

Accounting

Advanced Subsidiary GCE

Unit **F012**: Accounting Applications

Mark Scheme for June 2013

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, Cambridge Nationals, Cambridge Technicals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

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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.

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

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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 it contains working or not – must be stamped as ‘seen’.

Blank answer space

To be sure you have not missed any candidate responses you must check every page of the question paper and annotate any blank answer spaces with the following annotations:

**Additional Objects**

You must check any additional pages (shown as Additional Objects) which the candidate has chosen to use.

Before you begin marking, use the Linking Tool, to ‘Link’ any additional page(s) to the relevant question(s) and mark the response as normal.

All additional pages must be annotated with the ‘SEEN’ stamp, so it is clear to the centres that the additional pages have been viewed by the marker.

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
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 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.

Question	Answer	Marks	Guidance																																																																																																																																
1 (a)*	<p>John Prenton <u>Trading and Profit and Loss Account for the year ended 31 March 2013</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Sales (125,000-14,200+16,300+2,100+33,000)</td> <td style="width: 10%; text-align: right;">162,200</td> <td style="width: 10%; text-align: right;">(4)</td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(1)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Opening stock</td> <td style="text-align: right;">15,000</td> <td></td> <td></td> </tr> <tr> <td>Purchases (64,000-7,400+6,700+750-1,600)</td> <td style="text-align: right;"><u>62,450</u></td> <td style="text-align: right;">(4)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(1)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">77,450</td> <td></td> <td></td> </tr> <tr> <td>Closing stock</td> <td style="text-align: right;"><u>17,200</u></td> <td></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>60,250</u></td> <td></td> </tr> <tr> <td>Gross Profit</td> <td></td> <td style="text-align: right;">101,950</td> <td></td> </tr> <tr> <td>Discounts received</td> <td></td> <td style="text-align: right;"><u>750</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">102,700</td> <td></td> </tr> <tr> <td>Motor expenses</td> <td style="text-align: right;">5,500</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">31,000</td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">3,100</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">9,200</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Discounts allowed</td> <td style="text-align: right;">2,100</td> <td></td> <td></td> </tr> <tr> <td>Loan interest</td> <td style="text-align: right;">440</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">326</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Depreciation fixtures</td> <td style="text-align: right;">16,000</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Depreciation delivery van</td> <td style="text-align: right;"><u>3,500</u></td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>71,166</u></td> <td></td> </tr> <tr> <td>Net Profit</td> <td></td> <td style="text-align: right;"><u><u>31,534</u></u></td> <td style="text-align: right;">(1)</td> </tr> </table>	Sales (125,000-14,200+16,300+2,100+33,000)	162,200	(4)				(1)	(1)	Opening stock	15,000			Purchases (64,000-7,400+6,700+750-1,600)	<u>62,450</u>	(4)				(1)	(1)		77,450			Closing stock	<u>17,200</u>			Cost of sales		<u>60,250</u>		Gross Profit		101,950		Discounts received		<u>750</u>	(1)			102,700		Motor expenses	5,500			Wages	31,000			General expenses	3,100	(1)		Rent	9,200	(1)		Discounts allowed	2,100			Loan interest	440	(1)		Provision for doubtful debts	326	(1)		Depreciation fixtures	16,000	(1)		Depreciation delivery van	<u>3,500</u>	(1)				<u>71,166</u>		Net Profit		<u><u>31,534</u></u>	(1)	27	<p>Must show tick where marks are awarded. Seen at the bottom of each page to show it has been viewed.</p> <p>All marks for all questions are for correct value and reasonable narrative.</p> <p>If sales and purchases are incorrect, workings must be shown in order to be awarded individual marks. If no workings are shown, and the figure is incorrect, do not award any marks.</p> <p>If purchases 64,050 award 3 marks.</p> <p>Drawings can be shown separately after purchases but must be before closing stock.</p> <p>Give marks for control account entries if shown.</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">SLCA</th> </tr> <tr> <td style="width: 25%; border-right: 1px solid black;">Bal b/d</td> <td style="width: 25%; text-align: right;">14,200</td> <td style="width: 25%; border-right: 1px solid black;">Bank</td> <td style="width: 25%; text-align: right;">125,000</td> </tr> <tr> <td style="border-right: 1px solid black;">Credit sales</td> <td style="text-align: right;">129,200</td> <td style="border-right: 1px solid black;">Dis Allowed</td> <td style="text-align: right;">2,100</td> </tr> <tr> <td style="border-right: 1px solid black;"></td> <td></td> <td style="border-right: 1px solid black;">bal c/d</td> <td style="text-align: right;"><u>16,300</u></td> </tr> <tr> <td style="border-right: 1px solid black;"></td> <td style="text-align: right;"><u>143,400</u></td> <td style="border-right: 1px solid black;"></td> <td style="text-align: right;"><u>143,400</u></td> </tr> </table> <p style="margin-top: 5px;">129,200 + 33,000 = 162,200</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">PLCA</th> </tr> <tr> <td style="width: 25%; border-right: 1px solid black;">Bank</td> <td style="width: 25%; text-align: right;">64,000</td> <td style="width: 25%; border-right: 1px solid black;">Bal b/d</td> <td style="width: 25%; text-align: right;">7,400</td> </tr> <tr> <td style="border-right: 1px solid black;">Dis Rec'd</td> <td style="text-align: right;">750</td> <td style="border-right: 1px solid black;">Purchases</td> <td style="text-align: right;">64,050</td> </tr> <tr> <td style="border-right: 1px solid black;">Bal c/d</td> <td style="text-align: right;"><u>6,700</u></td> <td style="border-right: 1px solid black;"></td> <td></td> </tr> <tr> <td style="border-right: 1px solid black;"></td> <td style="text-align: right;"><u>71,450</u></td> <td style="border-right: 1px solid black;"></td> <td style="text-align: right;"><u>71,450</u></td> </tr> </table> <p style="margin-top: 5px;">64,050 - 1600 = 62,450</p> <p>Discount received must be shown after gross profit, can be shown as a negative expense but cannot be added to net profit.</p> <p>All expenses marks are for net figure. Depreciation must be shown separately for each fixed asset. Net Profit correct answer only.</p>	SLCA				Bal b/d	14,200	Bank	125,000	Credit sales	129,200	Dis Allowed	2,100			bal c/d	<u>16,300</u>		<u>143,400</u>		<u>143,400</u>	PLCA				Bank	64,000	Bal b/d	7,400	Dis Rec'd	750	Purchases	64,050	Bal c/d	<u>6,700</u>				<u>71,450</u>		<u>71,450</u>
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Mark Scheme

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Question	Answer	Marks	Guidance
	<p>Balance Sheet as at 31 March 2013</p> <p><u>Fixed Assets</u></p> <p>Fixtures 100,000</p> <p>Delivery van <u>12,500</u></p> <p>112,500 (1)</p> <p><u>Current Assets</u></p> <p>Stock 17,200</p> <p>Debtors 15,974 (1)</p> <p>Rent prepaid <u>400 (1)</u></p> <p>33,574</p> <p><u>Current Liabilities</u></p> <p>Creditors 6,700</p> <p>Bank 10,100 (1)</p> <p>Motor expenses 300 (1)</p> <p>General expenses 200 (1)</p> <p>Loan interest <u>440 (1)</u></p> <p>17,740</p> <p>Working capital <u>15,834</u></p> <p>128,334</p> <p><u>Long Term Liabilities</u></p> <p>Loan <u>22,000 (1)</u></p> <p><u>106,334</u></p> <p><u>Financed by</u></p> <p>Capital 81,400</p> <p>Additional capital <u>30,000</u></p> <p>111,400 (1)</p> <p>Net Profit <u>31,534 (1)</u></p> <p>142,934</p> <p>Drawings <u>36,600 (1)</u></p> <p><u>106,334</u></p> <p style="text-align: right;">QWC</p>	3	<p><u>Fixed Assets</u> Correct answer only.</p> <p><u>Current Assets</u> Correct answers only. Must show net debtors figure.</p> <p><u>Current Liabilities</u> Bank must be shown under current liabilities to be awarded mark, it cannot be shown as a negative figure in current assets. For expenses allow individually or any sub-total combination of the values (300, 200, 440).</p> <p><u>Financed by</u> Capital must show both values or correct total to be awarded mark.</p> <p>Net Profit correct answer only for 1 mark. Loan can be added in the 'Financed By' section for 1 mark. Must show total figure for drawings.</p> <p>Must show QWC has been considered even if 0.</p>

Question	Answer	Marks	Guidance
(c)	<p>Advantages Speed, information can be processed more quickly. This enables the information stored within the system to be up to date.</p> <p>Accurate, as information can be processed more quickly and it is up to date it will, therefore, be accurate as there will be less likelihood of items being left unprocessed.</p> <p>Large volumes of data can be stored, minimising storage space and allowing easy and rapid access to information.</p> <p>Computerised accounting systems usually have security software installed, which allows computers and data to be password protected reducing the need for costs associated with physical security systems such as safes or strong rooms.</p> <p>Computer systems can also have virus checker software installed. This will protect the company's data from computer viruses. This will need to be updated regularly.</p> <p>Disadvantages Cost. Computer systems can be costly to purchase and upgrade.</p> <p>Staff will need to be trained in the use of the software packages. This can also generate additional costs.</p> <p>Technical problems and breakdown can cause problems and delays to staff, customers (and suppliers).</p> <p>Operator error. Items could be posted incorrectly or incorrect figures could be entered.</p> <p>Security. Systems can be at risk from hacking and viruses.</p> <p>(4 x2 marks) (1 for point plus 1 for development)</p>	8	<p>Must consider two advantages and two disadvantages.</p> <p>Up to a maximum of 8 marks.</p>
	Total	46	

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Mark Scheme

June 2013

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2	(a)	<p style="text-align: center;"><u>Sales Ledger Control Account</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Balance b/d</td> <td style="width: 10%; text-align: right;">160,000</td> <td style="width: 30%; border-left: 1px solid black;">Bank</td> <td style="width: 10%; text-align: right;">750,200 (1)</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">702,400 (1)</td> <td>Discounts allowed</td> <td style="text-align: right;">12,700 (1)</td> </tr> <tr> <td>Bank (1)</td> <td style="text-align: right;">2,500 (1)</td> <td>Bad debts</td> <td style="text-align: right;">5,200 (1)</td> </tr> <tr> <td></td> <td></td> <td>Sales returns</td> <td style="text-align: right;">6,500</td> </tr> <tr> <td></td> <td></td> <td>Contra purchases ledger</td> <td style="text-align: right;">16,000 (1)</td> </tr> <tr> <td></td> <td></td> <td>Balance c/d</td> <td style="text-align: right;">74,300 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">864,900</td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">864,900</td> </tr> </table>		Balance b/d	160,000	Bank	750,200 (1)	Sales	702,400 (1)	Discounts allowed	12,700 (1)	Bank (1)	2,500 (1)	Bad debts	5,200 (1)			Sales returns	6,500			Contra purchases ledger	16,000 (1)			Balance c/d	74,300 (1)							864,900	864,900	8	<p>Mark is for reasonable narrative and figure. Do not allow receipts from debtors instead of bank.</p> <p>Allow bal c/d but not bal or c/d on it's own.</p> <p>Allow set off instead of Contra.</p> <p>Allow marks if adjustments are shown separately, as below. Only award mark if both items are included.</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td colspan="4" style="text-align: center;"><u>Sales Ledger Control Account</u></td> </tr> <tr> <td style="width: 25%;">Bal b/d</td> <td style="width: 10%; text-align: right;">160,000</td> <td style="width: 25%; border-left: 1px solid black;">Bank</td> <td style="width: 10%; text-align: right;">750,200</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">700,400</td> <td>Disc Allow</td> <td style="text-align: right;">13,000</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">1,500</td> <td>Bad Debts</td> <td style="text-align: right;">4,200</td> </tr> <tr> <td>Dis Allowed</td> <td style="text-align: right;">300</td> <td>Sales Ret</td> <td style="text-align: right;">6,500</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">2,000</td> <td>Contra</td> <td style="text-align: right;">16,000</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">1,000</td> <td>Bad Debts</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td></td> <td></td> <td>Bal c/d</td> <td style="text-align: right;"><u>74,300</u></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;"><u>865,200</u></td> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;"><u>865,200</u></td> </tr> </table>	<u>Sales Ledger Control Account</u>				Bal b/d	160,000	Bank	750,200	Sales	700,400	Disc Allow	13,000	Bank	1,500	Bad Debts	4,200	Dis Allowed	300	Sales Ret	6,500	Sales	2,000	Contra	16,000	Bank	1,000	Bad Debts	1,000			Bal c/d	<u>74,300</u>		<u>865,200</u>		<u>865,200</u>
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	(b)	<p style="text-align: center;"><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: 10%; text-align: right;">81,300</td> <td></td> </tr> <tr> <td>Sales returns</td> <td style="text-align: right;">(6,000) (1)</td> <td></td> </tr> <tr> <td>Bad debt</td> <td style="text-align: right;"><u>(1,000) (1)</u></td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;"><u>74,300 (1)</u></td> <td></td> </tr> </table>		Original balance	81,300		Sales returns	(6,000) (1)		Bad debt	<u>(1,000) (1)</u>			<u>74,300 (1)</u>		3	<p>Adjustments must indicate whether they have been added or subtracted. If no signage assume added.</p> <p>The errors must include narrative or error number with value. Final balance, accept without narrative.</p> <p>Correct answer only.</p>																																																								
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June 2013

Question	Answer	Marks	Guidance																																																																
(c)	<p style="text-align: center;">Purchases Ledger Control Account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border-right: 1px solid black;">Bank</td> <td style="width: 10%; text-align: right;">346,000</td> <td style="width: 10%; text-align: right;">(1)</td> <td style="width: 30%; border-right: 1px solid black;">Balance b/d</td> <td style="width: 10%; text-align: right;">90,000</td> <td style="width: 10%;"></td> </tr> <tr> <td style="border-right: 1px solid black;">Discounts received</td> <td style="text-align: right;">5,400</td> <td style="text-align: right;">(1)</td> <td style="border-right: 1px solid black;">Purchases</td> <td style="text-align: right;">378,100</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="border-right: 1px solid black;">Purchase returns</td> <td style="text-align: right;">3,400</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="border-right: 1px solid black;">Contra sales ledger</td> <td style="text-align: right;">16,000</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="border-right: 1px solid black;">Balance c/d</td> <td style="text-align: right;"><u>97,300</u></td> <td style="text-align: right;">(1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>468,100</u></td> <td></td> <td></td> <td style="text-align: right;"><u>468,100</u></td> <td style="text-align: right;">(1)</td> </tr> </table>	Bank	346,000	(1)	Balance b/d	90,000		Discounts received	5,400	(1)	Purchases	378,100	(1)	Purchase returns	3,400					Contra sales ledger	16,000	(1)				Balance c/d	<u>97,300</u>	(1)					<u>468,100</u>			<u>468,100</u>	(1)	6	<p>Mark is for reasonable narrative and figure.</p> <p>Do not allow cheques paid to creditors instead of bank.</p> <p>Allow bal c/d but not bal or c/d on it's own.</p> <p>Allow set off instead of Contra.</p> <p>Allow marks if adjustments are shown separately, as below. Only award mark if both items are included.</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td colspan="4" style="text-align: center;">Purchases Ledger Control Account</td> </tr> <tr> <td style="width: 30%; border-right: 1px solid black;">Bank</td> <td style="width: 10%; text-align: right;">346,000</td> <td style="width: 10%; border-right: 1px solid black;">Bal b/d</td> <td style="width: 50%; text-align: right;">90,000</td> </tr> <tr> <td style="border-right: 1px solid black;">Disc Rec</td> <td style="text-align: right;">6,000</td> <td style="border-right: 1px solid black;">Purchases</td> <td style="text-align: right;">370,000</td> </tr> <tr> <td style="border-right: 1px solid black;">Purch Ret</td> <td style="text-align: right;">3,400</td> <td style="border-right: 1px solid black;">Disc Rec</td> <td style="text-align: right;">600</td> </tr> <tr> <td style="border-right: 1px solid black;">Contra</td> <td style="text-align: right;">16,000</td> <td style="border-right: 1px solid black;">Purchases</td> <td style="text-align: right;">8,100</td> </tr> <tr> <td style="border-right: 1px solid black;">Bal c/d</td> <td style="text-align: right;"><u>97,300</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>468,700</u></td> <td></td> <td style="text-align: right;"><u>468,700</u></td> </tr> </table>	Purchases Ledger Control Account				Bank	346,000	Bal b/d	90,000	Disc Rec	6,000	Purchases	370,000	Purch Ret	3,400	Disc Rec	600	Contra	16,000	Purchases	8,100	Bal c/d	<u>97,300</u>				<u>468,700</u>		<u>468,700</u>
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Mark Scheme

June 2013

Question	Answer	Marks	Guidance								
(d)	<p><u>Revised Schedule of Creditors</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Original balance</td> <td style="text-align: right;">96,500</td> </tr> <tr> <td>Credit purchase</td> <td style="text-align: right;">1,700 (1)</td> </tr> <tr> <td>Purchase returns</td> <td style="text-align: right;"><u>(900) (1)</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>97,300 (1)</u></td> </tr> </table>	Original balance	96,500	Credit purchase	1,700 (1)	Purchase returns	<u>(900) (1)</u>		<u>97,300 (1)</u>	3	<p>Adjustments must indicate as to whether they have been added or subtracted. If no signage assume added.</p> <p>The errors must include narrative or error number with value. Final balance, accept without narrative.</p> <p>Correct answer only.</p>
Original balance	96,500										
Credit purchase	1,700 (1)										
Purchase returns	<u>(900) (1)</u>										
	<u>97,300 (1)</u>										
(e)	<p>Control accounts are usually completed by a supervisor, whilst the sales and purchases ledgers are usually completed by ledger clerks; therefore providing a division of duties, as the accounts are completed by different people.</p> <p>The balance on the control account and the balance on the total balance from the ledger accounts must be equal, therefore, as each member of staff is only completing part of this, it is harder for fraud to be committed. (2 x 2 marks) (1 for point plus 1 for development)</p>	4	<p>Be careful to avoid giving marks for generalised comments.</p> <p>Answers must relate to fraud and not errors.</p>								
(f)	<p>The sales journal is not part of the double entry system. When goods are sold on credit, the sale is first recorded in the sales journal, the sales journal is totalled and the total is then transferred to the sales account and the sales ledger control account. The individual amounts are entered into the debtors' accounts in the sales ledger. (3 x 1 mark)</p> <p>The cash book is part of the double-entry system. A two column cash book shows the cash and the bank accounts brought into one book. This allows the receipts and payments for the period to be seen on the same page. A three column cash book also incorporates a memorandum column on both sides to record the discounts allowed on the debit side and the discounts received on the credit side, allowing totals of discounts allowed and discounts received to be transferred to the discounts allowed/received accounts. The cash book also shows the closing balance for cash and bank. (3 x 1 mark)</p>	6	<p>Be careful to avoid giving marks for generalised comments.</p> <p>Must relate answers to credit sales and not just sales.</p> <p>Must relate answers to bank and cash and not just cash.</p>								
	Total	30									

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Question			Answer		Marks	Guidance
3	(a)	(i)	Office equipment Winterwold Ltd	5,000 (1) 5,000 (1)	2	Reversed entries and 'T' accounts no marks. Mark is for reasonable account name and figure. Must identify as to whether debit or credit if not set out in correct format. Must state Winterwold Ltd not just creditor.
		(ii)	Disposals Office equipment	8,400 (1) 8,400 (1)	8	Mark is for reasonable account name and figure. Bank – can allow cash book but not cash.
			Prov for dep'd office equipment Disposals	1,890 (1) 1,890 (1)		Depreciation acceptable instead of Provision for depreciation.
			Bank Disposals	4,000 (1) 4,000 (1)		
			Profit and Loss Disposals	2,510 (1) 2,510 (1)		
		(iii)	Profit and Loss Prov for dep'n office equipment	13,870 (2) 13,870 (2)	4	Mark is for reasonable account name and figure.
	(b)	(i)	Bad debts Autumn Rayne	1,600 (1) 1,600 (1)	2	Mark is for reasonable account name and figure. Must state Autumn Rayne not just debtor.
		(ii)	Profit and Loss Prov for doubtful debts	2,128 (1) 2,128 (1)	2	Mark is for reasonable account name and figure.
Total					18	

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June 2013

Question	Answer						Marks	Guidance																																																																																																												
4 (a)	<p><u>Edwin and Vanessa</u> <u>Appropriation Account for the year ended 31 March 2013</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Net Profit</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">298,000</td> </tr> <tr> <td rowspan="2">Interest on drawings</td> <td>Edwin</td> <td>660</td> <td>(2)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Vanessa</td> <td><u>600</u></td> <td>(2)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">1,260</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>299,260</u></td> <td></td> </tr> <tr> <td rowspan="2">Interest on capital</td> <td>Edwin</td> <td>18,000</td> <td>(1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Vanessa</td> <td><u>20,000</u></td> <td>(1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">38,000</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>261,260</u></td> <td></td> </tr> <tr> <td rowspan="2">Salaries</td> <td>Edwin</td> <td>20,000</td> <td>(1 both)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Vanessa</td> <td><u>16,000</u></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">36,000</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>225,260</u></td> <td></td> </tr> <tr> <td rowspan="2">Share of profits</td> <td>Edwin</td> <td>112,630</td> <td>(1 both)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Vanessa</td> <td><u>112,630</u></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u><u>225,260</u></u></td> <td></td> </tr> </table>						Net Profit						298,000	Interest on drawings	Edwin	660	(2)				Vanessa	<u>600</u>	(2)									1,260							<u>299,260</u>		Interest on capital	Edwin	18,000	(1)				Vanessa	<u>20,000</u>	(1)									38,000							<u>261,260</u>		Salaries	Edwin	20,000	(1 both)				Vanessa	<u>16,000</u>										36,000							<u>225,260</u>		Share of profits	Edwin	112,630	(1 both)				Vanessa	<u>112,630</u>										<u><u>225,260</u></u>		8	<p>Correct answer only.</p> <p>Appropriations must be correctly added or deducted to be awarded mark.</p> <p>Horizontal format acceptable.</p> <p>Interest on drawings 2 or 0.</p>
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(d)	<p>The significance of a debit balance on a partner's current account is that this may occur when a partner has taken more drawings out of the current account than he/she has earned or has been credited to the account.</p> <p>This is highlighted when a current account is used rather than having a fluctuating capital account, which would only show a reduced capital balance.</p> <p>A debit balance can be seen immediately and can highlight a cause for concern within the partnership.</p> <p>(2 x 2 marks) (1 for point plus 1 for development)</p>										4																																																																																											
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