



**GCE**

**Accounting**

Unit **F011**: Accounting Principles

Advanced Subsidiary GCE

**Mark Scheme for June 2018**

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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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## 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.

Question	Answer	Mark	Guidance																																																																																								
1 (a)*	<p data-bbox="376 204 595 236"><u>Peter Barrington</u></p> <p data-bbox="376 236 1305 268"><u>Trading and Profit and Loss Account for the year ended 31 March 2018</u></p> <table data-bbox="376 268 1731 1418"> <tr> <td data-bbox="376 268 1108 300">Sales</td> <td data-bbox="1108 268 1288 300">635,000(1)</td> <td data-bbox="1731 268 1823 300"></td> <td data-bbox="1823 268 2069 300"></td> </tr> <tr> <td data-bbox="376 300 1108 331">Sales returns</td> <td data-bbox="1108 300 1288 331"><u>5,800(2)</u></td> <td data-bbox="1731 300 1823 331"></td> <td data-bbox="1823 300 2069 331"></td> </tr> <tr> <td data-bbox="376 331 1108 363"></td> <td data-bbox="1108 331 1288 363">629,200</td> <td data-bbox="1731 331 1823 363"></td> <td data-bbox="1823 331 2069 363"></td> </tr> <tr> <td data-bbox="376 363 1108 395">Opening stock</td> <td data-bbox="1108 363 1288 395">35,000</td> <td data-bbox="1731 363 1823 395"></td> <td data-bbox="1823 363 2069 395"></td> </tr> <tr> <td data-bbox="376 395 1108 427">Purchases</td> <td data-bbox="1108 395 1288 427"><u>251,000(1)</u></td> <td data-bbox="1731 395 1823 427"></td> <td data-bbox="1823 395 2069 427"></td> </tr> <tr> <td data-bbox="376 427 1108 459"></td> <td data-bbox="1108 427 1288 459">286,000</td> <td data-bbox="1731 427 1823 459"></td> <td data-bbox="1823 427 2069 459"></td> </tr> <tr> <td data-bbox="376 459 1108 491">Closing stock</td> <td data-bbox="1108 459 1288 491"><u>36,000</u></td> <td data-bbox="1731 459 1823 491"></td> <td data-bbox="1823 459 2069 491"></td> </tr> <tr> <td data-bbox="376 491 1108 523">Cost of sales</td> <td data-bbox="1108 491 1288 523"><u>250,000(1)</u></td> <td data-bbox="1731 491 1823 523"></td> <td data-bbox="1823 491 2069 523"></td> </tr> <tr> <td data-bbox="376 523 1108 555">Gross Profit</td> <td data-bbox="1108 523 1288 555">379,200(1)</td> <td data-bbox="1731 523 1823 555"></td> <td data-bbox="1823 523 2069 555"></td> </tr> <tr> <td data-bbox="376 555 1108 587">Discount received</td> <td data-bbox="1108 555 1288 587">1,057(1)</td> <td data-bbox="1731 555 1823 587"></td> <td data-bbox="1823 555 2069 587"></td> </tr> <tr> <td data-bbox="376 587 1108 619">Rent received</td> <td data-bbox="1108 587 1288 619"><u>6,000(2)</u></td> <td data-bbox="1731 587 1823 619"></td> <td data-bbox="1823 587 2069 619"></td> </tr> <tr> <td data-bbox="376 619 1108 651"></td> <td data-bbox="1108 619 1288 651">386,257</td> <td data-bbox="1731 619 1823 651"></td> <td data-bbox="1823 619 2069 651"></td> </tr> <tr> <td data-bbox="376 651 1108 683">Carriage outwards</td> <td data-bbox="1108 651 1288 683">1,700(2)</td> <td data-bbox="1731 651 1823 683"></td> <td data-bbox="1823 651 2069 683"></td> </tr> <tr> <td data-bbox="376 683 1108 715">Insurance</td> <td data-bbox="1108 683 1288 715">9,300(2)</td> <td data-bbox="1731 683 1823 715"></td> <td data-bbox="1823 683 2069 715"></td> </tr> <tr> <td data-bbox="376 715 1108 746">General expenses</td> <td data-bbox="1108 715 1288 746">90,400(2)</td> <td data-bbox="1731 715 1823 746"></td> <td data-bbox="1823 715 2069 746"></td> </tr> <tr> <td data-bbox="376 746 1108 778">Loan interest</td> <td data-bbox="1108 746 1288 778">3,360(2)</td> <td data-bbox="1731 746 1823 778"></td> <td data-bbox="1823 746 2069 778"></td> </tr> <tr> <td data-bbox="376 778 1108 810">Depreciation equipment</td> <td data-bbox="1108 778 1288 810">5,600(2)</td> <td data-bbox="1731 778 1823 810"></td> <td data-bbox="1823 778 2069 810"></td> </tr> <tr> <td data-bbox="376 810 1108 842">Bad debts</td> <td data-bbox="1108 810 1288 842">690(2)</td> <td data-bbox="1731 810 1823 842"></td> <td data-bbox="1823 810 2069 842"></td> </tr> <tr> <td data-bbox="376 842 1108 874">Provision for doubtful debts</td> <td data-bbox="1108 842 1288 874">207(2)</td> <td data-bbox="1731 842 1823 874"></td> <td data-bbox="1823 842 2069 874"></td> </tr> <tr> <td data-bbox="376 874 1108 906">Salaries</td> <td data-bbox="1108 874 1288 906"><u>156,000(2)</u></td> <td data-bbox="1731 874 1823 906"></td> <td data-bbox="1823 874 2069 906"></td> </tr> <tr> <td data-bbox="376 906 1108 938"></td> <td data-bbox="1108 906 1288 938">267,257</td> <td data-bbox="1731 906 1823 938"></td> <td data-bbox="1823 906 2069 938"></td> </tr> <tr> <td data-bbox="376 938 1108 970">Net Profit</td> <td data-bbox="1108 938 1288 970"><u>119,000(1)</u></td> <td data-bbox="1731 938 1823 970"></td> <td data-bbox="1823 938 2069 970"></td> </tr> </table>	Sales	635,000(1)			Sales returns	<u>5,800(2)</u>				629,200			Opening stock	35,000			Purchases	<u>251,000(1)</u>				286,000			Closing stock	<u>36,000</u>			Cost of sales	<u>250,000(1)</u>			Gross Profit	379,200(1)			Discount received	1,057(1)			Rent received	<u>6,000(2)</u>				386,257			Carriage outwards	1,700(2)			Insurance	9,300(2)			General expenses	90,400(2)			Loan interest	3,360(2)			Depreciation equipment	5,600(2)			Bad debts	690(2)			Provision for doubtful debts	207(2)			Salaries	<u>156,000(2)</u>				267,257			Net Profit	<u>119,000(1)</u>			40	
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Question	Answer	Mark	Guidance
	<p><u>Balance Sheet as at 31 March 2018</u></p> <p><u>Fixed Assets</u></p> <p>Premises 300,000  Equipment <u>24,400(1)</u>  324,400</p> <p><u>Current Assets</u></p> <p>Stock 36,000  Debtors 56,693(2)  General expenses prepaid 1,600(1)  Bank <u>29,000(1)</u>  123,293</p> <p><u>Current Liabilities</u></p> <p>Creditors 67,000  Loan interest 280(1)  Rent received 500(1)  Salaries 13,000(1)  Loan <u>42,000(1)</u>  122,780</p> <p>Working capital <u>513</u>  <u>324,913</u></p> <p><u>Financed by</u></p> <p>Capital 217,213  Net Profit <u>119,000(1of)</u>  336,213  Drawings <u>11,300(2)</u>  <u>324,913</u></p>	QWC 2	

Question	Answer	Mark	Guidance
(b)	<p>A provision for doubtful debts is an estimate of future bad debts.</p> <p>Bad debts have actually occurred.</p> <p><b>Provision (2 x 1 mark) and Bad debts (1 mark)</b></p>	<b>3</b>	
(c)	<p>Past experience – looking at previous debtors and the proportion turning into bad debts.</p> <p>Credit records – looking at past records of debtors, time outstanding, payment profiles and the use of an aged debtors schedule.</p> <p>Specific knowledge – we may be aware that some debtors have financial problems and may set up a specific provision.</p> <p>Economy – if the economy is in recession the proportion of bad debts may increase and this will influence setting a higher provision (or lower provision if economy is booming).</p> <p><b>(3 x 3 marks)</b> <b>(1 for point plus up to 2 for development)</b></p>	<b>9</b>	

Question			Answer	Mark	Guidance																														
2	(a)	(i)	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"></th> <th style="text-align: center;"><u>Rates</u></th> <th colspan="2"></th> </tr> </thead> <tbody> <tr> <td>Balance b/d</td> <td style="text-align: right;">800(1)</td> <td>Profit and Loss</td> <td style="text-align: right;">9,430(1)</td> <td></td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">3,100</td> <td>Balance c/d</td> <td style="text-align: right;">900(1)</td> <td></td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">3,200</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bank</td> <td style="text-align: right;"><u>3,230(1)</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>10,330</u></td> <td></td> <td style="text-align: right;"><u>10,330</u></td> <td></td> </tr> </tbody> </table>			<u>Rates</u>			Balance b/d	800(1)	Profit and Loss	9,430(1)		Bank	3,100	Balance c/d	900(1)		Bank	3,200				Bank	<u>3,230(1)</u>					<u>10,330</u>		<u>10,330</u>		4	
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	(c)*		<p>To follow the accruals concept, which states that a business must match expenses to the time period to which they relate, not necessarily when the money is paid. This ensures the correct amount is entered for the period.</p> <p>In the Profit and Loss Account accruals are added to the expense amount already paid and this ensures the correct expenses for the period are used to arrive at the correct profit.</p>	11																															



Question	Answer	Mark	Guidance																																								
	<p>In the Balance Sheet accruals are entered in current liabilities to ensure a fair/correct valuation is shown for the business in the Balance Sheet.</p> <p>To follow prudence concept, which states a business should be cautious when reporting financial position. Adding expenses owing ensures correct expense used for period. Profit is not overstated.</p> <p><b>(3 x 3 marks)</b>  <b>(1 for point plus up to 2 for development)</b></p> <p style="text-align: right;"><b>QWC (2)</b></p>																																										
	<p><b><u>Assessment Objectives Grid</u></b></p> <table border="1" data-bbox="383 644 1189 927"> <thead> <tr> <th>Question</th> <th>AO1</th> <th>AO2</th> <th>AO3</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>1(a)*</b></td> <td>14</td> <td>26</td> <td></td> <td><b>40</b></td> </tr> <tr> <td><b>1(b)</b></td> <td></td> <td></td> <td>3</td> <td><b>3</b></td> </tr> <tr> <td><b>1(c)</b></td> <td></td> <td>3</td> <td>6</td> <td><b>6</b></td> </tr> <tr> <td><b>2(a)</b></td> <td>7</td> <td>5</td> <td></td> <td><b>12</b></td> </tr> <tr> <td><b>2(b)</b></td> <td>3</td> <td>2</td> <td></td> <td><b>5</b></td> </tr> <tr> <td><b>2(c)*</b></td> <td></td> <td></td> <td>11</td> <td><b>11</b></td> </tr> <tr> <td><b>Total</b></td> <td><b>24</b></td> <td><b>36</b></td> <td><b>20</b></td> <td><b>80</b></td> </tr> </tbody> </table>	Question	AO1	AO2	AO3	Total	<b>1(a)*</b>	14	26		<b>40</b>	<b>1(b)</b>			3	<b>3</b>	<b>1(c)</b>		3	6	<b>6</b>	<b>2(a)</b>	7	5		<b>12</b>	<b>2(b)</b>	3	2		<b>5</b>	<b>2(c)*</b>			11	<b>11</b>	<b>Total</b>	<b>24</b>	<b>36</b>	<b>20</b>	<b>80</b>		
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