GCE

Accounting

Advanced GCE **A2 H401**

Advanced Subsidiary GCE **AS H001**

Mark Schemes for the Units

January 2009

H001/H401/MS/R/09J

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of pupils of all ages and abilities. OCR qualifications include AS/A Levels, GCSEs, OCR Nationals, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new syllabuses to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support which keep pace with the changing needs of today's society.

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.

Any enquiries about publications should be addressed to:

OCR Publications
PO Box 5050
Annesley
NOTTINGHAM
NG15 0DL

Telephone: 0870 770 6622
Facsimile: 01223 552610
E-mail: publications@ocr.org.uk

CONTENTS

Advanced GCE Accounting (H401)

Advanced Subsidiary GCE Accounting (H001)

MARK SCHEMES FOR THE UNITS

F001 Unit 1 – Accounting Principles

1*

Douglas Port

Trading and Profit and Loss Account for the year ended 31 December 2008

Sales			420,000	
Sales returns			10,000	
			410,000	**(1)**
Opening stock	22,000			
Purchases	191,600	**(1)**		
Carriage inwards	4,000	**(1)**		
	217,600			
Drawings	2,500	**(1)**		
	215,100			
Purchase returns	6,000	**(1)**		
	209,100			
Closing stock	24,000			
Cost of sales			185,100	**(1)**
Gross Profit			224,900	
Discounts received			3,800	**(1)**
			228,700	
Carriage outwards	6,000	**(1)**		
Discounts allowed	7,600	**(1)**		
Salaries	36,000	**(1)**		
Insurance	4,600	**(2)**		
General expenses	18,000	**(2)**		
Electricity	7,000	**(2)**		
Bad debts	1,000	**(2)**		
Provision for doubtful debts	340	**(2)**		
Loan interest	4,560	**(2)**		
Depreciation premises	5,000	**(1)**		
Depreciation office equipment	6,800	**(1)**		
Depreciation motor vehicles	6,900	**(2)**		
			103,800	
Net Profit			124,900	**(1)**

Balance Sheet as at 31 December 2008

Fixed Assets				
Premises			185,000	
Office equipment			34,000	
Motor vehicles			35,100	
			254,100	(2)(1of)
Current Assets				
Stock	24,000	(1)		
Debtors	55,860	(2)		
Insurance	400	(1)		
Bank	15,000	(1)		
	95,260			
Current Liabilities				
Creditors	38,000	(1)		
Loan interest	760	(1)		
General expenses	1,000	(1)		
6% loan	19,000	(1)		
	58,760			
Working Capital			36,500	
			290,600	
Long term liabilities				
6% loan			57,000	(1)
			233,600	
Financed by				
Capital			139,200	(1)
Net Profit			124,900	(1of)
			264,100	
Drawings			30,500	(2)
			233,600	(1)

[44]

QWC [2]

Total marks [46]

2 **(a)**

(i) Bad Debts

Y. Kilda	550	**(1)**	Profit and Loss	1,290	**(2)(1of)**
A. Glenhuntly	450	**(1)**			
U. McKinnon	40	**(1)**			
Y. Kilda	250	**(1)**			
	1 ,290			1,290	

[6]

(ii) Provision for Doubtful Debts

Profit and Loss	380	**(2)(1of)**	Bal b/d	1,650	**(1)**
Bal c/d **(1)**	1,270	**(2)**			
	1,650			1,650	

[6]

(b) Balance Sheet (Extract)

Current Assets

Debtors	19,050	
Provision for Doubtful Debts	1,270	
	17,780	**(2)(1of)**

[2]

(c)* Obtain credit references on all new debtors before credit is allowed.
The bad debts are from orders less than £1,500.
Flinders Traders should set credit limits for each customer.
Do not allow credit to customers with debts outstanding for three months.
Send reminders for overdue debts before they have been outstanding for three months.
Regular monitoring of sales ledger and sending monthly statements and reminders.

Candidates are expected to evaluate the importance of monitoring and controlling debtors when selling goods on credit. No marks awarded for just a list of the policies. Max 4 marks for analysis. Max 2 marks for evaluation.

[(2 + 1) x 2]
QWC [2]

Total marks [22]

3 (a)

(i) Machinery

Bal b/d	940,000	**(1)**	Disposal	80,000	**(1)**
Bank	60,000	**(1)**	Bal c/d	920,000	
	1,000,000			1,000,000	

[4]

(ii) Provision for Depreciation of Machinery

Disposal	36,000	**(1)**	Bal b/d	240,000	**(1)**
Bal c/d	383,000	**(1)**	Profit and Loss	179,000	**(3)(1of)**
	419,000			419,000	

[6]

(iii) Disposal of Machinery

Machinery	80,000	**(1)**	Depn Machinery	36,000	**(1)**
			Bank	24,000	**(1)**
			Profit and Loss	20,000	**(1)**
	80,000			80,000	

[4]

(iv) Office Equipment

Bal b/d	120,000	**(1)**	Bal c/d	160,000	**(1)**
Bank **(1)**	40,000	**(1)**			
	160,000			160,000	

[4]

(v) Provision for Depreciation of Office Equipment

Bal c/d	60,200	**(2)**	Bal b/d	35,000	**(1)**
			Profit and Loss	25,200	**(2)(1of)**
	60,200			60,200	**(1)**

[6]

(b) The depreciation should be accounted for in the expenses in the profit and loss account.
In accordance with the accruals concept, a proportion of the value of the asset should be matched with its use each year.
The balance sheet should show the correct value for the assets.
Prudence concept states that assets should not be overvalued, and the profit should not be overstated.
It spreads the cost of the asset over its useful economic life.

Candidates are expected to evaluate the importance of accounting for depreciation and relate to appropriate accounting concepts and the final accounts. Max 4 marks for analysis. Max 2 marks for evaluation.

[8]
((2 + 2) x 2)

Total marks [32]

F002 Unit 2 – Financial Accounting

1 **(a)** Purchases Ledger Control Account for the year ended 30 September 2008

Balance b/d	9,600**(1)**	Balance b/d	126,850**(1)**
Cash	135,400**(1)**	Purchases	1,645,600**(1)**
Bank	1,297,500**(1)**	Balance c/d	10,300**(1)**
Purchases returns	169,370**(2)**		
Contra Sales Ledger	37,680**(1)**		
Discounts received	29,000**(2)**		
Balance c/d	104,200**(2)(1of)**		
	1,782,750		1,782,750

[13]

(b) Reconciliation Statement

		Additions	Deductions	
	Original total creditors			150,100 **(1)**
(i)	Cheque not posted to PL		43,500**(2)**	
(ii)	Purchases returns		16,270**(2)**	
(iii)	Credit purchase	13,870**(2)**		
			59,770	(45,900)
	Revised total creditors			104,200**(2)(1of)**

[9]

(c)

Goods returned and payment already made
Refund not yet made
Error
Overpayment
Customer/supplier relationship
(2 x 1 mark)

[2]

Total marks [24]

2 **(a)** Ashford Sailing Club

Bar Trading Account for the year ended 30 September 2008

Sales		18,900**(1)**	
Opening stock	2,470**(1)**		
Purchases	13,300**(2)**		
	15,770		
Closing stock	5,050		
Cost of sales		10,720	
Gross Profit		8,180**(1)**	
Salaries – bar staff		10,600**(1)**	
Bar Loss		2,420**(2)(1of)**	
			[8]

(b)* Income and Expenditure Account for the year ended 30 September 2008

Income			
Subscriptions (20,600+7,200+6,100)		33,900	
Profit on dinner dance		1,550	
		35,450	
Expenditure			
Bar loss	2,420 **(1of)**		
Premises repairs & maintenance	29,250**(1)**		
Heat and light	2,700 **(1)**		
Insurance	3,840 **(2)**		
Bad debts (subscriptions)	1,600**(2)**		
Depreciation: Premises	13,000**(1)**		
Boats	18,580 **(2)**		
		71,390	
Deficit		35,940 **(2)(1of)**	

Balance Sheet as at 30 September 2008

Fixed Assets			
Premises		312,000**(1)**	
Boats		74,320**(2)**	
		386,320	
Current Assets			
Bar stocks	5,050		
Insurance prepaid	890**(1)**		
Subscriptions in arrears	7,200**(1)**		
	13,140**(1)**		
Current Liabilities			
Bar creditors	3,150		
Bank	7,150**(2)**		
Subscriptions in advance	6,300**(1)**		
	16,600		
Working Capital		(3,460)	
		382,860	
Financed by			
Accumulated fund at 1 October 2007		418,800**(1)**	
Deficit		(35,940)**(1of)**	
		382,860**(1of)**	**[28]**

QWC **[2]**

(c) Relevant issues include:
The Bar is trading at a loss
Relatively high level of repair and maintenance expenditure
The Income and Expenditure Account is in deficit
The bank account is in overdraft
Proportion of bad debts.

Max 4 marks for analysis plus max 4 marks for evaluation. **[8]**

Total marks [46]

3 (a)

		Singh	Patel	
(i)	Return on capital employed	37.50% **(1)**	44.00% **(1)**	**[2]**
(ii)	Gross profit as a percentage of sales	56.67% **(1)**	58.33% **(1)**	**[2]**
(iii)	Net profit as a percentage of sales	20.00% **(1)**	18.33% **(1)**	**[2]**
(iv)	Current ratio	1.04:1 **(1)**	1.93:1 **(1)**	**[2]**
(v)	Liquid (acid test) ratio	0.45:1 **(1)**	1.74:1 **(1)**	**[2]**
(vi)	Stock turnover	16.67 times **(1)**	37.50 times **(1)**	**[2]**

(b)

(i)* Singh:
Nearly all the ratios show a deteriorating situation, relevant examples **(Max 2)** this is insufficient and greater development is needed see below.

Singh:
ROCE, GP as a % of sales slight improvement.
Downward movement in NP as a % of sales, suggesting increase in expenses.
Current and liquid ratios reduced, but may be satisfactory for type of business; however note bank overdraft.

Patel:
Generally this business seems to be performing well, with relatively consistent results across the two years.
Slight improvement on ROCE, GP as a % of sales is lower suggesting either increased stock costs or lower prices charged to customers. Liquidity has improved as shown by the liquid ratio but arguably this business now has idle cash as evidenced both by this ratio and the £87,000 bank balance.

Max 6 marks for analysis and Max 4 marks for evaluation. **[10]**

QWC [2]

(ii) Singh:
Reduce stock levels, reduce price of old stock to clear, introduce better stock control. Control of expenses.

Patel:
Continue effective financial management; try to reduce stock costs (eg use different suppliers) or try to increase mark-up. Invest idle cash.

Candidates are expected to consider one issue for each business. Max 4 marks for analysis plus max 2 marks for evaluation. **[6]**

Total marks [30]

F003 Unit 3 – Management Accounting

1 (a) (i)

Marginal costing

		2006		2007		2008
Sales		190,000**(1)**		213,500**(1)**		234,300**(1)**
O/stock	-		6,500		12,375	
Var cost	130,000**(1)**		165,000**(1)**		193,600**(1)**	
	130,000		171,500		205,975	
C/stock	6,500**(1)**		12,375**(1)**		19,360**(1)**	
		123,500		159,125		186,615
Contribution		66,500		54,375		47,685
Fixed cost		30,000		33,000		35,000
Gross Profit		36,500**(1)**		21,375**(1)**		12,685**(1)**

[12]

(ii)

Absorption costing

		2006		2007		2008
Sales		190,000		213,500		234,300
O/stock	-		8,000		14,850	
Var cost	130,000		165,000		193,600	
Fixed cost	30,000		33,000		35,000	
	160,000**(1)**		206,000**(1)**		243,450**(1)**	
C/stock	8,000**(1)**		14,850**(1)**		22,860**(1)**	
		152,000		191,150		220,590
Gross Profit		38,000**(1)**		22,350**(1)**		13,710**(1)**

[9]

(b)* Production (units) has increased by 10% each year. Sales (units) have also increased but not sufficiently to match production increases.

Maintaining selling price each year has resulted in demand increases, but not enough to match increases in production.

Sales income has increased by just over 23% during the period. Production (units) has increased by 21% during the period.

Closing stock has increased each year and this will impact on the cost of stockholding, potential stock damage and unsaleable out of date stock.

Variable costs have increased each year, but due to selling price being maintained, cost increases have not been passed on and profit has reduced.

Candidates are expected to assess three points to cover production and sales each at least once. Max 3 marks for analysis and max 6 marks for evaluation.

[9]

QWC [2]

Total marks [32]

2 (a)

% PC	$\frac{1,500,000}{1,250,000}$	=	120 %**(1)**
LHR	$\frac{1,500,000}{62,500}$	=	£24 per LHR**(1)**
MHR	$\frac{1,500,000}{37,500}$	=	£40 per MHR**(1)**

[3]

(b)

	% PC	LHR	MHR
Direct materials	2,400	2,400	2,400
Direct labour	1,500	1,500	1,500
Prime cost	3,900**(1)**	3,900	3,900
Prod overhead	4,680**(1)**	4,560**(1)**	4,800**(1)**
Total cost	8,580	8,460	8,700
Admin	1,716**(1)**	1,692**(1)**	1,740**(1)**
	10,296	10,152	10,440
Profit	2,574	2,538	2,610
Selling price	12,870**(1of)**	12,690**(1of)**	13,050**(1of)**

[10]

(c) % PC

Simple to use, but unlikely to be accurate. To be accurate, need similar material, wages and equipment and this is unlikely.

LHR

Most overheads related to time and this method is time based. Preferred if labour is the dominant factor; for example, assembly and finishing. If different grades of labour, then a rate could be calculated for each grade.

MHR

Most overheads related to time and this method is time based. Preferred if machining is the dominant factor. If different machines used, then a rate could be calculated for each machine.

Candidates are expected to evaluate each method. Max 4 marks for each method. Max 3 marks for analysis and max 6 marks for evaluation.

[9]

(d) Traditional methods were developed when companies produced a narrow range of products. Labour and material were the dominant costs compared to overheads.

With increasing technology, companies are producing a wider range of products and overheads such as set ups, first off inspection and despatch are becoming increasingly dominant. ABC charges overheads based on these activities.

ABC is considered appropriate to technological companies and the service sector; where the traditional direct costs (material and labour) are relatively small compared to the now dominant overheads.

The work to set up an ABC system could outweigh the benefits, particularly to a single product company.

Traditional methods are frequently preferred and companies introducing ABC have often maintained two costing systems.

Candidates are expected to discuss three points. Max 4 marks for each point. Max 3 marks for analysis and 6 max marks for evaluation.

[9]

Total marks [31]

3 (a)*

	Jan	Feb	Mar	Apr
Sales	3,200	3,200	3,520	3,520
x price	80	80	80	80
	256,000	256,000	281,600	281,600
50 % (current)	128,000	128,000	140,800	
50 % (previous)	120,000	128,000	128,000	
	248,000	256,000	268,800	

Sales		(x 0.8)	Purchases required
Jan	256,000	204,800	Dec
Feb	256,000	204,800	Jan
Mar	281,600	225,280	Feb
Apr	281,600	225,280	Mar

	Jan	Feb	Mar
Purchases	204,800	225,280	225,280
100 % (previous)	204,800	204,800	225,280
100 % (current) – 2.5 %			219,648
			444,928
Disc received			5,632

Cash Budget for the three months ending 31 March 2009

	Jan	Feb	Mar
Receipts			
Sales	248,000**(2)**	256,000**(2)**	268,800**(2)**
Payments			
Purchases	204,800**(1)**	204,800**(1)**	444,928**(2)**
General expenses	12,400	12,400	12,400**(1 line)**
Wages and sales	15,000	15,000**(1)**	17,700**(1)**
Redundancy	-	-	9,000**(1)**
	232,200	232,200	484,028
Net cash flow	15,800	23,800	(215,228)
Opening balances	182,300	198,100	221,900
Closing balances	198,100**(1)**	221,900	6,672**(1 of)**

Budgeted Trading and Profit and Loss Account for the three months ending 31 March 2009

Sales		793,600**(1)**
Opening stock	204,800	
Purchases	655,360**(1)**	
	860,160	
Closing stock	225,280**(1)**	
Cost of sales		634,880
Gross Profit		158,720**(1)**
Discount received		5,632**(1)**
		164,352
General expenses	37,200**(1)**	
Wages and salaries	45,000**(1)**	
Redundancy	9,000**(1)**	
Depreciation	10,000**(1)**	
		101,200
Net Profit		63,152**(1)**

[26]

QWC [2]

(b) Making employees redundant may lead to adverse publicity for the company and a reduction in sales.

Rather than make redundancies, could the employees be retrained and offered other employment in the company?

Will the quality of food provided by external caterers be to an acceptable standard? poor quality lead to complaints? If service is not available at the same times provided by the internal caterers, then employees will complain.

Terms of contract need to be considered. How does pricing compare to internal costs and how long will pricing be fixed? If the change were made to effect savings, then duration of pricing agreement needs consideration.

Candidates are expected to discuss three factors. Max 3 marks for analysis and 6 marks for evaluation.

[9]

Total marks [37]

F004 Unit 4 – Company Accounts and Interpretation

1 **(a)**

Kumble plc
Profit and Loss Account for the year ended 31 October 2008

Turnover			1,795,400	**(1)**
Cost of sales			825,000	**(1)**
Gross Profit			970,400	
Distribution costs **(1)**	447,300	**(4)**		
Administrative expenses **(1)**	256,991	**(6)**	704,291	
			266,109	
Other income			48,800	**(2)**
Profit on ordinary activities before taxation			314,909	
Corporation tax			90,000	**(1)**
Profit on ordinary activities after taxation			224,909	
Profit and Loss b/f			(56,000)	
			168,909	
Transfer to general reserve	70,000	**(1)**		
Proposed ordinary shares dividends	70,000	**(1)**		
Proposed preference shares dividends	18,000	**(1)**	158,000	
Retained Profit			10,909	

Distribution costs
195,000 + 4,300 + 150,000 + 33,000 + 65,000 = 447,300

Administrative expenses
145,000 + 8,300 - 4,200 + 100,000 + 11,000 - 109 - 3,000 = 256,991

Balance Sheet as at 31 October 2008

Fixed Assets				
Land and buildings			994,600	
Equipment			138,000	
Vehicles			195,000	
			1,327,600	**(1)**
Current Assets				
Stock	53,000			
Debtors	77,309	**(3)**		
Prepaid	3,000	**(1)**		
Bank	65,500	**(1)**		
	198,809	**(1)**		
Creditors amounts falling due within one year				
Creditors	47,000			
Accruals	4,300	**(1)**		
Rent received	1,200	**(1)**		
Corporation Tax	90,000	**(1)**		
Dividends	88,000	**(1)**		
	230,500	**(1)**		
Net current assets			(31,691)	**(1)**
Total assets less current liabilities			1,295,909	
Capital and reserves				
Called up share capital				
£1 ordinary shares	700,000			
£1 6% preference shares	300,000		1,000,000	**(1)**
Reserves				
Share premium			140,000	
General reserve			145,000	**(1)**
Profit and Loss			10,909	**(1of)**
			1,295,909	**(1)**

[37]
QWC [2]

Total marks [39]

2 **(a)** **Journal entries**

	Dr	Cr
Bank	35,000 **(1)**	
Share premium **(1)**		35,000 **(1)**
Bank	70,000 **(1)**	
Ordinary shares **(1)**		70,000 **(1)**
Bank	50,000 **(1)**	
Preference shares **(1)**		50,000 **(1)**
General reserve	70,000 **(1)**	
Proposed dividend		70,000 **(1)**
Land and buildings	100 000 **(1)**	
Revaluation reserve **(1)**		100 000 **(1)**

[14]

(b)

Capital and Reserves as at 31 December 2008				
Called up share capital				
£1 ordinary shares	350,000	**(1)**		
£1 6% preference shares	230,000	**(1)**	580,000	
Reserves				
Share premium			175,000	**(1)**
Revaluation reserve			100,000	**(1)**
General reserve			20,000	**(1)**
			875,000	

[5]

(c) A bonus issue is a free issue of shares to existing shareholders and does not involve a cash transaction. A rights issue is an issue of shares to existing shareholders. Shareholders are offered the right to purchase further shares in the company. A rights issue of shares requires the existing shareholders to make a payment for the shares.

Candidates are expected to consider two points. Max 4 marks **[4]**

(d) A company might decide to issue bonus shares to existing shareholders instead of a cash dividend. A company could have a liquidity problem and although it has the revenue reserves does not have the cash available to pay the dividends and by issuing bonus shares will impact upon liquidity.

A company might decide to issue bonus shares to dilute the market value of the shares. If the price of each share is reduced then the shares could be more marketable and the market/demand for the shares may increase because of the lower price.

The issued share capital does not represent the long-term capital of the company. Reduces the percentage of dividends which may reduce the fears of employees, creditors and customers that too much is being paid out in dividends.

Candidates are expected to discuss at least two points.
Max 4 marks for analysis and max 4 marks for evaluation. **[8]**

Total marks [31]

3 **(a)*** Brew plc is the most profitable company as indicated by the profitability ratios. The key ratio of capital employed shows that Brew plc is earning 34.2 pence for every £ of capital invested in the business but Gray plc is only earning 14.1 pence for every £ employed in the business.

Brew plc has a higher gross profit ratio although both firms operate the same type of business. Brew plc is earning 45 pence of gross profit for every £ of turnover but Gray plc is earning 40 pence. This would suggest that Brew plc is more efficient at trading activity than Gray plc. Brew plc could be charging higher selling prices than Gray plc. It could also have lower direct costs for example lower material costs through bulk buying. Brew plc could have benefited from economies of scale.

Gray plc has a low net profit ratio which indicates that it is not controlling the overhead expenses as well as Brew plc. Gray plc is spending 28.9 pence for every £ of turnover on expenses but Brew plc is spending 22.9 pence on expenses for every £ of turnover. A detailed breakdown of expenses is required for further investigation.

Brew plc has a higher sales/capital employed ratio and is generating more sales for every £ of capital employed than Gray plc. Brew plc has both a higher sales/capital employed ratio and a higher net profit as a % of turnover which is evidenced by the return on capital employed of 34.2%.

Candidates are expected to discuss at least two points. Max 2 marks for analysis and max 6 marks for evaluation. **[8]**

QWC [2]

(b) **(i)** earnings per share $\dfrac{192{,}000 - 8{,}000\ \mathbf{(1)}}{100{,}000\ \mathbf{(1)}}$ = £1.84 **(1)** **[3]**

(ii) dividend yield 50% **(1)** x $\dfrac{1}{2}$ **(1)** = 25% **(1)** **[3]**

(iii) interest cover $\dfrac{265{,}000\ \mathbf{(1)}}{25{,}000}$ 10.6 times **(1)** **[2]**

(c) The earnings per share calculation is showing that £1.84 is earned for each ordinary share.

The earnings per share is the key ratio used for share valuations. It shows how much of the company profits after tax each shareholder earns.

The earnings per share can be used to compare with other firms and previous trends.

Shareholders can use the earnings per share to decide whether to hold on to the shares or sell the shares.

The net profit is high and the interest rate of 5% is low on debentures. Brew plc pays £25,000 in interest and £8,000 in preference dividends. The ordinary shareholders will benefit as evidenced by the earnings per share calculation.

If profits were to fall or a loss was made then the earnings per share ratio would fall significantly and a loss per share could be made because Brew plc would have to service the debt capital before any appropriation of profit to ordinary shareholders. Brew plc is a higher risk because of the higher gearing ratio.

Candidates are expected to discuss at least two points. Max 2 marks for analysis and max 4 marks for evaluation. **[6]**

(d) Shareholders use ratio analysis to evaluate their investments, but there are limitations to the figures produced.

Ratios are only meaningful when they are compared to similar accounts. An inter-firm analysis should be made for example Asda and Tesco.

Companies may adjust the methods they use to prepare their accounts over time, which makes it more difficult to see trends over a series of years.

There may be variations between companies in their methods of accounting, which makes inter-company comparisons difficult. For example the accounting for fixed assets and the depreciation policy.

The management of the company may not want to make their accounts transparent to shareholders and give out too much information to other users of the accounts.

Financial accounts are published after the end of the financial year and figures that are used by investors are historic and may be out of date and misleading.

Candidates are expected to discuss at least two points. Max 2 marks for analysis and max 4 marks for evaluation. **[6]**

Total marks [30]

Grade Thresholds

Advanced GCE (Accounting) (H001, H401)
January 2009 Examination Series

Unit Threshold Marks

Unit		Maximum Mark	A	B	C	D	E	U
F001	Raw	100	84	73	63	53	43	0
	UMS	100	80	70	60	50	40	0
F002	Raw	100	76	67	59	51	43	0
	UMS	100	80	70	60	50	40	0
F003	Raw	100	77	67	57	47	37	0
	UMS	100	80	70	60	50	40	0
F004	Raw	100	81	72	63	54	45	0
	UMS	100	80	70	60	50	40	0

Specification Aggregation Results

Overall threshold marks in UMS (ie after conversion of raw marks to uniform marks)

	Maximum Mark	A	B	C	D	E	U
H001	200	160	140	120	100	80	0
H401	400	320	280	240	200	160	0

The cumulative percentage of candidates awarded each grade was as follows:

	A	B	C	D	E	U	Total Number of Candidates
H001	11.1	31.7	63.4	82.5	95.2	100.0	80
H401	10.5	42.1	63.2	78.9	94.7	100.0	19

For a description of how UMS marks are calculated see:
http://www.ocr.org.uk/learners/ums_results.html

Statistics are correct at the time of publication.

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Customer Contact Centre

14 – 19 Qualifications (General)
Telephone: 01223 553998
Facsimile: 01223 552627
Email: general.qualifications@ocr.org.uk

www.ocr.org.uk

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

Oxford Cambridge and RSA Examinations
is a Company Limited by Guarantee
Registered in England
Registered Office; 1 Hills Road, Cambridge, CB1 2EU
Registered Company Number: 3484466
OCR is an exempt Charity

OCR (Oxford Cambridge and RSA Examinations)
Head office
Telephone: 01223 552552
Facsimile: 01223 552553