

GCE

Accounting

Unit **F012**: Accounting Applications

Advanced Subsidiary GCE

Mark Scheme for June 2017

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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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Question		Answer		Mark	Guidance
1	(a)			14	<p>Must show tick where marks are awarded.</p> <p>Click Seen at the bottom of each page to show that it has been reviewed.</p> <p>All marks for all questions are for correct value and reasonable narrative.</p> <p>Must be correct figure and details for mark. Must identify as to whether debit or credit if not set out in correct format. Reversed entries no mark. If shown in T account half marks.</p> <p>Must state name of account not just the ledger or Purchases Journal</p> <p>Must show the name of the creditor not just 'creditor'.</p> <p>Bank – can allow cash book but not cash</p>
		(i) Purchases Suspense	Dr 8,400 (1)	Cr 8,400 (1)	
		(ii) Ava Sales	3,100 (1)	3,100 (1)	
		(iii) Suspense General expenses	6,200 (1)	6,200 (1)	
		Suspense Rent received	6,200 (1)	6,200 (1)	
		(iv) Suspense Bank	1,000 (1)	1,000 (1)	
		(v) Machinery Machine repairs	24,000 (1)	24,000 (1)	
		(vi) Purchases Bertie	900 (1)	900 (1)	

Question	Answer	Mark	Guidance																				
(b)	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="4" style="text-align: center; border-top: 1px solid black;">Suspense Account</td> </tr> <tr> <td style="width: 30%; border-right: 1px solid black;">General expenses</td> <td style="width: 15%; text-align: right;">6,200 (1)</td> <td style="width: 30%; border-right: 1px solid black;">Balance b/d</td> <td style="width: 25%; text-align: right;">5,000 (1)</td> </tr> <tr> <td style="border-right: 1px solid black;">Rent received</td> <td style="text-align: right;">6,200 (1)</td> <td style="border-right: 1px solid black;">Purchases</td> <td style="text-align: right;">8,400 (1)</td> </tr> <tr> <td style="border-right: 1px solid black;">Bank</td> <td style="text-align: right;">1,000 (1)</td> <td></td> <td></td> </tr> <tr> <td style="border-right: 1px solid black;"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">13,400</td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">13,400</td> </tr> </table>	Suspense Account				General expenses	6,200 (1)	Balance b/d	5,000 (1)	Rent received	6,200 (1)	Purchases	8,400 (1)	Bank	1,000 (1)				13,400		13,400	5	<p>Narrative and figure must be correct to be awarded mark. Allow bal b/d or bal b/f as appropriate but not bal on its own or b/d or b/f on its own. Allow trial balance difference for opening balance.</p>
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(c)	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="border-bottom: 1px solid black;"><u>Revised Net Profit</u></td> </tr> <tr> <td style="width: 60%;">Original net profit</td> <td style="text-align: right;">80,400</td> </tr> <tr> <td>(i) Purchases understated</td> <td style="text-align: right;">(8,400) (1)</td> </tr> <tr> <td>(ii) Sale omitted</td> <td style="text-align: right;">3,100 (1)</td> </tr> <tr> <td>(iii) Rent received</td> <td style="text-align: right;">12,400 (2)</td> </tr> <tr> <td>(v) Machinery</td> <td style="text-align: right;">24,000 (1)</td> </tr> <tr> <td>(vi) Purchases</td> <td style="text-align: right;">(900) (1)</td> </tr> <tr> <td>Revised net profit</td> <td style="text-align: right; border-bottom: 3px double black;">110,600 (1)</td> </tr> </table>	<u>Revised Net Profit</u>		Original net profit	80,400	(i) Purchases understated	(8,400) (1)	(ii) Sale omitted	3,100 (1)	(iii) Rent received	12,400 (2)	(v) Machinery	24,000 (1)	(vi) Purchases	(900) (1)	Revised net profit	110,600 (1)	7	<p>Must show whether items have been added or deducted for a mark, if no signage assume added.</p> <p>Mark figure with reasonable narrative or number to identify error.</p> <p>Revised net profit must have a narrative at the bottom or at the top. Correct answer only.</p>				
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(d)	<p>Error of omission where a transaction is completely omitted from books, there is neither a debit or credit entry.</p> <p>Error of commission where a correct amount is entered , but in the wrong person's account.</p> <p>Error of principle where an item is entered in the wrong class of account for example fixed asset entered in an expense account.</p> <p>Compensating error where two errors of equal amounts, but on the opposite sides of the accounts, cancel each other out.</p> <p>Error of original entry where an item is entered, but both debit and credit entries are of the same incorrect figure.</p> <p>Complete reversal of entries where both entries are on the wrong side of the accounts, the debit entry is entered on the credit side and the credit entry is entered on the debit side.</p>	9	<p>Allow error of transposition.</p> <p>(3 marks x 3 points)</p> <p>(1 for each valid point plus up to 2 for development)</p> <p>with reasonable narrative. not 'T' account.</p>																				

Question	Answer	Mark	Guidance																																										
2 (a)	<u>Coppice Cricket Club</u> <u>Bar Trading Account for the year ended 31 March 2017</u> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right;">£</td> <td style="text-align: right;">£</td> </tr> <tr> <td>Sales</td> <td></td> <td style="text-align: right;">26,700 (1)</td> </tr> <tr> <td>Opening stock</td> <td style="text-align: right;">9,500</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;"><u>14,200 (2)</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">23,700</td> <td></td> </tr> <tr> <td>Closing stock</td> <td style="text-align: right;"><u>8,300</u></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>15,400 (1)</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">11,300</td> </tr> <tr> <td>Bar staff wages</td> <td></td> <td style="text-align: right;"><u>10,850 (1)</u></td> </tr> <tr> <td>Bar profit</td> <td></td> <td style="text-align: right;"><u>450</u></td> </tr> </table>		£	£	Sales		26,700 (1)	Opening stock	9,500		Purchases	<u>14,200 (2)</u>			23,700		Closing stock	<u>8,300</u>		Cost of sales		<u>15,400 (1)</u>	Gross profit		11,300	Bar staff wages		<u>10,850 (1)</u>	Bar profit		<u>450</u>	5	<p>Must calculate profit from competition and dinner dance to be awarded mark. (Do not allow items separate in income and expenditure).</p> <p>Loss on sale must be shown in expenses. Correct answer only must show as Deficit not Loss.</p>												
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(b)*	<u>Income and Expenditure Account for the year ended 31 March 2017</u> <table style="width:100%; border-collapse: collapse;"> <tr> <td colspan="3"><u>Income</u></td> </tr> <tr> <td>Subscriptions</td> <td></td> <td style="text-align: right;">32,150(3)(1of)</td> </tr> <tr> <td>Bar profit</td> <td></td> <td style="text-align: right;">450(1)</td> </tr> <tr> <td>Profit from competition</td> <td></td> <td style="text-align: right;">3,200(1)</td> </tr> <tr> <td>Profit from dinner dance</td> <td></td> <td style="text-align: right;">800(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">36,600</td> </tr> <tr> <td colspan="3"><u>Expenditure</u></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">25,600(1)</td> <td></td> </tr> <tr> <td>Clubhouse maintenance</td> <td style="text-align: right;">8,400(1)</td> <td></td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">250(1)</td> <td></td> </tr> <tr> <td>Depreciation Equipment</td> <td style="text-align: right;">8,600(1)</td> <td></td> </tr> <tr> <td>Loss on sale of equipment</td> <td style="text-align: right;"><u>500(1)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">43,350</td> </tr> <tr> <td>Deficit</td> <td></td> <td style="text-align: right;"><u>(6750)(1)</u></td> </tr> </table>	<u>Income</u>			Subscriptions		32,150(3)(1of)	Bar profit		450(1)	Profit from competition		3,200(1)	Profit from dinner dance		800(1)			36,600	<u>Expenditure</u>			General expenses	25,600(1)		Clubhouse maintenance	8,400(1)		Bad debts	250(1)		Depreciation Equipment	8,600(1)		Loss on sale of equipment	<u>500(1)</u>				43,350	Deficit		<u>(6750)(1)</u>	25	<p>Accept vertical and horizontal presentation of income and expenditure account and balance sheet</p> <p>Must calculate net figure for fixed assets to be awarded mark.</p> <p>Correct answer only for current assets and current liabilities, items must be in the correct section.</p>
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	<p>Balance Sheet as at 31 March 2017</p> <p><u>Fixed Assets</u></p> <p>Clubhouse 200,000</p> <p>Equipment 82,000</p> <p>282,000(1)</p> <p><u>Current Assets</u></p> <p>Bar stock 8,300(1)</p> <p>Subs in arrears 600(1)</p> <p>Bank 1,900(1)</p> <p>10,800</p> <p><u>Current Liabilities</u></p> <p>Bar creditors 3,100</p> <p>General expenses owing 400</p> <p>Bar staff wages owing 150(1)</p> <p>Subs in advance 3,500(1)</p> <p>7,150 (1)</p> <p>Working capital 3,650</p> <p>285,650</p> <p>Financed by</p> <p>Accumulated fund 292,400(2)</p> <p>Less deficit (6,750)(1)</p> <p>285,650</p> <p>QWC</p>	3	<p>Mark figure only for deficit</p> <p>QWC: must be identified at the end of the question by showing 1, 2 or 3 ticks. If no mark awarded then mark with a red x to indicate that it has been considered.</p> <p><u>Receipts</u> – if just totals shown and incorrect check for individual amounts in workings.</p> <p>Can show cash sales and receipts from debtors as totals</p> <p>Sale of equipment should be shown separately.</p> <p><u>Payments</u> – Purchases can show totals</p> <table data-bbox="1601 1316 2161 1380"> <tr> <td>July</td> <td>Aug</td> <td>Sep</td> </tr> <tr> <td>329,400</td> <td>364,800</td> <td>391,200</td> </tr> </table>	July	Aug	Sep	329,400	364,800	391,200
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<p>3 (a)</p>	<p>PBC Ltd Cash Budget for the three months ended 30 September 2017</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">July</th> <th style="text-align: center;">August</th> <th style="text-align: center;">September</th> </tr> </thead> <tbody> <tr> <td colspan="4"><u>Receipts</u></td> </tr> <tr> <td>Cash sales</td> <td style="text-align: right;">140,000(1)</td> <td style="text-align: right;">145,600(1)</td> <td style="text-align: right;">151,200(1)</td> </tr> <tr> <td>Receipt from debtors</td> <td style="text-align: right;">537,600(1)</td> <td style="text-align: right;">560,000(1)</td> <td style="text-align: right;">582,400(1)</td> </tr> <tr> <td>Sales of equipment</td> <td style="text-align: right;"><u>36,000(1)</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">713,600</td> <td style="text-align: right;"><u>705,600</u></td> <td style="text-align: right;"><u>733,600</u></td> </tr> <tr> <td colspan="4"><u>Payments</u></td> </tr> <tr> <td>Cash purchases</td> <td style="text-align: right;">144,000(1)</td> <td style="text-align: right;">148,800(1)</td> <td style="text-align: right;">168,000(1)</td> </tr> <tr> <td>Payments to creditors</td> <td style="text-align: right;">185,400(1)</td> <td style="text-align: right;">216,000(1)</td> <td style="text-align: right;">223,200(1)</td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">180,000(1)</td> <td style="text-align: right;">183,240(1)</td> <td style="text-align: right;">183,600(1)</td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">22,000(1)</td> <td style="text-align: right;">22,000(1)</td> <td style="text-align: right;">20,000(1)</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;"><u>192,000(1)</u></td> <td style="text-align: right;"><u>128,000(1)</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">723,400</td> <td style="text-align: right;">698,040</td> <td style="text-align: right;">594,800</td> </tr> <tr> <td>Net cash flow</td> <td style="text-align: right;">(9,800)</td> <td style="text-align: right;">7560</td> <td style="text-align: right;">138,800</td> </tr> <tr> <td>Opening balance</td> <td style="text-align: right;"><u>(5,200)(1)</u></td> <td style="text-align: right;"><u>(15,000)</u></td> <td style="text-align: right;"><u>(7440)</u></td> </tr> <tr> <td>Closing balance</td> <td style="text-align: right;"><u>(15,000)</u></td> <td style="text-align: right;"><u>(7,440)</u></td> <td style="text-align: right;"><u>131,360(1)</u></td> </tr> </tbody> </table>		July	August	September	<u>Receipts</u>				Cash sales	140,000(1)	145,600(1)	151,200(1)	Receipt from debtors	537,600(1)	560,000(1)	582,400(1)	Sales of equipment	<u>36,000(1)</u>				713,600	<u>705,600</u>	<u>733,600</u>	<u>Payments</u>				Cash purchases	144,000(1)	148,800(1)	168,000(1)	Payments to creditors	185,400(1)	216,000(1)	223,200(1)	Wages	180,000(1)	183,240(1)	183,600(1)	General expenses	22,000(1)	22,000(1)	20,000(1)	Equipment	<u>192,000(1)</u>	<u>128,000(1)</u>			723,400	698,040	594,800	Net cash flow	(9,800)	7560	138,800	Opening balance	<u>(5,200)(1)</u>	<u>(15,000)</u>	<u>(7440)</u>	Closing balance	<u>(15,000)</u>	<u>(7,440)</u>	<u>131,360(1)</u>	<p>23</p>	<p><u>Receipts – Sales can show totals</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>July</th> <th>Aug</th> <th>Sep</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">677,600</td> <td style="text-align: right;">705,600</td> <td style="text-align: right;">733,600</td> </tr> </tbody> </table> <p>Wages can be shown separate</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>July</th> <th>Aug</th> <th>Sep</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">162,000</td> <td style="text-align: right;">165,240</td> <td style="text-align: right;">165,240</td> </tr> <tr> <td style="text-align: right;">18,000</td> <td style="text-align: right;">18,000</td> <td style="text-align: right;">18,360</td> </tr> </tbody> </table> <p>Opening balance must be a negative figure. Can show opening balance at top of budget.</p> <p>Closing balance correct answer only.</p> <p>Must discuss income <u>and</u> expenditure <u>not</u> profit and loss</p> <p>(3 x 3) (Each benefit - 1 for point up to 2 marks for development)</p> <p>QWC: must be identified at the end of the question by showing 1 or 2 ticks. If no mark awarded then mark with a red x to indicate that it has been considered.</p> <p>Must show whether figures have been added or deducted for mark, if no signage assume added.</p> <p>Mark figure with reasonable narrative or identification of which error.</p> <p>Where 2 marks are awarded 2 or 0</p> <p>If adjustment shows an increase and a</p>	July	Aug	Sep	677,600	705,600	733,600	July	Aug	Sep	162,000	165,240	165,240	18,000	18,000	18,360
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<p>(b)*</p>	<p>Budgeting allows a business to plan for the future, foreseeing future problems and take remedial action, by amending the budget where appropriate.</p> <p>Budgeting allows a business to control its expenditure by comparing its actual data with that of its planned data, differences can be investigated and corrective action can then be taken.</p> <p>A business can co-ordinate and ensure that all the budgets are linked together and that they are working towards the same goal and are not in conflict with each other.</p> <p>A budget can be used as a motivational tool by involving managers in the setting of the budget so that they take ownership and are motivated to keep within the budget.</p> <p>Targets can be set within different departments, actual results compared with budgeted results to see if targets have been met, this can help to motivate managers and staff.</p> <p>QWC</p>	<p>9</p>	<p>2</p>																																																																															

Question	Answer	Mark	Guidance																																																												
4	<p>(a) <u>Noah Walsh</u> <u>A detailed Statement of Stock Valuation as at 30 April 2017</u></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Original stock valuation</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: right;">76,400</td> <td style="width: 25%;"></td> </tr> <tr> <td></td> <td style="text-align: center;">Increase</td> <td style="text-align: center;">Decrease</td> <td></td> <td></td> </tr> <tr> <td>(i) Purchases</td> <td></td> <td style="text-align: right;">6,400 (1)</td> <td></td> <td></td> </tr> <tr> <td>(ii) Sales returns</td> <td></td> <td style="text-align: right;">10,500 (2)</td> <td></td> <td></td> </tr> <tr> <td>(iii) Drawings</td> <td style="text-align: right;">750 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>(iv) Sales</td> <td style="text-align: right;">20,500 (2)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>(v) Purchase returns</td> <td style="text-align: right;">2,500 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>(vi) Stationery</td> <td></td> <td style="text-align: right;">520 (1)</td> <td></td> <td></td> </tr> <tr> <td>(vii) Free samples</td> <td></td> <td style="text-align: right;">80 (1)</td> <td></td> <td></td> </tr> <tr> <td>(viii) Sale or return</td> <td style="text-align: right;">500 (2)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">24,250</td> <td style="text-align: right; border-top: 1px solid black;">17500</td> <td style="text-align: right; border-top: 1px solid black;">6,750</td> <td></td> </tr> <tr> <td>Revised Stock Valuation</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">83,150 (1)</td> <td></td> </tr> </table> <p>(b) (iii) The stock drawings were taken after the end of the financial year and, therefore, must be added back to stock since that stock would have been counted and valued if stocktaking had taken place on the correct day . In the profit and loss account increasing the valuation of the stock will increase the profit by £750. In the balance sheet increasing the stock valuation will increase the current assets by £750. Goods taken out of the business for the owners personal use is an example of the business entity concept.</p> <p>(vi) The stock valuation should only include those items which are to be resold for a profit. The stock of stationery had not been purchased with the intention to resell. Unused stationery at the end of the financial year should be classified as a prepaid expense in the balance sheet. As the stationery has been incorrectly categorised as stock rather than an expense then this is an example of an error of principle.</p> <p>(vii) The free samples should not be included in the stock valuation as only goods that have been purchased should be included as per SSAP9/IAS2 stock should be valued at the lower of cost and net realisable value. As these goods were free samples and therefore cost nothing they should not be included.</p>	Original stock valuation			76,400			Increase	Decrease			(i) Purchases		6,400 (1)			(ii) Sales returns		10,500 (2)			(iii) Drawings	750 (1)				(iv) Sales	20,500 (2)				(v) Purchase returns	2,500 (1)				(vi) Stationery		520 (1)			(vii) Free samples		80 (1)			(viii) Sale or return	500 (2)					24,250	17500	6,750		Revised Stock Valuation			83,150 (1)		12	<p>decrease net figures off.</p> <p>Figure for revised stock valuation correct answer only with narrative at bottom or top.</p> <p>(1 mark for point plus up to 2 for development for each of items (iii), (vi) and (vii))</p>
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APPENDIX 1

	AO1	AO2	AO3		Total
1a	7	7			14
1b	2	3			5
1c	3	4			7
1d			9		9
2a	2	3			5
2b	10	15		*	25
3a	8	15			23
3b			11	*	11
4a	4	8			12
4b			9		9
	36	55	29		120

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