



GCE

Accounting

Advanced GCE

Unit **F013**: Company Accounts and Interpretation

Mark Scheme for June 2012

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of candidates of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, OCR Nationals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support, which keep pace with the changing needs of today's society.

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.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

© OCR 2012

Any enquiries about publications should be addressed to:

OCR Publications
PO Box 5050
Annesley
NOTTINGHAM
NG15 0DL








Telephone: 0870 770 6622
Facsimile: 01223 552610
E-mail: publications@ocr.org.uk

F013

Mark Scheme

June 2012

Annotations

Annotation	Meaning
	Unclear
	Benefit of doubt
	Cross
	Own figure rule
	Repeat
	Noted but no credit given
	Tick

Subject-specific Marking Instructions

Every working box – whether they contain working or not- must be stamped as “seen”.

F013

Mark Scheme

June 2012

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*.

Levels of Response for Numerical Questions

Level	Mark	Description
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 question. 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.

F013

Mark Scheme

June 2012

Question	Answer	Marks	Guidance																																																		
1 (a)	<p data-bbox="340 220 1131 284"><u>Osborne plc</u> <u>Schedule of Fixed Assets for year ended 31 December 2011</u></p> <table border="1" data-bbox="414 316 1541 933"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Premises</u></th> <th style="text-align: center;"><u>Plant and equipment</u></th> <th style="text-align: center;"><u>Motor vehicles</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>Cost at 1 January</td> <td></td> <td style="text-align: right;">650,000 (1)</td> <td style="text-align: right;">159,000</td> <td></td> </tr> <tr> <td>Additions</td> <td style="text-align: right;">500,000 (1)</td> <td style="text-align: right;">50,000 (1)</td> <td></td> <td></td> </tr> <tr> <td>Disposals</td> <td></td> <td></td> <td style="text-align: right;">(9,000) (1)</td> <td></td> </tr> <tr> <td>Revaluations</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cost at 31 December</td> <td style="text-align: right;">500,000</td> <td style="text-align: right;">700,000</td> <td style="text-align: right;">150,000 (1)</td> <td style="text-align: right;">for line</td> </tr> <tr> <td>Total depreciation 1 January</td> <td></td> <td style="text-align: right;">320,000</td> <td style="text-align: right;">61,000 (1)</td> <td></td> </tr> <tr> <td>Profit and loss Disposals</td> <td></td> <td style="text-align: right;">135,000 (2)</td> <td style="text-align: right;">37,500 (1) (3,800) (1)</td> <td></td> </tr> <tr> <td>Total depreciation 31 December</td> <td></td> <td style="text-align: right;">455,000</td> <td style="text-align: right;">94,700 (1)</td> <td style="text-align: right;">for line</td> </tr> <tr> <td>Net book value 31 December</td> <td style="text-align: right;">500,000</td> <td style="text-align: right;">245,000</td> <td style="text-align: right;">55,300 (1)</td> <td style="text-align: right;">for line</td> </tr> </tbody> </table>		<u>Premises</u>	<u>Plant and equipment</u>	<u>Motor vehicles</u>		Cost at 1 January		650,000 (1)	159,000		Additions	500,000 (1)	50,000 (1)			Disposals			(9,000) (1)		Revaluations					Cost at 31 December	500,000	700,000	150,000 (1)	for line	Total depreciation 1 January		320,000	61,000 (1)		Profit and loss Disposals		135,000 (2)	37,500 (1) (3,800) (1)		Total depreciation 31 December		455,000	94,700 (1)	for line	Net book value 31 December	500,000	245,000	55,300 (1)	for line	12	
	<u>Premises</u>	<u>Plant and equipment</u>	<u>Motor vehicles</u>																																																		
Cost at 1 January		650,000 (1)	159,000																																																		
Additions	500,000 (1)	50,000 (1)																																																			
Disposals			(9,000) (1)																																																		
Revaluations																																																					
Cost at 31 December	500,000	700,000	150,000 (1)	for line																																																	
Total depreciation 1 January		320,000	61,000 (1)																																																		
Profit and loss Disposals		135,000 (2)	37,500 (1) (3,800) (1)																																																		
Total depreciation 31 December		455,000	94,700 (1)	for line																																																	
Net book value 31 December	500,000	245,000	55,300 (1)	for line																																																	

F013

Mark Scheme

June 2012

Question	Answer	Marks	Guidance																																																																																																		
(b)*	<p><u>Osborne plc</u> <u>Profit and Loss Account for the year ended 31 December 2011</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Turnover</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">981,200</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>464,800</u></td> <td></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">516,400</td> <td></td> <td></td> </tr> <tr> <td>Distribution costs</td> <td style="text-align: right;">256,050</td> <td></td> <td style="text-align: right;">(4)</td> <td></td> </tr> <tr> <td>Administrative expenses</td> <td style="text-align: right;"><u>121,222</u></td> <td></td> <td style="text-align: right;">(6)</td> <td></td> </tr> <tr> <td>Operating profit</td> <td></td> <td style="text-align: right;"><u>377,272</u></td> <td></td> <td></td> </tr> <tr> <td>Other income</td> <td></td> <td style="text-align: right;">139,128</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>23,000</u></td> <td></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">162,128</td> <td></td> <td></td> </tr> <tr> <td>Interest payable</td> <td></td> <td style="text-align: right;"><u>12,100</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Profit on ordinary activities before tax</td> <td></td> <td style="text-align: right;">150,028</td> <td></td> <td></td> </tr> <tr> <td>Corporation tax</td> <td></td> <td style="text-align: right;"><u>37,500</u></td> <td></td> <td></td> </tr> <tr> <td>Profit after tax</td> <td></td> <td style="text-align: right;">112,528</td> <td></td> <td></td> </tr> <tr> <td>Proposed dividends</td> <td></td> <td style="text-align: right;"><u>60,000</u></td> <td></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td>Retained profit</td> <td></td> <td style="text-align: right;"><u>52,528</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td colspan="5">Distribution costs (114500 + 600(1) + 2200(1) + 37500(1) + 101250(1) = 256 050)</td> </tr> <tr> <td colspan="5">Administrative expenses 89000 – 900 + 1172 – 3000 + 33750 + 6000 – 4800 = 121222</td> </tr> <tr> <td></td> <td style="text-align: right;">QWC</td> <td></td> <td></td> <td style="text-align: right;">2</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">21</td> </tr> <tr> <td></td> <td style="text-align: right;">Total</td> <td></td> <td></td> <td style="text-align: right;">33</td> </tr> </table>	Turnover		981,200			Cost of sales		<u>464,800</u>		(2)	Gross profit		516,400			Distribution costs	256,050		(4)		Administrative expenses	<u>121,222</u>		(6)		Operating profit		<u>377,272</u>			Other income		139,128					<u>23,000</u>		(2)			162,128			Interest payable		<u>12,100</u>		(1)	Profit on ordinary activities before tax		150,028			Corporation tax		<u>37,500</u>			Profit after tax		112,528			Proposed dividends		<u>60,000</u>		(2)	Retained profit		<u>52,528</u>		(1)	Distribution costs (114500 + 600(1) + 2200(1) + 37500(1) + 101250(1) = 256 050)					Administrative expenses 89000 – 900 + 1172 – 3000 + 33750 + 6000 – 4800 = 121222						QWC			2					21		Total			33
Turnover		981,200																																																																																																			
Cost of sales		<u>464,800</u>		(2)																																																																																																	
Gross profit		516,400																																																																																																			
Distribution costs	256,050		(4)																																																																																																		
Administrative expenses	<u>121,222</u>		(6)																																																																																																		
Operating profit		<u>377,272</u>																																																																																																			
Other income		139,128																																																																																																			
		<u>23,000</u>		(2)																																																																																																	
		162,128																																																																																																			
Interest payable		<u>12,100</u>		(1)																																																																																																	
Profit on ordinary activities before tax		150,028																																																																																																			
Corporation tax		<u>37,500</u>																																																																																																			
Profit after tax		112,528																																																																																																			
Proposed dividends		<u>60,000</u>		(2)																																																																																																	
Retained profit		<u>52,528</u>		(1)																																																																																																	
Distribution costs (114500 + 600(1) + 2200(1) + 37500(1) + 101250(1) = 256 050)																																																																																																					
Administrative expenses 89000 – 900 + 1172 – 3000 + 33750 + 6000 – 4800 = 121222																																																																																																					
	QWC			2																																																																																																	
				21																																																																																																	
	Total			33																																																																																																	

 19 | || | | | | **21** |
| | **Total** | | | **33** |

F013

Mark Scheme

June 2012

Question		Answer	Marks	Guidance
	(b)	<p>The balance on the share premium account is a capital reserve. Company law will not allow Plum plc to pay ordinary dividends using the capital reserves. The directors of Plum plc could use the balance to make a bonus issue of shares. The balance on the general reserve account is a revenue reserve and is the property of the ordinary share holders. The directors can use the balance on the reserve account to pay dividends, although the company must have the cash available and it will reduce the equity reserves on the balance sheet.</p> <p>Maximum 8 marks (1 for point plus up to 2 for development)</p>	8	
		Total	21	

F013

Mark Scheme

June 2012

Question		Answer		Marks	Guidance	
3	(a) (i)	Bal c/d	<u>Ordinary share capital</u> 100,000 (1) <u>100,000</u>	Bal b/d 40,000 Bank 40,000 (1) Share premium (1) 8,000 (1) Profit and loss (1) <u>12,000 (1)</u> <u>100,000</u>	6	
	(ii)	Ordinary share capital (1)	<u>Share premium</u> 8,000 (1) <u>8,000</u>	Bank 8,000 (1) <u>8,000</u>	3	
	(iii)	Ordinary share capital (1) Bal c/d	<u>Profit and loss</u> 12,000 (1) <u>108,000 (1)</u> <u>120,000</u>	Bal b/d 120,000 <u>120,000</u>	3	
	(b)*	Relevance – The financial information must be relevant and able to help the user make economic and financial decisions about the company. Reliability – The financial information must be reliable and free from errors and statements. The account must represent a true and fair picture of the company. Appropriate accounting policies must be used which will result in accounting information which can be relied upon by the user. (1 for point plus up to 2 for development)		12		
				QWC	2	

F013

Mark Scheme

June 2012

Question			Answer	Marks	Guidance
			<p>Comparability – It is important that the financial information provided by the company can be compared with previous performance and similar companies by the user of the accounts.</p> <p>(1 for point plus up to 2 for development)</p> <p>Understandability – Information provided by financial statements needs to be capable of being understood by users who have a reasonable knowledge of business and accounting. The user of the accounts should be able use the accounting information to help make an informed decision on the company.</p> <p>(1 for point plus up to 2 for development)</p> <p>Maximum 12 marks</p>		
				14	
			Total	26	

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Customer Contact Centre

Education and Learning

Telephone: 01223 553998

Facsimile: 01223 552627

Email: general.qualifications@ocr.org.uk

www.ocr.org.uk

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

Oxford Cambridge and RSA Examinations
is a Company Limited by Guarantee
Registered in England
Registered Office; 1 Hills Road, Cambridge, CB1 2EU
Registered Company Number: 3484466
OCR is an exempt Charity

OCR (Oxford Cambridge and RSA Examinations)
Head office
Telephone: 01223 552552
Facsimile: 01223 552553

© OCR 2012

