

**Accounting**

Advanced GCE A2 H411

Advanced Subsidiary GCE AS H011

**Mark Schemes for the Units**

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**January 2009**

**H011/H411/MS/R/09J**

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by Examiners. It does not indicate the details of the discussions which took place at an Examiners' meeting before marking commenced.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

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**Advanced GCE Accounting (H411)**

**Advanced Subsidiary GCE Accounting (H011)**

### MARK SCHEMES FOR THE UNITS

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# Instructions to Examiners

## Own figure rule ('of')

Where 'of' is indicated, a figure which is incorrect solely because of an error in an earlier part of the question may be awarded the appropriate marks as if it were correct.

## Quality of Written Communication

The rubric states:

*\* In these two questions/sub questions, you will be assessed on the quality of your written communication. In one of these questions, the focus will be on your ability to present numerical information legibly and in an appropriate accounting format. In the other, you will be assessed on the legibility and style of writing, the clarity and coherence of your arguments and the accuracy of your spelling, punctuation and grammar.*

4% of the paper marks are available for rewarding *Quality of Written Communication*, as follows:

### Levels of Response for *Numerical Questions*

Level	Mark	Description
3	3	All account headings, terms and balances are included appropriately and in line with accounting conventions. All figures are legible with effective use made of columns and sub-totals. All accounts are ruled off as appropriate.
2	2	Almost all account headings, terms and balances are included appropriately and in line with accounting conventions. Figures are legible with effective use made of columns and sub-totals. Accounts are ruled off as appropriate.
1	1	Some account headings, terms and balances are included though not always adhered to accounting conventions. Most figures are legible. Some appropriate use is made of columns and sub-totals. Some accounts are ruled off as appropriate.
-	0	Responses which fail to achieve the standard required for Level 1.

### Levels of Response for *Narrative Questions*

Level	Mark	Description
2	2	Ideas, some complex, are expressed clearly and quite fluently, using an appropriate style of writing. Arguments made are generally relevant and are constructed in a logical and coherent manner. There are few errors of spelling, punctuation and grammar, and those that are made are not intrusive and do not obscure meaning.
1	1	Relatively straightforward or simple ideas are expressed in a generally appropriate style of writing which sometimes lacks clarity or fluency. Arguments have some limited coherence and structure occasionally showing relevance to the main focus of the questions. There are errors of spelling, punctuation and grammar which are noticeable and sometimes intrusive but do not totally obscure meaning.
-	0	Responses which fail to achieve the standard required for Level 1.

## F011 Unit 1 – Accounting Principles

Question	Answer	Mark
1*		
<u>Bev Hallahan</u>		
<u>Trading and Profit and Loss Account for the year ended 30 November 2008</u>		
Sales		132,000
<u>Sales returns</u>		960
		131,040 (1)
Opening stock	6,800	
Purchases	66,000 (1)	
<u>Carriage inwards</u>	380 (1)	
	73,180	
<u>Purchase returns</u>	740 (1)	
	72,440	
<u>Closing stock</u>	5,400	
<u>Cost of sales</u>		67,040 (1)
Gross Profit		64,000
Discounts received		450 (1)
<u>Commission received</u>		2,750 (1)
		67,200
Discounts allowed	820 (1)	
Carriage outwards	790 (1)	
Rent	7,870 (2)	
Salaries	18,200 (1)	
General expenses	7,100 (1)	
Repairs and maintenance	1,740 (2)	
Bad debts	550 (2)	
Provision for doubtful debts	34 (2)	
Loan interest	1,200 (2)	
Depreciation shop fittings	1,900 (2)	
<u>Depreciation motor vehicles</u>	3,000 (2)	
		<u>43,204</u>
Net Profit		<u>23,996 (1)</u>
<u>Balance Sheet as at 30 November 2008</u>		
<u>Fixed Assets</u>		
Shop fittings		14,100
<u>Motor vehicles</u>		9,000
		23,100 (2)(1of)
<u>Current Assets</u>		
Stock	5,400 (1)	
Debtors	17,346 (2)	
Rent prepaid	440 (1)	
Commission receivable	2,750 (1)	
<u>Bank</u>	3,200 (1)	
	29,136	
<u>Current Liabilities</u>		
Creditors	10,000 (1)	
Loan interest	200 (1)	
Repairs and maintenance owing	240 (1)	
<u>10% Loan</u>	12,000 (1)	
	22,440	

F011

Mark Scheme

January 2009

Question	Answer	Mark
<u>Working Capital</u>	6,696	
	<u>29,796</u>	
<u>Financed by</u>		
Capital	18,000 (1)	
<u>Net profit</u>	23,996	
	41,996	
Drawings	<u>12,200 (1)</u>	
	<u>29,796 (2)(1of)</u>	
		[42]
	QWC	[2]
	Total marks	[44]

Question	Answer	Marks																												
<b>2 (a)</b>																														
<b>(i)</b>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">Machinery</th> </tr> </thead> <tbody> <tr> <td style="width: 20%; border-right: 1px solid black;">Bal b/d</td> <td style="width: 15%; text-align: right;">860,000</td> <td style="width: 10%; text-align: right;"><b>(1)</b></td> <td style="width: 55%; border-right: 1px solid black;">Bal c/d</td> <td style="width: 15%; text-align: right;">978,000</td> <td style="width: 10%; text-align: right;"><b>(1)</b></td> </tr> <tr> <td style="border-right: 1px solid black;">Bank</td> <td style="text-align: right;">82,000</td> <td style="text-align: right;"><b>(1)</b></td> <td style="border-right: 1px solid black;"></td> <td></td> <td></td> </tr> <tr> <td style="border-right: 1px solid black;">Rock Machinery Ltd</td> <td style="text-align: right;">36,000</td> <td style="text-align: right;"><b>(1)</b></td> <td style="border-right: 1px solid black;"></td> <td></td> <td></td> </tr> <tr> <td style="border-right: 1px solid black;"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">978,000</td> <td></td> <td style="border-right: 1px solid black;"></td> <td style="text-align: right;">978,000</td> <td></td> </tr> </tbody> </table>	Machinery				Bal b/d	860,000	<b>(1)</b>	Bal c/d	978,000	<b>(1)</b>	Bank	82,000	<b>(1)</b>				Rock Machinery Ltd	36,000	<b>(1)</b>					978,000			978,000		<b>[4]</b>
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F011

Mark Scheme

January 2009

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Question	Answer	Mark
<b>(b)*</b>	<p>Straight line easy to calculate and less chance of errors.            Will give an equal charge each year.            Straight line method of depreciation is an appropriate method for assets that lose value evenly throughout their life.            This is a suitable method for office equipment.</p> <p>Reducing balance is an appropriate method for assets that lose most value earlier in their life and less in later years.            This method would be most suited to machinery and motor vehicles.            Reduced depreciation off-set with higher repairs and maintenance in later years.</p> <p><b><i>Candidates are expected to consider both straight line and reducing balance methods of depreciation.</i></b></p> <p><b>(2x3 marks)</b>  <b>(1 for point plus up to 2 for development)</b></p>	<p>[1+2x2]      [6]</p> <p>QWC      [2]</p> <p><b>Total Marks      [36]</b></p>

## F012 Unit 1 – Accounting Applications

### 1 (a)

Eastview Ltd

Cash Budget for the three months ending 30 June 2009

	<u>April</u>	<u>May</u>	<u>June</u>
<u>Receipts</u>			
Cash sales	52,000(1)	56,000(1)	60,000(1)
Receipts from debtors	72,000(1)	78,000(1)	84,000(1)
Loan	10,000(1)		4,500(1)
Sale of motor vehicle			
	<u>134,000</u>	<u>134,000</u>	<u>148,500</u>
<u>Payments</u>			
Cash purchases	14,800(1)	15,600(1)	10,000(1)
Payments to creditors	60,800(1)	57,600(1)	59,200(1)
Wages	21,800(1)	23,800(1)	18,600(1)
Rent	4,000	4,000	4,000(1 line)
General expenses	37,000(1)	40,000(1)	35,000(1)
Motor van		<u>6,000</u>	<u>6,000(1 line)</u>
	<u>138,400</u>	<u>147,000</u>	<u>132,800</u>
Net cash flow	(4,400)	(13,000)	15,700
Opening balance	<u>12,000(1)</u>	<u>7,600</u>	<u>(5,400)</u>
Closing balance	<u><u>7,600</u></u>	<u><u>(5,400)</u></u>	<u><u>10,300(1)</u></u>

[24]

- (b)\*** Allows a business to plan future expenditure and, therefore, provides a way of controlling expenditure and cash flow.  
 The plans need to be coordinated with different departments, therefore, allowing communication within the departments.  
 Targets can be set within different departments, actual results compared with budgeted.  
 Review results to see if targets have been met, this can motivate managers.  
 Budgets can be used to control expenditure, and for decision making.

**(2 x 3 marks)**

**(1 mark for an identification of a point, plus up to 2 marks for analytical/evaluative comments)**

	[6]
QWC	[2]
Total Marks	[32]

F012

Mark Scheme

January 2009

2 (a)

Wortham Golf ClubBar Trading Account for the year ended 31 December 2008

		102,000(1)
Bar sales		
Opening stock	12,000	
Purchases	<u>58,400(2)</u>	
	70,400	
Closing stock	<u>10,500</u>	
Cost of sales		<u>59,900(1)</u>
Gross Profit		42,100
Bar staff salaries		30,300(2)
Net Profit		<u>11,800(1)</u>

[7]

(b)

Subscriptions Account			
Balance b/d	6,000(1)	Balance b/d	2,400(1)
Inc and excl	419,400(1)	Bank	418,000(2)
Balance c/d	3,200(1)	Bad debts	1,200(1)
	<u>428,600</u>	Balance c/d	<u>7,000</u>
			<u>428,600</u>

[7]

(c)\*

Income and Expenditure Account for the year ended 31 December 2008Income

Profit from Bar	11,800(1 of)
Subscriptions	419,400(1 of)
Profit from Dinner Dance	4,000(1)
Golf fees from visitors	30,000(1)
Profit on sale of equipment	<u>2,000(1)</u>
	467,200

Expenses

Groundkeepers wages	100,000(1)
General expenses	215,000(1)
Insurance	4,800(2)
Bad debts	1,200(1)
Depreciation clubhouse	50,000(1)
Depreciation equipment	<u>64,000(2)</u>

435,000

Surplus

32,200

F012

Mark Scheme

January 2009

Balance Sheet as at 31 December 2008Fixed Assets

Clubhouse		950,000
Equipment		<u>630,000</u>
		1,580,000(1)

Current Assets

Stock	10,500	
Subs owing	7,000(1)	
Insurance prepaid	1,400(1)	
Bank	<u>157,000(1)</u>	
	175,900	

Current Liabilities

Creditors	3,400	
Subs in advance	3,200(1)	
Bar wages owing	<u>1,100(1)</u>	
	7,700	

Working capital

168,200(1)  
1,748,200

Financed by

Accumulated Fund		1,716,000(2)
Surplus		<u>32,200(1of)</u>
		<u>1,748,200</u>

QWC [24]  
[3]  
Total marks [40]

F012

Mark Scheme

January 2009

3 (a)

Statement of revised stock valuation as at 30 November 2008

	Increases	Decreases	
Original stock valuation			125,060
(i) Purchases		35,000(1)	
(ii) Sales returns		20,480(2)	
(iii) Damaged stock		8,500(1)	
(iv) Drawings	2,400(1)		
(v) Sales	51,200(2)		
(vi) Stationery		860(1)	
(vii) Sale or return		1,200(1)	
(viii) Purchase returns	4,800(1)		
(ix) Stock on display	<u>2,300(1)</u>		
	60,700	<u>66,040</u>	<u>(5,340)</u>
Revised stock valuation			<u>119,720(1)</u>

(12)

(b)

Item (iii) Goods should be valued at the lower of cost and net realisable value, as the goods are now only worth £3,500 this is the amount that they should be shown at in the stock valuation. Prudence concept, assets should not be overvalued.

**(1 mark for concept)**  
**(up to 2 marks per point)**

Item (iv) Owner withdrew goods from stock and this should not be included in the stock valuation but should be included in the drawings. An example of the business entity concept, owners transactions kept separate from those of the business.

**(1 mark for concept)**  
**(up to 2 marks per point)**

[6]

Total marks [18]

F012

Mark Scheme

January 2009

4 (a)		Dr	Cr	
(i)	Machinery Machinery repairs	2,500(1)		2,500(1)
(ii)	Purchases Suspense	6,400(1)		6,400(1)
(iii)	Suspense Electricity	7,900(1)		7,900(1)
	Suspense Rent Received	7,900(1)		7,900(1)
(iv)	Heath Ltd Sales	900(1)		900(1)
(v)	Suspense Sumner Ltd	1,600(1)		1,600(1)
(vi)	Suspense Bank	1,000(1)		1,000(1)
(vii)	Sales Purchases Returns	500(1)	500(1)	
(viii)	Purchases Wayne Ltd	100(1)	100(1)	[18]

(b)

Statement to show revised Net Profit

	Increase	Decrease		
Original Net Profit			22,600	
(i) Machinery	2,500(1)			
(ii) Purchases undercast		6,400(1)		
(iii) Rent received	15,800(1)			
(iv) Sale	900(1)			
(viii) Purchases	<u>100(1)</u>	<u>100(1)</u>		
	19,200	500	<u>12,700</u>	
Revised Net Profit			<u>35,300(1)</u>	[6]

(c)

Disadvantages:

- more partners therefore profits will have to be shared;
- partners might not agree;
- capital can be limited by the number of partners;
- decisions made by one partner can be legally binding on the partnership.

**(3 x 2 marks)**

**[6]**

**(1 mark per point identified, plus a further 1 mark for an analytical/evaluative development)**

**Total marks**

**[30]**

# Grade Thresholds

Advanced GCE Accounting H011  
January 2009 Examination Series

## Unit Threshold Marks

Unit		Maximum Mark	A	B	C	D	E	U
F011	Raw	80	69	61	53	45	37	0
	UMS	80	64	56	48	40	32	0

For a description of how UMS marks are calculated see:

[http://www.ocr.org.uk/learners/ums\\_results.html](http://www.ocr.org.uk/learners/ums_results.html)



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