration	
Corporate regulations	

(1 mark)

- (iv) Complete the following statement about a company's board of directors by selecting ONE option.

The board of directors is required to _____

Options	
contribute capital into the company as individuals.	
set the company's objectives.	✓
recruit all members of staff.	

(1 mark)

- (d) (i) Identify how Sheldon's principles are threatened by completing the following statement.

This is...	Gap 1	...threat to...	Gap 2
------------	--------------	-----------------	--------------

Gap 1	
an advocacy	✓
a self-review	
an intimidation	

Gap 2	
objectivity.	✓
confidentiality.	
professional competence and due care.	

(2 marks)

Accountants in the UK are required to keep their knowledge up to date and to undertake continuing professional development (CPD).

- (ii) Identify which ONE of the following fundamental principles this protects.

Fundamental principle	
Integrity	
Objectivity	
Professional competence and due care	✓
Professional behaviour	

(1 mark)

- (iii) Identify which TWO of the following are advantages of a principles-based approach to ethics over a rules-based approach to ethics.

Advantage	
Easy enforcement.	
Applicable to all scenarios.	✓
Reduced misunderstandings/misinterpretation.	
Less chance of people finding loopholes.	✓

(2 marks)

- (e) (i) For each statement below, identify the safeguard needed to protect professional ethics. Each option can be used only once.

Statement	Disciplinary procedures	Continued professional development	Document access controls
There are poor inventory controls in place which could result in staff stealing computer equipment.	✓		
With regulatory changes often occurring in the accountancy profession there is a risk knowledge may be out of date.		✓	
If a client offer incentives, or discounted goods or services to staff, they may override the work schedule to prioritise their work at busy times.			✓

(3 marks)

(ii) In which TWO of the following situations can an accountant in practice disclose confidential information about a client without the client's express permission?

Disclosure of confidential information	✓
Disclosure is required by law.	✓
Disclosure is required to comply with the practice's internal policy.	
Disclosure is requested verbally by the relevant tax authority.	
There is a professional duty or right to disclose.	✓

(2 marks)

Task 2 (18 marks)**(a) For each of the three specified PESTLE categories:****(i) identify ONE threat facing Holiday Maker.**

(3 marks)

(ii) Explain ONE action Holiday Maker could take to reduce threats under each category.

(6 marks)

Indicative content

Note: only one threat needs to be identified for each and one recommendation for EST categories.

	Threat - max 1 mark each	Recommendation - max 2 marks for each action
Economic	<p>Changes in interest rates or tax rates could lower demand for holidays. (1 mark)</p> <p>Reduced disposable income and therefore lower demand for holidays. (1 mark)</p> <p>Exchange rates could impact on the locations holiday makers choose to travel to. (1 mark)</p> <p>Exchange rates could increase the cost of the hotels and excursions for their customers. (1 mark)</p>	<p>Offer a range of discount holidays (1 mark) and payment options to enable customers to spread the cost (1 mark)</p> <p>Increase range of locations (1 mark) for example other locations outside of UK and rest of Europe. (1 mark)</p>
Social	<p>Popularity of holiday destinations may change. (1 mark)</p> <p>A trend towards self-booking hotels and accommodation online could reduce demand. (1 mark)</p> <p>Holiday makers may prefer to arrange excursions and food bookings when they arrive at their destination. (1 mark)</p> <p>An increase in people going on cruises may reduce demand for their 'package holidays' (1 mark)</p>	<p>Increase range of locations (1 mark) for example other locations outside of UK and Europe. (1 mark)</p> <p>Update systems (1 mark) to enable customers flexibility to choose their hotel. (1 mark)</p> <p>Offer their hotels to be booked separately (1 mark) Enable flexible booking for meals and excursions. (1 mark)</p> <p>Offer cruise holidays to attract a wider range of people. (1 mark). Target their marketing towards groups who are more interested in travel to Europe (1 mark)</p>

Technological	<p>Competition have online booking facilities which may reduce their market share. (1 mark)</p> <p>Their costs are high as staff are required to take all booking details. (1 mark)</p> <p>Suppliers require integrated booking systems which their website and booking system doesn't allow. (1 mark)</p>	<p>Invest in their booking system (1 mark) to enable online bookings. (1 mark)</p> <p>Improve their website to enable online bookings. (1 mark) which will mean staff can deal with a higher volume of bookings (1 mark)</p> <p>Integrate systems with third party suppliers (1 mark) to enable secure immediate bookings. (1 mark)</p>
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(iii) Identify ONE of the remaining PESTLE categories.

1 mark for ONE of the following:

Political

Environmental

Legal

(1 mark)

(b) Match each of the technologies to ONE significant advantage it brings to accounting systems used in business.

Technology	Frees up time for more valuable work	Transparency of transactions	Security and confidentiality	Speeds up data entry
Automation	✓			
Machine learning				✓
Blockchain		✓		
Electronic document filing			✓	

(4 marks)

(c) (i) Identify whether each of the following statements about the financial statements of limited companies is true or false.

Statement	True ✓	False ✓
The preparation of financial statements is the responsibility of the shareholders.		✓
Financial statements must be approved by the shareholders.	✓	

(2 marks)

(ii) Complete each of the following definitions about unlimited liability partnerships by selecting ONE option for each gap.

Goodwill in a partnership can be defined as:	Gap 1	The ownership proportions, salary and distribution of profits is defined by	Gap 2
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Gap 1	✓
the partnership agreement.	
the partnership contract.	
the amount by which the business' total value exceeds the value of its separately identifiable net assets.	✓
the amount paid for the brand.	

Gap 2	✓
the partnership agreement.	✓
the partnership contract.	
the amount by which the business' total value exceeds the value of its separately identifiable net assets.	
the amount paid for the brand.	

(2 marks)

Task 3 (17 marks)**(a) (i) Identify which TWO of the following are the key features of cloud accounting.**

Feature	✓
Secure local backup.	
Availability of apps and plug-ins.	✓
Restricted mobile access to information.	
Enables access to large networks.	✓

(2 marks)

(ii) Identify which ONE of the following is a benefit of cloud accounting.

Benefit	✓
Reduced data collection.	
Data is updated in real-time.	✓
Increased data security.	
One off investment cost.	

(1 mark)

- (b) Complete the following sentence about cloud accounting by selecting ONE of the following options for each of the gaps.**

Cloud accounting software has had an impact on the role of the accountant because transactions are now _____ GAP 1 _____ which enables the accountant to focus on more analysis work and decision making.

Challenges can be faced when sharing information with stakeholders due to _____ GAP 2 _____.

GAP 1 options	✓
removed	
automated	✓
complex	

GAP 2 options	✓
increased security settings.	
using different software.	✓
sharing out of date data.	

(2 marks)

- (c) Identify which TWO of the following are risks to business operations posed by cyber-attacks.**

Statement	✓
Loss of customer data.	✓
Failure of IT systems.	✓
Immediate need for fundamental changes in the business model.	
Inability to raise new finance.	

(2 marks)

- (d) Identify ONE action that should be performed in relation to personal data after a business has finished using it.**

Action	✓
Pass it on to another data controller.	
Give it back to the data subject.	
Securely delete or destroy it.	✓

(1 mark)

- (e) Identify which TWO of the following are valid principles of data protection.**

Principle	✓
Personal data held for any purpose or purposes shall be held for a minimum of 12 weeks and it shall not be held for more than 6 years for any reason.	
The information to be contained in personal data shall be obtained, and personal data shall be processed, fairly and lawfully.	✓
Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.	✓
Personal data shall be updated on a minimum of an annual basis.	

(2 mark)

- (f) Complete the following statement about data breach.**

If a business owner breaches data protection legislation, they will be _____.

Options	✓
fined.	✓
imprisoned.	
subject to disciplinary procedures.	

(1 mark)

(g) Identify which quality of a service is described in each of the following statements.

Statement	Intangibility	Inseparability	Variability	Perishability
The service cannot be stored and used later.				✓
The service is usually provided at the same time as it is consumed.		✓		
The service does not provide a physical product.	✓			
The service is tailored to the needs of each individual customer.			✓	

(4 marks)

Bales Ltd is purchasing a new machine and are considering how they should fund the purchase.

(h) Identify the funding source that each of the following characteristics relates to.

Characteristic	Working capital	Loan	Capital introduced
There will be regular cash outflows to repay the funding.		✓	
Suitable for short term funding requirements.	✓		

(2 marks)

Task 4 (10 marks)

- (a) (i) Explain **ONE** ethical issue arising here. Ignore any legal implications, e.g. money laundering.
- (ii) Explain the consequences if Helena takes no action in relation to this matter. Ignore any legal implications e.g. money laundering.

Q	Answer	Marks
(i)	<ul style="list-style-type: none"> There is a conflict of interest arising due to the discounted services Andrew has received. (1 mark) Andrew is facing a self-interest threat to objectivity (1 mark). His response poses an intimidation/familiarity threat to Helena's ethics (1 mark). Helena should report the error internally (1 mark) and failure to report internally will breach Helena's ethical principles. (1 mark) <p>Other relevant points may be awarded marks.</p>	Max 2 marks
(ii)	<p>If Helena does not take action there are a number of consequences:</p> <ul style="list-style-type: none"> Helena may face internal disciplinary procedures for not raising this issue. (1 mark) Helena may face disciplinary procedures from her professional body for failure to report. (1 mark) Buildsup Ltd have underpaid tax which is fraudulent and failure to report will result in actions being taken to recover the underpaid tax and action for tax fraud. (1 mark) The practice may face claim for professional negligence or breach of contract by Buildsup for making the error and then failing to disclose or advise of the error. (1 mark) <p>Other relevant points may be awarded marks.</p>	Max 2 marks

(4 marks)

(b) Reply to Helena, addressing each of the three points that she raised in her email.

Q	Answer	Marks
Money laundering	Money laundering: <ul style="list-style-type: none"> • an illegal process (1 mark) • origins of money are concealed (1 mark) • money obtained illegally by passing it through a complex sequence of banking transfers or commercial transactions (1 mark) • money returned to the launderer in an obscure and indirect way (1 mark). 	Max 3 marks
Specific offences	<ul style="list-style-type: none"> • Concealing • Arranging • Acquisition 	Two required for 1 mark each
Layering	Layering: <ul style="list-style-type: none"> • one of the three stages of money laundering (1 mark) • involves concealing the money through a series of transactions (1 mark) • puts 'layers' between the illegal source of the cash and its final use (1 mark). 	Max 2 marks

(6 marks)

Task 5 (10 marks)

- (a) (i) Identify which **TWO** of the following events will cause a shift in the demand curve of a normal good.

Event	✓
A change in the quantity supplied.	
A change in consumer income.	✓
A change in consumer tastes and preferences.	✓
A change in raw material costs.	

(2 marks)

A normal good called N has a substitute called S. The price of S has fallen.

- (ii) Identify the effect of the fall in the price of S on the quantity demanded of N, as shown on its demand curve.

Effect	✓
There will be a movement down the demand curve.	
The demand curve will shift to the right.	
The demand curve will shift to the left.	✓
There will be a movement up the demand curve.	

(1 mark)

A chain of small discount supermarkets is entering into another area of the market by opening up big hypermarkets.

(iii) Identify which TWO of the following will be the impact of the small discount supermarket's entry.

Impact	✓
Higher prices as a result of increased competition in the hypermarket industry due to an increased number of participants.	
Heavy discounting as a competitive response from the large hypermarket chains to protect their market share.	✓
Potentially unethical behaviour as other hypermarkets respond by putting more pressure on suppliers to cut prices.	✓
Reduced market share for the large hypermarket chains, which will lead to increased economies of scale.	

(2 marks)

(b) (i) Complete the following statement about the meaning of sustainability by selecting ONE option.

Sustainable businesses meet the needs of the present time without _____.

Options	✓
any negative impact to the environment.	
impacting the resources of future generations.	✓
changing the long-term goals of the business.	

(1 mark)

(ii) Identify ONE type of sustainability that each of the following organisational policies relates to.

Organisational policy	Social sustainability	Environmental sustainability	Financial sustainability
BCLG Ltd have a policy to consult with wildlife protection groups on any new housing developments before finalising plans.		✓	
Becker B Ltd have a very successful internal continuing professional development plan for all employees.	✓		
Habati Ltd have clearly defined strategic plans and all new projects must be capable of achieving a minimum level of profit within three years to be accepted.			✓

(3 marks)

An organisation has the following stakeholders:

- 1) Customers
- 2) Shareholders
- 3) Employees
- 4) Local community

(iii) Identify which of the stakeholders has/have an interest in the organisation's sustainability plans. Select ONE option.

Statement	✓
1) and 3)	
3) and 4)	
1) only	
1), 2), 3) and 4)	✓

(1 mark)

Task 6 (13 marks)

- (a) Discuss the performance of the business over the six months to 31 December 20X7 and the expected performance of the business for the three months to 31 March 20X8.**

Q	Answer
(a)	<p>Indicative content:</p> <p>Conclusions</p> <p>Sales revenue and units are increasing month on month.</p> <p>Revenue for Ravi and Vaneesha is increasing each month.</p> <p>Ravi is the highest performing sale representative in terms of revenue.</p> <p>Shanin's revenue per month is falling.</p> <p>Shanin may be selling the basic mowers which are decreasing in sales volumes over the 6 months.</p> <p>Revenue for Michael and Satpal has remained consistent.</p> <p>Unit sales of finishing machine and preparation machine have remained constant.</p> <p>Unit sales of the basic mower are falling.</p> <p>Alison's performance has fallen during the period.</p> <p>Unit sales of the standard and superior mowers are increasing.</p> <p>Higher volumes of the more expensive products are possibly being sold.</p> <p>Continuing patterns</p> <p>Overall sales revenue could continue to increase in the upward trend which has established over the last 6 months.</p> <p>Ravi and Vaneesha could continue their upward trend in sales and continue to be the highest performing salespersons.</p> <p>Sales of the standard and superior mowers could continue to increase and increase revenue.</p> <p>Other relevant points may be awarded marks.</p>

Marks	Descriptor
0	No response worthy of credit.
1-3	The answer is not explained, or only states sales have been going up or sales of the standard mower are highest (or basic points similar to this which do not recognise there is a trend/pattern).
4-7	An answer which demonstrates a good understanding of the patterns in the data provided, where there have been upward trends in the data and where there have been steady decreases in performance over the six months with an attempt made to link the data from the different sources.
8-10	An answer which demonstrates a clear understanding of the patterns in the data provided, where there have been upward trends in the data and where there have been steady decreases in performance. A strong answer will link the data between the different sources, for example the increasing sales of a sales representative with increasing sales of a product type.

(10 marks) (5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5)

(b) Identify which TWO of the following statements are correct.

Statement	✓
The Sales Manager could use information about customer discounts to appraise the sales representatives.	✓
The Sales Manager would not benefit from detailed information about the product sales for each representative.	
The Sales Representatives have no influence over what customers buy and should not be appraised on their sales across the product range.	
The Sales Representatives should be appraised based on the prices negotiated with their customers.	✓

(2 marks) (5.3.1)

(c) Complete the following statement about professional communication.

When preparing information for the Sales Manager about the Sales Representatives performance it must be _____.

OPTIONS	✓
in a shared location to enable easy access by all team members.	
clearly presented and accurate.	✓
in a spreadsheet format and emailed to the Sales Manager.	

(1 mark) (5.3.2)

Task 7 (12 marks)

This task is about risk and big data.

(a) Identify **ONE** appropriate strategy to deal with each of the following risks.

	Transfer	Accept	Reduce	Avoid
The risk to a chemical manufacturer of their employees suffering an injury due to handling hazardous materials, an essential part of their job.			✓	
The remote risk to a retailer that their high-value inventory may be destroyed by fire.	✓			

(2 marks)

(b) Identify which **ONE** of the following factors would normally be classed as a strategic risk.

	Strategic risk ✓
One of the business' suppliers imposing stricter credit terms.	
A permanent worldwide shortage of a raw material that the business uses.	✓
The business' third largest customer transferring its purchases to a competitor.	
An error in the valuation of inventory.	

(1 mark)

- (c) (i) Identify which ONE of the following is a benefit for Zedsa of having the loyalty card scheme.

	✓
Enables the collection of shopping habit data by Zedsa.	✓
Provides Zedsa with a range of secondary data.	
Simplifies Zedsa's tills and operating systems.	
Reduces Zedsa's reliance on IT systems.	

(1 mark)

- (ii) Identify the big data characteristic that underlies the challenge or benefit for Zedsa described in each statement below.

Statement	Volume	Velocity	Variety	Veracity
Zedsa collects data from all three different store types and requires all customers to use their loyalty cards and/or customer accounts.			✓	
There are thousands of customers visiting the stores on a daily basis. This means Zedsa is collecting data every minute of every day.		✓		
Zedsa requires a comprehensive processing system to collect, analyse and store all the data.	✓			
The loyalty card data collection is deemed to be accurate as it is decided by and controlled by Zedsa in the systems they use.				✓

(4 marks)

(iii) Complete the following statement about decision making by selecting ONE option.

This information will assist in making decisions about where to place the products in the store, so it is an example of _____ decision.

Options	✓
a strategic	
a managerial	
an operational	✓

(1 mark)

(iv) Identify whether the following statement about the quality of the information is true or false.

Statement	True ✓	False ✓
The information derived from the loyalty card scheme is good quality because it is available in real-time.	✓	

(1 mark)

(d) Identify which TWO pieces of information Zedsa's Finance function would directly receive from the Human Resources function, not from the Operations function.

Information received only FROM the Human Resources function	✓
New employee start date.	✓
Overtime hours worked this week.	
Hourly and overtime rate.	✓
Travel expenses due for reimbursement.	

(2 marks)