IQM4010

LEVEL 4 · SAMPLE ASSESSMENT

INTO QUALIFICATIONS

Financial Accounting and Reporting

Sample closed-book financial accounting examination

STAFF ONLY · Staff marking and administration guide

Assessment
IQM4010 A1

Sample set
2026-S

Status
SAMPLE ASSESSMENT

Duration
2 hours

Total marks
100

Release timing
exam release

Administration and delivery

- Centre supplies the approved formula booklet containing the financial-ratio formulae and the answer booklet; this sample does not require an external reporting standard extract. Require clear workings and identify question references.
- A non-programmable, non-graphing scientific calculator is required; it is the only candidate-provided item permitted. Calculators with computer algebra systems (CAS), text, image or document storage, or internet capability are prohibited.
- No other candidate-provided materials, equipment or software are permitted. Phones, tablets and smart watches are prohibited. No generative AI or external assistance is permitted at any stage of the examination.
- Issue-time controls: insert approved exam date and document IDs; maintain sample watermark/identity.

Mark scheme and indicative content

1 [1 marks]

Correct option: A

2 [1 marks]

Correct option: B

3 [1 marks]

Correct option: A

4 [1 marks]

Correct option: B

5 [1 marks]

Correct option: B

6 [1 marks]

Correct option: A

7 [1 marks]

Correct option: A

8 [1 marks]

Correct option: B

9 [1 marks]

Correct option: A

10 [1 marks]

Correct option: B

11 [1 marks]

Correct option: A

12 [1 marks]

Correct option: B

13 [1 marks]

Correct option: A

14 [1 marks]

Correct option: A

15 [1 marks]

Correct option: A

16 [20 marks]

Revenue = £96,000 + £12,000 - £2,000 = £106,000. Net purchases = £51,000 - £1,500 + £1,200 carriage = £50,700. Cost of sales = opening inventory £8,400 + £50,700 - closing inventory £9,100 = £50,000. Gross profit £56,000. Expenses: wages £14,000; rent £6,000 - £500 prepaid = £5,500; insurance £1,800 + £300 accrued = £2,100; depreciation £30,000 ×10% = £3,000. Total expenses £24,600; profit for year £31,400. Drawings and receipts/payments are not profit-or-loss items. Accumulated depreciation opening balance does not change annual charge under stated cost basis.

Mark allocation

Revenue Net: 3

Cost Of Sales And Purchases: 5

Adjustment Workings: 5

Profit Calculation: 3

Classification/Clear Presentation: 4

17 [20 marks]

Equipment annual depreciation = (£48,000-£6,000)/6 = £7,000. It was held for the full year, so charge £7,000; carrying amount = £48,000-£7,000=£41,000. Van annual depreciation = (£24,000-£4,000)/4=£5,000. Held six months, charge £2,500; carrying amount £21,500. Total charge £9,500 and aggregate carrying amount £62,500. Depreciation allocates depreciable amount over estimated useful life; it is not a direct valuation or cash reserve. Useful life/residual value may be uncertain, usage/obsolescence may not be even, and changed estimates affect comparability and reported profit. Apply estimate changes prospectively under applicable policy.

Mark allocation

Equipment Calc: 5

Van Time Apportionment: 5

Carrying Values And Total: 4

Two Limitations Accurately Explained: 6

18 [20 marks]

Operating cash before tax: PBT £42,000 + depreciation £5,000 + loss on disposal £1,000 - increase in receivables £2,000 + decrease in inventory £1,500 + increase in payables £2,500 = £50,000. Tax paid £7,000 gives net operating cash £43,000. Investing: equipment purchase (£12,000), disposal proceeds £3,000; net investing cash (£9,000). Financing: share issue £8,000 less dividend £2,000 = £6,000. Net increase in cash = £43,000-£9,000+£6,000=£40,000. State assumptions: no opening cash, interest, or other flows were supplied; cash increase is therefore the net movement from listed items.

The loss on disposal is added back in operating reconciliation because proceeds are investing cash; no carrying amount is needed for the net cash calculation.

Mark allocation

Operating Adjustments/Method: 8

Tax And Net Operating: 2

Investing Classification: 3

Financing Classification: 2

Net Movement And Assumptions: 5

19 [20 marks]

Expected recovery for the distressed customer is £4,000×25%=£1,000; expected loss is £3,000. A specific allowance of £3,000 is appropriate on the given evidence. Entry: Dr impairment loss £3,000; Cr loss allowance/allowance for expected credit losses £3,000. Receivables are presented gross £10,000 less allowance £3,000 = £7,000 net, assuming no opening allowance. Profit decreases by £3,000 before tax; cash is not immediately affected. The overdue £6,000 alone does not justify an impairment because the prompt gives no loss evidence; monitor and reassess.

Deliberately inflating/deflating estimates to manage profit threatens integrity, neutrality and faithful representation, misleads users and may breach professional obligations. Document evidence, assumptions, approvals and review.

Mark allocation

Expected Loss Calculation: 4

Journal And Presentation: 5

Profit/Asset/Cash Effects: 4

Treatment Of Other Balance: 2

Ethics: 5

Mark reconciliation: Questions 1–19 = 95 marks; whole-script presentation/layout = 5 marks; total = 100 marks.

Whole-script presentation/layout: 5 marks. Award once for the script as a whole, using the controlling guide criteria of clear accounting format, headings, classifications, workings and professional presentation: 5 = all features are clear, legible and consistently organised; 3–4 = generally clear with minor lapses; 1–2 = repeated layout or legibility problems, or incomplete use of the features, but the answer can be followed; 0 = unreadable, materially disorganised or with no usable presentation. Judge the presentation of classifications here; do not award again for classification correctness or for numerical accuracy, method or other content already credited within Questions 16–19.