

Accounting

Advanced Subsidiary GCE

Unit **F012**: Accounting Applications

Mark Scheme for January 2011

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

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Question Number	Expected Answer	Mark	Additional Guidance																																																																																																
1*	<p><u>Juliet Domus</u> <u>Trading and Profit and Loss Account for the year ended 31 December 2010</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Sales (142000-14500+12300+3120+26600)</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">169520</td> <td style="width: 10%; text-align: right;">(4)</td> </tr> <tr> <td>Opening stock</td> <td style="text-align: right;">57000</td> <td></td> <td></td> </tr> <tr> <td>Purchases (88300+2840+8200-10000)</td> <td style="text-align: right;"><u>89340</u></td> <td></td> <td style="text-align: right;">(3)</td> </tr> <tr> <td></td> <td style="text-align: right;">146340</td> <td></td> <td></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;"><u>1700</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">144640</td> <td></td> <td></td> </tr> <tr> <td>Closing stock</td> <td style="text-align: right;"><u>60300</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>84340</u></td> <td></td> </tr> <tr> <td>Gross Profit</td> <td></td> <td style="text-align: right;">85120</td> <td></td> </tr> <tr> <td>Discounts received</td> <td></td> <td style="text-align: right;"><u>2840</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">88020</td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">28200</td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">21400</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">44250</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Discounts allowed</td> <td style="text-align: right;">3120</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Loan interest</td> <td style="text-align: right;">1500</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Depreciation fixtures</td> <td style="text-align: right;"><u>4200</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>102670</u></td> <td></td> </tr> <tr> <td>Net Profit</td> <td></td> <td style="text-align: right;"><u>(14650)</u></td> <td style="text-align: right;">(1)</td> </tr> </table>	Sales (142000-14500+12300+3120+26600)		169520	(4)	Opening stock	57000			Purchases (88300+2840+8200-10000)	<u>89340</u>		(3)		146340			Drawings	<u>1700</u>		(1)		144640			Closing stock	<u>60300</u>		(1)	Cost of sales		<u>84340</u>		Gross Profit		85120		Discounts received		<u>2840</u>	(1)			88020		General expenses	28200			Rent	21400		(1)	Wages	44250		(1)	Discounts allowed	3120		(1)	Loan interest	1500		(1)	Depreciation fixtures	<u>4200</u>		(1)			<u>102670</u>		Net Profit		<u>(14650)</u>	(1)		<p>Must show tick where marks are awarded. X at the bottom of each page to show that it has been seen.</p> <p>If sales and purchases are incorrect must show workings to be awarded individual marks. If no workings are shown and the figure is incorrect do not award any marks.</p> <p>If purchases 87,640 award 4 marks.</p> <p>Drawings must be before closing stock.</p> <p>Closing stock correct figure must be calculated and shown.</p> <p>Give marks for control account entries if shown.</p> <table style="width: 100%; border-collapse: collapse; margin-top: 20px;"> <thead> <tr> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">SLCA</th> </tr> </thead> <tbody> <tr> <td style="width: 25%;">Bal b/d</td> <td style="width: 25%; text-align: right;">14,500</td> <td style="width: 25%; border-left: 1px solid black; border-right: 1px solid black;">Bank</td> <td style="width: 25%; text-align: right;">142,000</td> </tr> <tr> <td>Credit sales</td> <td style="text-align: right;">142,920</td> <td style="border-left: 1px solid black; border-right: 1px solid black;">Dis Allowed</td> <td style="text-align: right;">3,120</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"></td> <td style="border-left: 1px solid black; border-right: 1px solid black;">bal c/d</td> <td style="text-align: right; border-top: 1px solid black;">12,300</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">157,420</td> <td style="border-left: 1px solid black; border-right: 1px solid black;"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">157,420</td> </tr> </tbody> </table> <p style="margin-top: 10px;">157,420 + 26,600 = 169,520</p>	SLCA				Bal b/d	14,500	Bank	142,000	Credit sales	142,920	Dis Allowed	3,120			bal c/d	12,300		157,420		157,420
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	<p><u>Balance Sheet as at 31 December 2010</u></p> <p><u>Fixed Assets</u></p> <p>Fixtures 24700 (1)</p> <p><u>Current Assets</u></p> <p>Stock 60300 (1)</p> <p>Debtors 12300 (1)</p> <p>Bank 5120 (2)</p> <p>Rent <u>3200</u> (1)</p> <p>80920</p>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="4" style="text-align: center;">PLCA</th> </tr> <tr> <td style="width: 25%;">Bank</td> <td style="width: 25%; text-align: right;">88,300</td> <td style="width: 25%; border-left: 1px solid black;">Bal b/d</td> <td style="width: 25%; text-align: right;">10,000</td> </tr> <tr> <td>Dis Rec'd</td> <td style="text-align: right;">2,840</td> <td>Purchases</td> <td style="text-align: right;">89,340</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>8,200</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>145,030</u></td> <td></td> <td style="text-align: right;"><u>145,030</u></td> </tr> </table> <p>9,340- 1700 = 87,640</p> <p>Discount received <u>CAN</u> be shown as a negative expense but <u>CANNOT</u> be added to net profit.</p> <p>All expenses mark is for net figure only.</p> <p>Net Loss correct answer only.</p> <p><u>Current Assets</u> Bank correct answer only for 2 marks</p> <p><u>Current Liabilities</u> Accept accruals 2,950 for accruals – 2 marks</p> <p><u>Financed by</u> Capital correct answer only 2 marks</p> <p>Net Loss 1 of – but must be same figure as in profit and loss account Loan can be added in the 'Financed By' section for 1 mark. Must show QWC has been considered even if 0</p>	PLCA				Bank	88,300	Bal b/d	10,000	Dis Rec'd	2,840	Purchases	89,340	Bal c/d	<u>8,200</u>				<u>145,030</u>		<u>145,030</u>
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(d)	<p>Provide more capital, (1) as there are more contributors this would enable the business to expand (1) at a faster rate (1), or expand into a new market area (1). Additional expertise, (1) this would enable the partners to specialise (1) in one aspect of the business (1). Share the workload (1) and responsibilities (1) for example, they can share ideas when making decisions (1). More cover for holidays (1) and sickness (1), this would allow the partners to take holidays, leaving the business with adequate managerial cover (1). Reduces stress on management (1). (3 x 3 marks) (1 for point plus up to 2 for development)</p> <p style="text-align: right;">QWC Total marks</p>	[9] [2] [32]	<p>Be careful to avoid giving many marks for generalised comments. Development marks should relate to advantages. 1 mark for point up to 2 marks for development. If just list reasons shown – max 3 marks. Award QWC - Must show QWC has been considered even if 0.</p>																																																

3						
(a)(i)	Motor vehicles	Dr 16000	(1)	Cr		
	Bank			16000	(1)	[2]
(ii)	Profit and Loss	51200	(2)			
	Provision for depreciation motor vehicles			51200	(2)	[4]
(b)(i)						[2]
	Machinery	14000	(1)			
(ii)	C W Fox Ltd			14000	(1)	
	Disposals	8000	(1)			
	Machinery			8000	(1)	
	Bank	6000	(1)			
	Disposals			6000	(1)	
	Provision for depreciation machinery	2600	(1)			
	Disposals			2600	(1)	
						[8]
(iii)	Disposals	600	(1)			
	Profit and Loss			600	(1)	
	Profit and Loss	6100	(2)			
	Provision for depreciation machinery			6100	(2)	[4]
	Additional Guidance:					
	Must be correct figure and details for mark.					
	Must identify as to whether debit or credit if not set out in correct format.					
	Bank – can allow cash book but not cash.					
	Depreciation acceptable instead of provision for depreciation.					
	Reversed entries no mark.					
	If show in T account half marks.					

Question Number	Expected Answer	Mark	Additional Guidance
(c)	<p>The journal is a book of prime entry (1). It is used to record non-routine transactions (1) errors and opening entries.</p> <p>The narrative shows you clearly the nature of the transaction (1).</p> <p>This acts as a diary (1) of events and is useful as a means of tracing (1) and checking (1) transactions, which makes fraud more difficult (1).</p> <p>(2 x 3 marks) 1 for point plus up to 2 for development)</p>	[6]	1 mark for stating point, up to 2 marks for development
(d)	<p>Large volumes of data can be easily kept (1), minimises storage cost (1) and allows easy and quick access to information (1).</p> <p>Information can be processed quickly (1) which provides up to date information which can be used for monitoring, (1) control (1) and decision making purposes (1).</p> <p>Data can be password protected (1), reducing the need for costs associated with the physical security systems (1). Errors are minimised (1), generating reduced administrative and other costs (1) associated with their correction (1).</p> <p>(1 x 1 mark) 1 for point plus up to for development</p> <p style="text-align: right;">Total marks</p>	[4] [30]	1 mark for stating point, 1 mark for development

4 (a)	Sales Ledger Control Account				[11]	Mark is for correct narrative and figure. Allow cash paid to creditors but not cheques paid to creditors. Allow cash book and dishonoured cheques, allow returned cheque. Allow bal b/d, bal c/d but not bal or b/d or c/d on it's own. Allow set off instead of Contra. Allow marks if adjustments are shown separate, as below. Only award mark if both items are included.
	Balance b/d	137760	(1)	Balance b/d	3200	(1)
	Credit sales	1209600	(1)	Bank	1058400	(1)
	Bank (dishonoured)	16800	(1)	Cash	8400	(1)
				Sales returns	16900	(1)
				Discounts allowed	1520	(1)
				Bad debts	13000	(1)
				Contra purchases ledger	12320	(1)
				Balance c/d	<u>250420</u>	(1)
		<u>1364160</u>			<u>1364160</u>	
	Sales Ledger Control Account					
	Bal b/d	137,760		bal b/d	3,200	
	Sales	1,209,600		Bank	1,058,400	
	Bank (DC)	7,000		Cash	8,400	
				Sales returns	14,000	
				Sales returns	2,900	
	Bank (DC)	9,800		Bad debts	13,000	
	Disc allw'd	1,000		Disc allw'd	2,520	
				Contra	12,320	
				Bal c/d	<u>250,420</u>	
		<u>1,365,160</u>			<u>1,365,160</u>	

Question Number	Expected Answer	Mark	Additional Guidance																					
(b)	<p style="text-align: right;"><u>Revised schedule of debtors</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Original balance</td> <td style="width: 20%; text-align: right;">246120</td> <td style="width: 20%;"></td> </tr> <tr> <td>(i) Sales returns</td> <td style="text-align: right;">(2900)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>(iii) Contra</td> <td style="text-align: right;">(2160)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>(iv) Sales</td> <td style="text-align: right;">4760</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>(v) Dishonoured cheque</td> <td style="text-align: right;">9800</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>(vi) Bad debt</td> <td style="text-align: right;"><u>(5200)</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>250420</u></td> <td></td> </tr> </table>	Original balance	246120		(i) Sales returns	(2900)	(1)	(iii) Contra	(2160)	(1)	(iv) Sales	4760	(1)	(v) Dishonoured cheque	9800	(1)	(vi) Bad debt	<u>(5200)</u>	(1)		<u>250420</u>		[5]	<p>Adjustments must indicate as to whether they have been added or subtracted - If no signage assume added.</p> <p>Correct answer only.</p>
Original balance	246120																							
(i) Sales returns	(2900)	(1)																						
(iii) Contra	(2160)	(1)																						
(iv) Sales	4760	(1)																						
(v) Dishonoured cheque	9800	(1)																						
(vi) Bad debt	<u>(5200)</u>	(1)																						
	<u>250420</u>																							
(c)	<p>Control accounts identify the ledger (1) in which the errors (1) have been made, therefore, making easier detection/correction of errors (1).</p> <p>Control accounts provide an independent check (1) on the entries in the sales ledger and purchases ledger (1). The balance on the sales ledger control account must equal the total of the balances from the debtors accounts in the sales ledger (1), and the balance on the purchases ledger control account should equal the total on the balances from the creditors accounts in the purchases ledger (1).</p> <p>Division of duties (1) helps in the prevention of fraud (1) as the control account and the sales and purchases ledger are completed by different employees (1). It is usually a more senior member of staff who completes the control account (1).</p> <p>Control accounts allow the quick calculation (1) of debtors and creditors totals (1). This allows them to be used to provide the data for the final accounts (1).</p> <p>(3 x 3) marks 1 for point plus up to 2 for development</p> <p style="text-align: right;">Total marks</p>	[9] [25]	<p>Be careful to avoid giving many marks for generalised comments Development marks should relate to advantages 1 mark for point up to 2 marks for development If just list of reasons shown – maximum 3 marks</p>																					

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