



**GCE**

**Accounting**

Unit **F011**: Accounting Principles

Advanced Subsidiary GCE

**Mark Scheme for June 2015**

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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.

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## Annotations

1		281	?	Unclear
2		31	BOD	Benefit of doubt
3		21	Cross	Cross
4		721	OFR	Own figure rule
5		271	REP	Repeat
6		811	SEEN	Noted but no credit given
7		11	Tick	Tick
8			L1	Level 1
9			L2	Level 2
10			L3	Level 3
11			L4	Level 4

**Subject-specific marking instructions****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.

## MARK SCHEME:

Question		Answer	Mark	Guidance																																																																								
1	(a)*	<p><u>Bill Wylan</u>  <u>Trading and Profit and Loss Account for the year ended 31 March 2015</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Sales</td> <td style="width: 20%; text-align: right;">115,000</td> <td style="width: 20%;"></td> </tr> <tr> <td>Sales returns</td> <td style="text-align: right;"><u>5,150</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">109,850</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Opening stock</td> <td style="text-align: right;">11,100</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">42,000</td> <td></td> </tr> <tr> <td>Purchase returns</td> <td style="text-align: right;"><u>2,870</u></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td></td> <td style="text-align: right;">50,230</td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;"><u>3,500</u></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td></td> <td style="text-align: right;">53,730</td> <td></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;"><u>1,630</u></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td></td> <td style="text-align: right;">52,100</td> <td></td> </tr> <tr> <td>Closing stock</td> <td style="text-align: right;"><u>14,740</u></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;"><u>37,360</u></td> <td></td> </tr> <tr> <td>Gross Profit</td> <td style="text-align: right;">72,490</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Commission received</td> <td style="text-align: right;">2,120</td> <td></td> </tr> <tr> <td>Discounts received</td> <td style="text-align: right;"><u>1,920</u></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td></td> <td style="text-align: right;">76,530</td> <td></td> </tr> <tr> <td>Carriage outwards</td> <td style="text-align: right;">2,600</td> <td></td> </tr> <tr> <td>Discounts allowed</td> <td style="text-align: right;">1,850</td> <td></td> </tr> <tr> <td>Electricity</td> <td style="text-align: right;">3,800</td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">5,630</td> <td style="text-align: right;"><b>(2)</b></td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">3,232</td> <td style="text-align: right;"><b>(2)</b></td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">120</td> <td style="text-align: right;"><b>(2)</b></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">24,000</td> <td style="text-align: right;"><b>(2)</b></td> </tr> </table>	Sales	115,000		Sales returns	<u>5,150</u>			109,850	<b>(1)</b>	Opening stock	11,100		Purchases	42,000		Purchase returns	<u>2,870</u>	<b>(1)</b>		50,230		Carriage inwards	<u>3,500</u>	<b>(1)</b>		53,730		Drawings	<u>1,630</u>	<b>(1)</b>		52,100		Closing stock	<u>14,740</u>		Cost of sales	<u>37,360</u>		Gross Profit	72,490	<b>(1)</b>	Commission received	2,120		Discounts received	<u>1,920</u>	<b>(1)</b>		76,530		Carriage outwards	2,600		Discounts allowed	1,850		Electricity	3,800		General expenses	5,630	<b>(2)</b>	Bad debts	3,232	<b>(2)</b>	Provision for doubtful debts	120	<b>(2)</b>	Rent	24,000	<b>(2)</b>	44	<p>In all questions accept international terminology. Horizontal format as well as vertical format acceptable for both P&amp;L a/c and B/S. All marks are for figure plus reasonable narrative. Where marks are given for sub totals or totals, these are for the correct figure only i.e. they are <b>NOT</b> own figure unless specifically indicated.</p> <p>Adjustments for carriage inwards, purchase returns and drawings must appear above closing stock. If purchases figure includes adjustment for purchases returns, 39,130<b>(1)</b>. Other permutations are possible/acceptable e.g. 40,370<b>(1)</b>, 41,000<b>(3)</b>, 45,500<b>(1)</b>, 43,870<b>(2)</b>.</p> <p>Commission received and discounts received must appear below Gross Profit. Accept discounts received as a negative expense.</p>
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	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Salaries</td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: right;">30,000</td> <td style="width: 15%; text-align: right;">(2)</td> <td style="width: 40%;"></td> </tr> <tr> <td>Insurance</td> <td></td> <td style="text-align: right;">2,800</td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td>Motor expenses</td> <td></td> <td style="text-align: right;">3,350</td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td>Loan interest</td> <td></td> <td style="text-align: right;">1,500</td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td>Loss on sale of equipment</td> <td></td> <td style="text-align: right;">250</td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td>Depreciation:</td> <td>Equipment</td> <td style="text-align: right;">759</td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td></td> <td>Motor vehicles</td> <td style="text-align: right;"><u>2,250</u></td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>82,141</u></td> </tr> <tr> <td>Net Loss</td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>(5,611)</u></td> </tr> </table>	Salaries		30,000	(2)		Insurance		2,800	(2)		Motor expenses		3,350	(2)		Loan interest		1,500	(2)		Loss on sale of equipment		250	(2)		Depreciation:	Equipment	759	(2)			Motor vehicles	<u>2,250</u>	(2)						<u>82,141</u>	Net Loss				<u>(5,611)</u>		<p>In both the P&amp;L and Balance Sheet, where <b>(2)</b> marks are available the total must be shown and no part marks should be awarded.</p> <p>Equipment: Loss on Sale 250 and Depreciation 759 must be shown as two separate entries to gain their respective marks.</p> <p>Accept combined total for Depreciation i.e. 3,009<b>(4)</b>.</p>
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Question	Answer	Mark	Guidance
	<p><u>Balance Sheet as at 31 March 2015</u></p> <p><u>Fixed Assets</u></p> <p>Equipment 4,145 (1)</p> <p>Motor vehicles <u>6,750</u> (1)</p> <p>10,895</p> <p><u>Current Assets</u></p> <p>Stock 14,740</p> <p>Debtors 14,592 (2)</p> <p>Prepaid insurance <u>600</u> (1)</p> <p>29,932</p> <p><u>Current Liabilities</u></p> <p>Creditors 13,970</p> <p>Bank 238 (2)</p> <p>10% Loan 15,000 (1)</p> <p>Loan interest 375 (1)</p> <p>Accrued salaries 2,500 (1)</p> <p>Accrued motor expenses 150 (1)</p> <p>Accrued rent <u>2,000</u> (1)</p> <p>34,233</p> <p>Working Capital (4,301)</p> <p><u>6,594</u></p> <p><u>Financed by:</u></p> <p>Capital 24,835</p> <p>Net Loss <u>(5,611)</u> (1)</p> <p>19,224</p> <p>Drawings <u>12,630</u> (1)</p> <p><u>6,594</u></p> <p style="text-align: right;"><b>QWC (2)</b></p>		<p>Accept combined totals for fixed assets 10,895(2).</p> <p>Accept combined totals for accrued expenses and loan interest e.g. 4,650(3), 5,025(4).</p> <p>10% Loan must appear as a current liability to gain mark.</p> <p>For Drawings mark some indication of deduction required.</p> <p>Show QWC mark(s) just below the end of the balance sheet. If (0) marks for the question then QWC must also be (0) and if (0) signify with an X.</p>





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	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">Provision for Doubtful Debts</th> </tr> </thead> <tbody> <tr> <td style="width: 25%; text-align: right;">Bal c/d</td> <td style="width: 25%; text-align: right;">2,925(2)</td> <td style="width: 25%; text-align: right;">Bal b/d</td> <td style="width: 25%; text-align: right;">2,700(1)</td> </tr> <tr> <td></td> <td style="border-left: 1px solid black; text-align: right;">Profit &amp; Loss</td> <td></td> <td style="text-align: right;">225(1)</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; text-align: right;"><u>2,925</u></td> <td></td> <td style="border-top: 1px solid black; text-align: right;"><u>2,925</u></td> </tr> </tbody> </table>	Provision for Doubtful Debts				Bal c/d	2,925(2)	Bal b/d	2,700(1)		Profit & Loss		225(1)		<u>2,925</u>		<u>2,925</u>	<b>4</b>	
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	<u>2,925</u>		<u>2,925</u>																
<b>(b)*</b>	<p>Ari Soteris would be producing the accounts in contravention of the accounting standards and good accounting practice if she did not make adjustments for accruals and prepayments.</p> <p>Businesses must apply the accruals/matching concept which states that revenue and expenditure must be matched to the time period in which they were incurred not to the time period when they were received or paid.</p> <p>The net profit figure would be unreliable in the profit and loss account. If all the relevant expenditure for the period had not been matched with revenue.</p> <p>The balance sheet would also not show a true and fair view of the business as accruals and prepayments outstanding at the year end would not appear under current assets and current liabilities.</p> <p>Applying the accruals/matching concept each year permits a valid comparison of net profit both year on year and with other businesses. This also links to the consistency concept.</p> <p>It can also be argued that accounting for accruals and prepayments is to some extent an application of the prudence concept as failure to accrue expenses at the year end would result in profit and working capital values being overstated.</p> <p style="text-align: right;"><b>(3 X 3 marks)(1 for point plus up to 2 for development) Max (9) QWC (2)</b></p>	<b>11</b>	<p>Only accept prudence concept if linked to accrued expenses and/or prepaid income as liabilities/reductions in profit. Do not award marks for prudence if reference is too generalised or only mentioned in respect of trade debtors or trade creditors.</p> <p>Ex. of development: Application of accruals/matching concept(1), revenue and expenditure must be matched with the time period to which they relate(1), not to the time period in which they were paid or received(1).</p>																

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