

Accounting

Advanced Subsidiary GCE

Unit **F011**: Accounting Principles

Mark Scheme for June 2011

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, Diplomas, GCSEs, OCR Nationals, Functional Skills, 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 specifications 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.

© OCR 2011

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

Question Number	Expected Answer	Mark	Additional Guidance																																																																																																																												
1 (a)*	<p><u>Freada Kins</u> <u>Trading and Profit and Loss Account for the year ended 31 March 2011</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Sales</td> <td style="width: 10%; text-align: right;">83,500</td> <td style="width: 10%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>Sales returns Sales</td> <td style="text-align: right;"><u>2,540</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">80,960</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Opening stock</td> <td style="text-align: right;">24,000</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">49,000</td> <td></td> <td></td> </tr> <tr> <td>Purchases returns</td> <td style="text-align: right;"><u>2,780</u></td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">70,220</td> <td></td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;"><u>790</u></td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">71,010</td> <td></td> <td></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;"><u>1,550</u></td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">69,460</td> <td></td> <td></td> </tr> <tr> <td>Closing stock</td> <td style="text-align: right;"><u>21,000</u></td> <td></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;"><u>48,460</u></td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Gross Profit</td> <td style="text-align: right;">32,500</td> <td></td> <td></td> </tr> <tr> <td>Discounts received</td> <td style="text-align: right;">127</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Commission received</td> <td style="text-align: right;"><u>2,000</u></td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">34,627</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">9,600</td> <td></td> <td></td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">1,600</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">11,500</td> <td></td> <td></td> </tr> <tr> <td>Electricity</td> <td style="text-align: right;">2,000</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">465</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Loan interest</td> <td style="text-align: right;">1,000</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Discounts allowed</td> <td style="text-align: right;">115</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Motor expenses</td> <td style="text-align: right;">1,230</td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">65</td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">7,430</td> <td style="text-align: right;">(2)</td> <td></td> </tr> <tr> <td>Provision for depreciation of equipment</td> <td style="text-align: right;">1,375</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Provision for depreciation of motor vehicle</td> <td style="text-align: right;"><u>2,250</u></td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>38,630</u></td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Net Profit/(Loss)</td> <td style="text-align: right;"><u>(4,003)</u></td> <td style="text-align: right;">(2)(1of)</td> <td></td> </tr> </table>	Sales	83,500			Sales returns Sales	<u>2,540</u>				80,960	(1)		Opening stock	24,000			Purchases	49,000			Purchases returns	<u>2,780</u>	(1)			70,220			Carriage inwards	<u>790</u>	(1)			71,010			Drawings	<u>1,550</u>	(1)			69,460			Closing stock	<u>21,000</u>			Cost of sales	<u>48,460</u>	(1)		Gross Profit	32,500			Discounts received	127	(1)		Commission received	<u>2,000</u>	(2)			34,627	(1)		Rent	9,600			Insurance	1,600	(1)		Salaries	11,500			Electricity	2,000	(1)		Bad debts	465	(1)		Loan interest	1,000	(1)		Discounts allowed	115	(1)		Motor expenses	1,230	(2)		Provision for doubtful debts	65	(2)		General expenses	7,430	(2)		Provision for depreciation of equipment	1,375	(1)		Provision for depreciation of motor vehicle	<u>2,250</u>	(1)			<u>38,630</u>	(1)		Net Profit/(Loss)	<u>(4,003)</u>	(2)(1of)			<p>Horizontal format as well as vertical format acceptable for both P&L a/c and B/S.</p> <p>All marks are for figure plus reasonable narrative. Where marks are given for sub totals or totals, these are for the correct figure only i.e. they are NOT own figure unless specifically indicated.</p> <p>Adjustments for purchases returns, carriage inwards and drawings must appear above closing stock. If purchases figure includes adjustments for purchases returns, carriage inwards and/or drawings award appropriate marks e.g. 46,220(1), 44,670(2), 47,450(1). Accept discounts received as a negative expense. Discounts received and commission received are all acceptable below the sub-total for expenses and net profit.</p> <p>For expenses, where appropriate the net figure must be shown to gain the mark e.g. if general expenses appears as two line items (7,200 & 230) (0) marks.</p> <p>Accept Depreciation 3,625 (2)</p> <p>For Net Profit/(Loss) (2) must clearly</p>
Sales	83,500																																																																																																																														
Sales returns Sales	<u>2,540</u>																																																																																																																														
	80,960	(1)																																																																																																																													
Opening stock	24,000																																																																																																																														
Purchases	49,000																																																																																																																														
Purchases returns	<u>2,780</u>	(1)																																																																																																																													
	70,220																																																																																																																														
Carriage inwards	<u>790</u>	(1)																																																																																																																													
	71,010																																																																																																																														
Drawings	<u>1,550</u>	(1)																																																																																																																													
	69,460																																																																																																																														
Closing stock	<u>21,000</u>																																																																																																																														
Cost of sales	<u>48,460</u>	(1)																																																																																																																													
Gross Profit	32,500																																																																																																																														
Discounts received	127	(1)																																																																																																																													
Commission received	<u>2,000</u>	(2)																																																																																																																													
	34,627	(1)																																																																																																																													
Rent	9,600																																																																																																																														
Insurance	1,600	(1)																																																																																																																													
Salaries	11,500																																																																																																																														
Electricity	2,000	(1)																																																																																																																													
Bad debts	465	(1)																																																																																																																													
Loan interest	1,000	(1)																																																																																																																													
Discounts allowed	115	(1)																																																																																																																													
Motor expenses	1,230	(2)																																																																																																																													
Provision for doubtful debts	65	(2)																																																																																																																													
General expenses	7,430	(2)																																																																																																																													
Provision for depreciation of equipment	1,375	(1)																																																																																																																													
Provision for depreciation of motor vehicle	<u>2,250</u>	(1)																																																																																																																													
	<u>38,630</u>	(1)																																																																																																																													
Net Profit/(Loss)	<u>(4,003)</u>	(2)(1of)																																																																																																																													

			indicate that figure is a loss. For (1of) any figure + heading (accept Net Profit).
	<u>Balance Sheet as at 31 March 2011</u>		Where (2) marks are available the total must be shown and no part marks should be awarded.
	<u>Fixed Assets</u>	5,500	(1)
	Equipment		
	Motor vehicle	<u>6,750</u>	(1)
		12,250	(2)(1of))
	<u>Current Assets</u>		
	Stock	21,000	
	Debtors	7,448	(2)
	Insurance prepaid	300	(1)
	Electricity prepaid	200	(1)
	Commission owed	500	(1)
	Bank	<u>4,950</u>	(1)
		34,398	(1)
	<u>Current Liabilities</u>		
	Creditors	6,230	
	General expenses owing	230	(1)
	10% Loan	<u>10,000</u>	(1)
		16,460	(1)
	Working Capital/Net Current Assets	<u>17,938</u>	(1)
		<u>30,188</u>	
	<u>Financed by</u>		
	Capital	45,541	
	Net Profit/(Loss) (1)	<u>(4,003)</u>	
		41,538	
	Drawings	<u>11,350</u>	(2)
		<u>30,188</u>	
			[43]
		QWC	[2]
	Total Marks for Q(1)(a)		[45]
			Accept Prepayments 500 (2) & Accrued receipts/income 500 (1) .
			Accept Accrual(s)/Accrued expense(s) 230 (1) .
			The Loan must appear under Current Liabilities to gain mark.
			Show QWC mark(s) just below the end of the balance sheet. If (0) marks for the question then QWC must also be (0) and if (0) signify with an X.
			Please ensure that you check all pages for this question. Place 'SEEN' at the foot of each blank page.

Question Number	Expected Answer	Mark	Additional Guidance
1 (b)	<p>Capital expenditure, the purchase and/or improvement of fixed assets(1), can be defined as expenditure on items that will last for more than one accounting period(1) whereas expenditure on items that will last for less than one year are treated as revenue expenditure (1), sometimes referred to as day-to-day running expenses(1). Capital expenditure is entered in the Balance Sheet(1) with depreciation only in the Profit and Loss Account(1).</p> <p>Depreciation, which spreads the cost of capital expenditure, is charged over several accounting periods(1) and is an application of the matching/accruals concept(1). If capital expenditure is entered in full in the Profit and Loss Account(1), then profit would be understated(1) and asset values would also be understated(1).</p> <p>Revenue expenditure should be entered in full in the Profit and Loss Account(1). If revenue expenditure is entered in the Balance Sheet(1) then profit would be overstated(1) and asset values would also be overstated(1).</p> <p style="text-align: right;">(1 for point plus up to 2 for development) Max 8</p> <p style="text-align: right;">Total marks</p>	<p>[8]</p> <p>[53]</p>	<p>Reference to any concepts other than matching/accruals (0) marks.</p>

Question Number	Expected Answer	Mark	Additional Guidance														
2 (a) (i)	<p style="text-align: center;">Salaries</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bank</td> <td style="width: 50%; text-align: right;">26,000</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>1,995</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>27,995</u> (1)</td> </tr> </table> </td> <td style="width: 50%;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">2,550</td> </tr> <tr> <td>Profit and Loss</td> <td style="text-align: right;"><u>25,445</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>27,995</u> (1)</td> </tr> </table> </td> </tr> </table>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bank</td> <td style="width: 50%; text-align: right;">26,000</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>1,995</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>27,995</u> (1)</td> </tr> </table>	Bank	26,000	Bal c/d	<u>1,995</u>		<u>27,995</u> (1)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">2,550</td> </tr> <tr> <td>Profit and Loss</td> <td style="text-align: right;"><u>25,445</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>27,995</u> (1)</td> </tr> </table>	Bal b/d	2,550	Profit and Loss	<u>25,445</u>		<u>27,995</u> (1)	[3]	Where a mark is awarded for Balance b/d the following are acceptable – Balance b/d, Bal b/d, Balance b/f, Bal b/f. DO NOT accept Balance or Bal without b/d or b/f nor b/d or b/f without balance or bal. This principle also applies for Balance c/d.
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bank</td> <td style="width: 50%; text-align: right;">26,000</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>1,995</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>27,995</u> (1)</td> </tr> </table>	Bank	26,000	Bal c/d	<u>1,995</u>		<u>27,995</u> (1)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">2,550</td> </tr> <tr> <td>Profit and Loss</td> <td style="text-align: right;"><u>25,445</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>27,995</u> (1)</td> </tr> </table>	Bal b/d	2,550	Profit and Loss	<u>25,445</u>		<u>27,995</u> (1)				
Bank	26,000																
Bal c/d	<u>1,995</u>																
	<u>27,995</u> (1)																
Bal b/d	2,550																
Profit and Loss	<u>25,445</u>																
	<u>27,995</u> (1)																
(ii)	<p style="text-align: center;">Commission Received</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">675</td> </tr> <tr> <td>Profit and Loss</td> <td style="text-align: right;"><u>2,365</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>3,040</u> (1)</td> </tr> </table> </td> <td style="width: 50%;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bank</td> <td style="width: 50%; text-align: right;">2,450</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>590</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>3,040</u> (1)</td> </tr> </table> </td> </tr> </table>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">675</td> </tr> <tr> <td>Profit and Loss</td> <td style="text-align: right;"><u>2,365</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>3,040</u> (1)</td> </tr> </table>	Bal b/d	675	Profit and Loss	<u>2,365</u>		<u>3,040</u> (1)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bank</td> <td style="width: 50%; text-align: right;">2,450</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>590</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>3,040</u> (1)</td> </tr> </table>	Bank	2,450	Bal c/d	<u>590</u>		<u>3,040</u> (1)	[2]	
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">675</td> </tr> <tr> <td>Profit and Loss</td> <td style="text-align: right;"><u>2,365</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>3,040</u> (1)</td> </tr> </table>	Bal b/d	675	Profit and Loss	<u>2,365</u>		<u>3,040</u> (1)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bank</td> <td style="width: 50%; text-align: right;">2,450</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>590</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>3,040</u> (1)</td> </tr> </table>	Bank	2,450	Bal c/d	<u>590</u>		<u>3,040</u> (1)				
Bal b/d	675																
Profit and Loss	<u>2,365</u>																
	<u>3,040</u> (1)																
Bank	2,450																
Bal c/d	<u>590</u>																
	<u>3,040</u> (1)																
(iii)	<p style="text-align: center;">Insurance</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">530</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;"><u>1,900</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2,430</u> (1)</td> </tr> </table> </td> <td style="width: 50%;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Profit and Loss</td> <td style="width: 50%; text-align: right;">1,820</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>610</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2,430</u> (1)</td> </tr> </table> </td> </tr> </table>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">530</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;"><u>1,900</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2,430</u> (1)</td> </tr> </table>	Bal b/d	530	Bank	<u>1,900</u>		<u>2,430</u> (1)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Profit and Loss</td> <td style="width: 50%; text-align: right;">1,820</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>610</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2,430</u> (1)</td> </tr> </table>	Profit and Loss	1,820	Bal c/d	<u>610</u>		<u>2,430</u> (1)	[2]	
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">530</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;"><u>1,900</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2,430</u> (1)</td> </tr> </table>	Bal b/d	530	Bank	<u>1,900</u>		<u>2,430</u> (1)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Profit and Loss</td> <td style="width: 50%; text-align: right;">1,820</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>610</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2,430</u> (1)</td> </tr> </table>	Profit and Loss	1,820	Bal c/d	<u>610</u>		<u>2,430</u> (1)				
Bal b/d	530																
Bank	<u>1,900</u>																
	<u>2,430</u> (1)																
Profit and Loss	1,820																
Bal c/d	<u>610</u>																
	<u>2,430</u> (1)																
(iv)	<p style="text-align: center;">Rent</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bank</td> <td style="width: 50%; text-align: right;">12,500</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,500</u> (1)</td> </tr> </table> </td> <td style="width: 50%;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">950</td> </tr> <tr> <td>Profit and Loss</td> <td style="text-align: right;">10,500</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>1,050</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,500</u> (1)</td> </tr> </table> </td> </tr> </table>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bank</td> <td style="width: 50%; text-align: right;">12,500</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,500</u> (1)</td> </tr> </table>	Bank	12,500		<u>12,500</u> (1)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">950</td> </tr> <tr> <td>Profit and Loss</td> <td style="text-align: right;">10,500</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>1,050</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,500</u> (1)</td> </tr> </table>	Bal b/d	950	Profit and Loss	10,500	Bal c/d	<u>1,050</u>		<u>12,500</u> (1)	[3]	
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bank</td> <td style="width: 50%; text-align: right;">12,500</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,500</u> (1)</td> </tr> </table>	Bank	12,500		<u>12,500</u> (1)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Bal b/d</td> <td style="width: 50%; text-align: right;">950</td> </tr> <tr> <td>Profit and Loss</td> <td style="text-align: right;">10,500</td> </tr> <tr> <td>Bal c/d</td> <td style="text-align: right;"><u>1,050</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,500</u> (1)</td> </tr> </table>	Bal b/d	950	Profit and Loss	10,500	Bal c/d	<u>1,050</u>		<u>12,500</u> (1)				
Bank	12,500																
	<u>12,500</u> (1)																
Bal b/d	950																
Profit and Loss	10,500																
Bal c/d	<u>1,050</u>																
	<u>12,500</u> (1)																

Question Number	Expected Answer	Mark	Additional Guidance																																				
	<p>(b)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 15%; text-align: center;">Cash</th> <th style="width: 15%; text-align: center;">Bank</th> <th style="width: 30%;"></th> <th style="width: 15%; text-align: center;">Cash</th> <th style="width: 15%; text-align: center;">Bank</th> </tr> </thead> <tbody> <tr> <td>Bal b/d</td> <td style="text-align: center;">208</td> <td></td> <td>Bal b/d</td> <td></td> <td style="text-align: center;">685</td> </tr> <tr> <td>Sales</td> <td style="text-align: center;">175</td> <td style="text-align: center;">(1)</td> <td>P.Black</td> <td></td> <td style="text-align: center;">135 (1)</td> </tr> <tr> <td>A.Scott</td> <td></td> <td style="text-align: center;"><u>928</u> (1)</td> <td>Gen. exp.</td> <td style="text-align: center;">105 (1)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;"><u>383</u></td> <td style="text-align: center;"><u>928</u></td> <td>Bal c/d</td> <td style="text-align: center;"><u>278</u> (1)</td> <td style="text-align: center;"><u>108</u> (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: center;"><u>383</u></td> <td style="text-align: center;"><u>928</u></td> </tr> </tbody> </table> <p>(c)*</p> <p>The accruals concept (1) states that a business must match expenses and revenues (1) to the time period (1) in which those expenses or revenues were incurred (1). Either :- Adding accruals (1) and subtracting prepayments (1) in the Profit and Loss Account (1) generates a correct figure for net profit (1). Or:- Failure to add accruals (1) and subtract prepayments (1) in the Profit and Loss Accounting (1) would generate an inaccurate figure for net profit (over/ understated) (1). Either:-Recording prepaid expenses (and/or accrued revenues) as current assets (1) and accrued expenses (and/or prepaid revenues) as current liabilities (1) generates a fair valuation of the business (1) in the Balance Sheet (1). Or:- Failing to record prepaid expenses (and/or accrued revenues) as current assets (1) and accrued expenses (and/or prepaid revenues) as current liabilities (1) will result in an incorrect valuation of the business (1) in the Balance Sheet (1).</p> <p style="text-align: center;">(3x3 marks) (1 for point plus up to 2 for development) QWC</p> <p style="text-align: right;">Total Marks</p>		Cash	Bank		Cash	Bank	Bal b/d	208		Bal b/d		685	Sales	175	(1)	P.Black		135 (1)	A.Scott		<u>928</u> (1)	Gen. exp.	105 (1)			<u>383</u>	<u>928</u>	Bal c/d	<u>278</u> (1)	<u>108</u> (1)					<u>383</u>	<u>928</u>	<p style="text-align: center;">[6]</p> <p style="text-align: center;">[9] [2] [11]</p> <p style="text-align: center;">[27]</p>	<p>Guidance for 2(a) applies to 2(b).</p> <p>The cash book must be in the correct format otherwise (0) marks but accept Cash (Dr) column transposed with Bank (Dr) column along with Cash (Cr) column transposed with Bank (Cr) column.</p> <p>Allow (1) mark for Prudence concept only if linked to accounting for accruals helps to avoid overstating profit.</p>
	Cash	Bank		Cash	Bank																																		
Bal b/d	208		Bal b/d		685																																		
Sales	175	(1)	P.Black		135 (1)																																		
A.Scott		<u>928</u> (1)	Gen. exp.	105 (1)																																			
	<u>383</u>	<u>928</u>	Bal c/d	<u>278</u> (1)	<u>108</u> (1)																																		
				<u>383</u>	<u>928</u>																																		

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