



Mark Scheme (Results)

January 2013

GCE Accounting (6001/01)

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark																																																
1(a)(i)	<table><tr><td colspan="4">Journal</td></tr><tr><td></td><td>Dr</td><td>Cr</td><td></td></tr><tr><td></td><td>£</td><td>£</td><td></td></tr><tr><td>Shop premises</td><td>250 000</td><td></td><td>✓</td></tr><tr><td>Global Property</td><td></td><td>250 000</td><td>✓</td></tr><tr><td>Bank</td><td>200 000</td><td></td><td>✓</td></tr><tr><td>6% Bank loan – Ascot bank</td><td></td><td>200 000</td><td>✓</td></tr><tr><td>Arrangement fee expenses/Bank charges</td><td>4 250</td><td></td><td>✓</td></tr><tr><td>Bank</td><td></td><td>4 250</td><td>✓</td></tr><tr><td>Global Property</td><td>250 000</td><td></td><td>✓</td></tr><tr><td>Bank</td><td></td><td>250 000</td><td>✓</td></tr><tr><td></td><td></td><td>MAX 6 x</td><td>✓</td></tr></table>	Journal					Dr	Cr			£	£		Shop premises	250 000		✓	Global Property		250 000	✓	Bank	200 000		✓	6% Bank loan – Ascot bank		200 000	✓	Arrangement fee expenses/Bank charges	4 250		✓	Bank		4 250	✓	Global Property	250 000		✓	Bank		250 000	✓			MAX 6 x	✓	(6)
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1(b)	<p>Valid answers may include:</p> <p>Points for</p> <ul style="list-style-type: none"> • Will have ownership control of premises without having to seek landlord's permission for renovations • Security of tenure guaranteed • An investment for the long term future of the business as property tends to rise in price • Savings in rent <p>Points against:</p> <ul style="list-style-type: none"> • Major capital outlay • Converts a healthy cash balance into an overdraft • The interest on the loan is greater than the rent • Capital employed increases and return decreases • Responsible for maintenance of the premises • More depreciation • More bank interest • Burden of a bank loan <p>√√ per valid point x 4 points. MAX 2 points for and MAX two points against.</p> <p>Note: do NOT accept</p> <ul style="list-style-type: none"> • More non-current assets • Increased profit • More payment for utilities 	(8)

Question Number	Answer	Mark
2(a)	Accrued income ✓✓. A debit balance on the Rent Receivable Account means that Arpen is owed rent ✓✓ by a tenant who is therefore a debtor of the business. ✓✓ MAX 4 x ✓	(4)

Question Number	Answer						Mark
2(b) (i)	Sundry Expenses Account						(4)
			£			£	
	1 January	Balance b/d	600	31 December	Income Statement ✓	1 550 ✓	
	14 May	Bank	500 ✓		Balance c/d	450	
	30 October	Bank	<u>900</u>				
			<u>2 000</u>			<u>2 000</u>	
	1 January	Balance b/d	450	✓of (if on debit)			

Question Number	Answer						Mark
2(b)(ii)	Premises Repairs Account						(4)
			£			£	
	1 January	Balance b/d	250	31 December	Income Statement	2 815 ✓	
	8 January	Bank	450				
	1 April	Bank	900 ✓				
	18 August	Bank	875				
	31 December	Balance c/d	340 ✓				
			<u>2 815</u>				
				1 January	Balance b/d	<u>2 815</u>	
						340 ✓ of (if on credit)	

Question Number	Answer						Mark
2(b)(iii)	Rent Receivable Account						(4)
			£			£	
	1 January	Balance b/d	300	6 February	Bank/cash	1 200 ✓	
	31 December	Income Statement	1 600 ✓	26 June	Bank/cash	900	
		Balance c/d	<u>200</u> ✓			—	
			<u>2 100</u>			<u>2 100</u>	
				1 January	Balance b/d	200 ✓ of	
						(if on credit)	

Question Number	Answer	Mark
2(c)	<p>(i) Prudence – ✓✓ losses should be charged as soon as they are identified. The depreciation on machinery will be high in the early years not evenly spread over the life of the asset.</p> <p>(ii) Consistency – ✓✓ when a method of depreciation is chosen for a non-current asset this should be consistently applied over the life of the asset to ensure that the accounts are not distorted.</p>	(4)

Question Number	Answer	Mark
2(d)	Capital expenditure – <u>purchase or enhancement of non-current assets</u> . ✓✓ Revenue expenditure – <u>day to day expenses</u> which will be used within an accounting year. ✓✓	(4)

Question Number	Answer	Mark
2(e)	Machine installation – Capital expenditure ✓✓ Annual machine insurance – Revenue expenditure ✓✓	(4)

Question Number	Answer	Mark
2(f)(i) 2(f)(ii)	<p style="text-align: right;">£</p> <p>Depreciation charged (straight line) – 2010 6 800 ✓ 2011 <u>6 800</u> 13 600 ✓</p> <p>Depreciation (reducing balance) – 2010 (36 000-0) x 25% 9 000 ✓ 2011 (36 000 -9 000) x 25% <u>6 750</u> ✓ 15 750 ✓</p> <p>Adjustment Increase in provision 2 150 ✓ Depreciation charge 2012 7 463 ✓ ✓ (✓of)</p> <p>Working 2012 charge – (36 000 + 9 600- 15 750) x 25% = £7 463</p> <p>Note: if adjustment £2 150 stated award 6 x ✓ without reviewing workings.</p>	(8)

Question Number	Answer	Mark																				
2(g)(i)	<div>Machinery Account</div> <table><tr><td></td><td>£</td><td></td><td>£</td></tr><tr><td>Balance b/d</td><td>36 000</td><td>Balance c/d</td><td>45 600</td></tr><tr><td>Bank (of if £12 000 or less)</td><td><u>9 600</u></td><td>✓✓(✓of)</td><td></td></tr><tr><td></td><td><u>45 600</u></td><td></td><td><u>45 600</u></td></tr><tr><td>Balance b/d</td><td>45 600</td><td>✓of (if on debit)</td><td></td></tr></table>		£		£	Balance b/d	36 000	Balance c/d	45 600	Bank (of if £12 000 or less)	<u>9 600</u>	✓✓(✓of)			<u>45 600</u>		<u>45 600</u>	Balance b/d	45 600	✓of (if on debit)		(3)
	£		£																			
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Balance b/d	45 600	✓of (if on debit)																				

Question Number	Answer	Mark																								
2(g)(ii)	<div>Machinery – Provision for Depreciation account</div> <table><tr><td></td><td>£</td><td></td><td>£</td></tr><tr><td></td><td></td><td>Balance b/d</td><td>13 600 ✓of</td></tr><tr><td></td><td></td><td>Income Statement- Adjustment</td><td>2 150 ✓of</td></tr><tr><td>Balance c/d</td><td><u>23 213</u></td><td>2012 charge</td><td><u>7 463</u> ✓✓</td></tr><tr><td></td><td><u>23 213</u></td><td></td><td><u>23 213</u></td></tr><tr><td></td><td></td><td>Balance b/d</td><td>23 213 ✓of (if on credit)</td></tr></table> <div>Note: If Balance b/d stated as £15 750 award ✓✓ (£13 600 + £2 150) If charge to income statement £9 613 award ✓✓✓ (£2 150 + £7 463)</div>		£		£			Balance b/d	13 600 ✓of			Income Statement- Adjustment	2 150 ✓of	Balance c/d	<u>23 213</u>	2012 charge	<u>7 463</u> ✓✓		<u>23 213</u>		<u>23 213</u>			Balance b/d	23 213 ✓of (if on credit)	(5)
	£		£																							
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Balance c/d	<u>23 213</u>	2012 charge	<u>7 463</u> ✓✓																							
	<u>23 213</u>		<u>23 213</u>																							
		Balance b/d	23 213 ✓of (if on credit)																							

Question Number	Answer	Mark
2(h)	<p>Valid answers may include:</p> <p>Points for</p> <ul style="list-style-type: none"> • Greater depreciation will be charged in the early years which reflects the situation with machinery • Carry over value will be closer to market value resulting in more accurate financial statement value. • Evens out total cost of ownership when repair costs are added to depreciation. • Provides a more realistic book value <p>Points against:</p> <ul style="list-style-type: none"> • Distorts profit calculation • Not consistent with previous practice. • Not appropriate if machine used equally from year to year <p>✓✓ per valid point x 4 points. MAX 2 points for and MAX two points against.</p> <p>NOT</p> <ul style="list-style-type: none"> • Difficult to calculate • Time consuming • Costly 	(8)

Question Number	Answer	Mark
3(a)(i)	<p>Realisation – Profit is regarded as having been earned when the <u>goods are passed to the customer and he incurs liability</u> for them. ✓✓</p> <p>Breach- The sale or return has not realised the profit as the customer has not incurred liability for them. ✓</p>	(3)

Question Number	Answer	Mark
3(a)(ii)	Accrual (matching)-Net profit is the difference between income and expenditure rather than cash receipts and cash expenditure. <u>Revenues matched with expenses for a period.</u> ✓✓ Breach-Adjustments for general expenses.✓	(3)
Question Number	Answer	Mark
3(a)(iii)	Going concern-Unless it is known to the contrary, it is assumed that the business will exist and <u>operate for an indefinitely</u> long period of time.✓✓ Breach- Charging the full cost of non-current assets to a single accounting period.✓	(3)

Question Number	Answer	Mark																																																																																																				
3(b)	<p style="text-align: center;">Xevana – Statement of Comprehensive Income for the year ended 31 December 2012</p> <table><tr><td></td><td>£</td><td>£</td><td></td></tr><tr><td>Revenue</td><td>(110 000 – 2 000)</td><td>108 000</td><td>✓</td></tr><tr><td>Less</td><td></td><td></td><td></td></tr><tr><td>Purchases</td><td>103 500</td><td></td><td></td></tr><tr><td>Less Purchase returns</td><td><u>(2 300)</u></td><td></td><td></td></tr><tr><td></td><td>101 200</td><td></td><td></td></tr><tr><td>Carriage inwards</td><td><u>1 200</u></td><td></td><td>✓</td></tr><tr><td></td><td>102 400</td><td></td><td></td></tr><tr><td>Less Closing inventory (16 000 + 1 600)</td><td><u>(17 600)</u></td><td></td><td>✓✓(✓of other than 20 000)</td></tr><tr><td>Cost of sales</td><td></td><td><u>(84 800)</u></td><td></td></tr><tr><td>Gross profit</td><td></td><td>23 200</td><td></td></tr><tr><td>Plus other income:</td><td></td><td></td><td></td></tr><tr><td>Profit on sale of fixtures and fittings</td><td></td><td>200</td><td>✓</td></tr><tr><td>Rent receivable (1 000 + 1 000)</td><td></td><td>2 000</td><td>✓</td></tr><tr><td>Discount received</td><td></td><td><u>1 870</u></td><td>✓</td></tr><tr><td></td><td></td><td>27 270</td><td></td></tr><tr><td>Less expenses:</td><td></td><td></td><td></td></tr><tr><td>Carriage outwards</td><td>2 400</td><td></td><td>✓</td></tr><tr><td>Rent and rates</td><td>4 000</td><td></td><td>✓</td></tr><tr><td>Wages</td><td>6 000</td><td></td><td>✓</td></tr><tr><td>General expenses (4 550 + 470 ✓ – 750 ✓)</td><td>4 270</td><td></td><td></td></tr><tr><td>Depreciation: Fixtures and fittings</td><td>400</td><td></td><td>✓</td></tr><tr><td>Motor vehicles</td><td><u>1 500</u></td><td></td><td>✓</td></tr><tr><td></td><td></td><td><u>(18 570)</u></td><td></td></tr><tr><td>Profit for the year</td><td></td><td><u>8 700</u></td><td></td></tr></table> <p>If discount received is deducted from purchases (103 500 – 1 870) = 101 630 ✓</p>		£	£		Revenue	(110 000 – 2 000)	108 000	✓	Less				Purchases	103 500			Less Purchase returns	<u>(2 300)</u>				101 200			Carriage inwards	<u>1 200</u>		✓		102 400			Less Closing inventory (16 000 + 1 600)	<u>(17 600)</u>		✓✓(✓of other than 20 000)	Cost of sales		<u>(84 800)</u>		Gross profit		23 200		Plus other income:				Profit on sale of fixtures and fittings		200	✓	Rent receivable (1 000 + 1 000)		2 000	✓	Discount received		<u>1 870</u>	✓			27 270		Less expenses:				Carriage outwards	2 400		✓	Rent and rates	4 000		✓	Wages	6 000		✓	General expenses (4 550 + 470 ✓ – 750 ✓)	4 270			Depreciation: Fixtures and fittings	400		✓	Motor vehicles	<u>1 500</u>		✓			<u>(18 570)</u>		Profit for the year		<u>8 700</u>		(14)
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3(c)	<div><div>Purchases Ledger Control Account</div><table><tr><td></td><td>£</td><td></td><td>£</td></tr><tr><td>Purchase returns</td><td>2 300 ✓</td><td>Balance b/d</td><td>-</td></tr><tr><td>Payments to trade creditors</td><td>93 030 ✓</td><td>Purchases</td><td>103 500 ✓</td></tr><tr><td>Discount received</td><td>1 870 ✓</td><td></td><td></td></tr><tr><td>Balance c/d</td><td>6 300 ✓</td><td></td><td></td></tr><tr><td></td><td><u>103 500</u></td><td></td><td><u>103 500</u></td></tr><tr><td></td><td></td><td>Balance b/d</td><td>6300 ✓of</td></tr></table><div>If purchases reduced by discount received (103 500 – 1 870) = 101 630 ✓✓</div></div>		£		£	Purchase returns	2 300 ✓	Balance b/d	-	Payments to trade creditors	93 030 ✓	Purchases	103 500 ✓	Discount received	1 870 ✓			Balance c/d	6 300 ✓				<u>103 500</u>		<u>103 500</u>			Balance b/d	6300 ✓of	(6)
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3(d)	<div>Statement of financial position at 31 December 2012 ✓</div> <table><thead><tr><th></th><th>Cost</th><th>Aggregate Depreciation</th><th>Carry over</th></tr><tr><th></th><th>£</th><th>£</th><th>£</th></tr></thead><tbody><tr><td colspan="4"><u>Non-current assets</u></td></tr><tr><td>Motor vehicles</td><td>9 000</td><td>1 500</td><td>7 500 ✓</td></tr><tr><td>Fixtures and fittings</td><td><u>3 800</u></td><td><u>400</u></td><td><u>3 400</u> ✓</td></tr><tr><td></td><td><u>12 800</u></td><td><u>1 900</u></td><td>10 900 ✓</td></tr><tr><td colspan="4"><u>Current assets</u></td></tr><tr><td>Inventory</td><td></td><td>17 600</td><td>✓of (other than 20 000)</td></tr><tr><td>Trade receivables (12 870 ✓– 2 000 ✓)</td><td></td><td>10 870</td><td></td></tr><tr><td>Rent receivables owing</td><td></td><td>1 000</td><td>✓</td></tr><tr><td>General expenses prepaid</td><td></td><td><u>750</u></td><td>✓</td></tr><tr><td></td><td></td><td></td><td><u>30 220</u></td></tr><tr><td></td><td></td><td></td><td><u>41 120</u></td></tr><tr><td></td><td>£</td><td></td><td>£</td></tr><tr><td colspan="4"><u>Equity and Capital:</u></td></tr><tr><td>Opening capital</td><td></td><td></td><td>12 000 ✓</td></tr><tr><td>Plus Profit for the year</td><td></td><td></td><td><u>8 700</u></td></tr><tr><td></td><td></td><td></td><td>20 700</td></tr><tr><td>Drawings</td><td></td><td></td><td><u>(4 800)</u>✓</td></tr><tr><td></td><td></td><td></td><td>15 900</td></tr><tr><td colspan="4"><u>Current liabilities</u></td></tr><tr><td>Trade payables</td><td></td><td>6 300</td><td>✓✓(✓of)</td></tr><tr><td>General expenses accrued</td><td></td><td>470</td><td>✓</td></tr><tr><td>Bank overdraft</td><td></td><td><u>18 450</u></td><td>✓</td></tr><tr><td></td><td></td><td></td><td><u>25 220</u></td></tr><tr><td></td><td></td><td></td><td><u>41 120</u></td></tr></tbody></table>		Cost	Aggregate Depreciation	Carry over		£	£	£	<u>Non-current assets</u>				Motor vehicles	9 000	1 500	7 500 ✓	Fixtures and fittings	<u>3 800</u>	<u>400</u>	<u>3 400</u> ✓		<u>12 800</u>	<u>1 900</u>	10 900 ✓	<u>Current assets</u>				Inventory		17 600	✓of (other than 20 000)	Trade receivables (12 870 ✓– 2 000 ✓)		10 870		Rent receivables owing		1 000	✓	General expenses prepaid		<u>750</u>	✓				<u>30 220</u>				<u>41 120</u>		£		£	<u>Equity and Capital:</u>				Opening capital			12 000 ✓	Plus Profit for the year			<u>8 700</u>				20 700	Drawings			<u>(4 800)</u> ✓				15 900	<u>Current liabilities</u>				Trade payables		6 300	✓✓(✓of)	General expenses accrued		470	✓	Bank overdraft		<u>18 450</u>	✓				<u>25 220</u>				<u>41 120</u>	
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(15)

Question Number	Answer	Mark
3(e)	<p>Valid answers may include:</p> <p>Points for</p> <ul style="list-style-type: none"> Provides a framework of consistency in preparing all financial statements Provides assurance to users about the preparation of the accounts Can be used internationally to compare business True and fair view Meets legal requirements Profit can be relied upon <p>Points against:</p> <ul style="list-style-type: none"> Concepts can be contradictory Many non-financial aspects of a business are not considered by accounting concepts Open to wide interpretation <p>√√ per valid point x 4 points. MAX 2 points for and MAX two points against.</p> <p>Do NOT accept</p> <ul style="list-style-type: none"> Costly Time consuming 	(8)

Question Number	Answer	Mark
4(a)	<p>Profitability is the difference between the income and expenditure√√ for a period of time.</p> <p>The profit is compared with a common yardstick such as revenue or capital employed.√√</p>	(4)

Question Number	Answer	Mark																											
4(b)(i)	<p>Molara – Statement of Comprehensive Income for the year ended 31 December 2012</p> <table> <tr> <td></td><td>£</td><td>£</td></tr> <tr> <td>Revenue</td><td></td><td>140 000</td></tr> <tr> <td>Less</td><td></td><td></td></tr> <tr> <td>Opening inventory</td><td>12 000</td><td></td></tr> <tr> <td>Purchases</td><td><u>119 000</u></td><td></td></tr> <tr> <td></td><td>131 000</td><td></td></tr> <tr> <td>Closing inventory</td><td><u>(27 000)</u></td><td>√√</td></tr> <tr> <td>Cost of sales</td><td></td><td><u>(104 000)</u></td></tr> <tr> <td>Gross profit</td><td></td><td><u>36 000</u></td></tr> </table>		£	£	Revenue		140 000	Less			Opening inventory	12 000		Purchases	<u>119 000</u>			131 000		Closing inventory	<u>(27 000)</u>	√√	Cost of sales		<u>(104 000)</u>	Gross profit		<u>36 000</u>	
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Question Number	Answer	Mark
4(c)	$\frac{\text{Profit for the year before Interest}}{\text{Capital} + \text{Long term liabilities}} \times 100 = \frac{12\,000 \text{ OF } + 1\,200 \text{ ✓}}{19\,000 + 15\,000 \text{ ✓}} \times 100 = 38.8\% \text{ ✓ of}$	(3)

Question Number	Answer	Mark																																																																																												
4(d)	<div>Statement of Financial Position at 31 December 2012</div> <table><thead><tr><th></th><th>Cost</th><th>Aggregate Depreciation</th><th>Carry over</th></tr><tr><th></th><th>£</th><th>£</th><th>£</th></tr></thead><tbody><tr><td><u>Non-current assets</u></td><td>15 000</td><td>3 000</td><td>12 000 ✓</td></tr><tr><td><u>Current assets</u></td><td></td><td></td><td></td></tr><tr><td>Inventory</td><td></td><td>27 000</td><td>✓OF</td></tr><tr><td>Trade receivables</td><td></td><td>7 000</td><td>✓</td></tr><tr><td>Prepaid</td><td></td><td>2 000</td><td>✓</td></tr><tr><td>Bank</td><td></td><td><u>1 000</u></td><td>✓</td></tr><tr><td></td><td></td><td></td><td><u>37 000</u></td></tr><tr><td></td><td></td><td></td><td><u>49 000</u></td></tr><tr><td></td><td></td><td>£</td><td>£</td></tr><tr><td>Capital</td><td></td><td>19 000</td><td>✓</td></tr><tr><td>Profit for the year</td><td></td><td><u>12 000</u></td><td></td></tr><tr><td></td><td></td><td>31 000</td><td></td></tr><tr><td>Less drawings</td><td></td><td>(<u>8 000</u>)</td><td></td></tr><tr><td></td><td></td><td></td><td>23 000</td></tr><tr><td><u>Non-current liabilities</u></td><td></td><td></td><td></td></tr><tr><td>5 Year bank loan</td><td></td><td></td><td>15 000 ✓</td></tr><tr><td><u>Current liabilities</u></td><td></td><td></td><td></td></tr><tr><td>Trade payables</td><td></td><td>10 000</td><td>✓</td></tr><tr><td>Accruals</td><td></td><td><u>1 000</u></td><td>✓</td></tr><tr><td></td><td></td><td></td><td><u>11 000</u></td></tr><tr><td></td><td></td><td></td><td><u>49 000</u></td></tr></tbody></table>		Cost	Aggregate Depreciation	Carry over		£	£	£	<u>Non-current assets</u>	15 000	3 000	12 000 ✓	<u>Current assets</u>				Inventory		27 000	✓OF	Trade receivables		7 000	✓	Prepaid		2 000	✓	Bank		<u>1 000</u>	✓				<u>37 000</u>				<u>49 000</u>			£	£	Capital		19 000	✓	Profit for the year		<u>12 000</u>				31 000		Less drawings		(<u>8 000</u>)					23 000	<u>Non-current liabilities</u>				5 Year bank loan			15 000 ✓	<u>Current liabilities</u>				Trade payables		10 000	✓	Accruals		<u>1 000</u>	✓				<u>11 000</u>				<u>49 000</u>	(9)
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4(e)(i)	Current ratio; $\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{37\,000}{11\,000} = 3.4:1$	(6)
4(e)(ii)	Liquid (acid test) ratio $\frac{37\,000 - 27\,000}{11\,000} = \frac{10\,000}{11\,000} = 0.91:1$ Note: For of must state :1.	

Question Number	Answer	Mark
4(f)	Valid answers may include: Points for <ul style="list-style-type: none"> The percentage gross profit to sales was achieved The current ratio is very good Points against: <ul style="list-style-type: none"> She failed to meet her overall profit total Most of the current assets are in stock ✓✓ per valid point x 2 points. MAX 1 point for and MAX 1 point against.	(4)

Question Number	Answer	Mark
5(a)(i)	$ \begin{array}{rcl} \text{Depreciation (100\,000-25\,000) x 25\%} & \text{£} & 18\,750 \checkmark \\ \text{Power (2\,000 x 75\%) x 5 x £0.50} & & 3\,750 \checkmark \\ \text{Managers salary (18\,000/9)} & & 2\,000 \checkmark \\ \text{Cleaners salary (12\,000/6)} & & 2\,000 \checkmark \\ \text{Heat \& light (6\,000 x 200/1\,000)} & & 1\,200 \checkmark \\ \textbf{Total overhead cost} & & \textbf{27\,700} \checkmark(\checkmark\text{of}) \end{array} $	(8)

Question Number	Answer	Mark
5(a)(ii)	$\frac{\text{Total overhead cost}}{\text{Productive hours}} = \frac{27\,700}{1\,500} = \text{£18.46 per hour}$	(4)

Question Number	Answer	Mark
5(b)	Labour productivity is the relationship between the input and the outputs. ✓✓ The measurement is usually the number of units produced per hour. ✓✓ Production made in a specified period ✓✓ Do NOT accept : Output produced.	(4)

Question Number	Answer	Mark
5(c)(i)	Daywork 2 000hrs x £6 = $\frac{£12\,000}{2\,400\text{ units } \checkmark}$ $\checkmark = £5 \text{ per unit } \checkmark\checkmark$	(4)

Question Number	Answer	Mark
5(c)(ii)	Alternative Option 1 = £3 per unit $\checkmark\checkmark$	(2)

Question Number	Answer	Mark
5(c)(iii)	Alternative Option 2 2 000 hrs x £3.5 = 7 000 £1.50 x 3 600 units = $\frac{5\,400}{12\,400 \checkmark}$ Divided by 3 600 $\checkmark = £3.44 \text{ per unit } \checkmark\checkmark$	(4)

Question Number	Answer	Mark
5(d)	The most productive is Alternative Option 1 $\checkmark\checkmark$ of	(2)

Question Number	Answer	Mark
5(e)	Valid answers may include: Points for <ul style="list-style-type: none"> • Greater production • Lower unit costs than at present Points against: <ul style="list-style-type: none"> • Quality issues • Potential accidents $\checkmark\checkmark$ per valid point x 2 points. MAX 1 point for and MAX 1 point against.	(4)

Question Number	Answer	Mark
6(a)(i)	A schedule of debtors is a summary of all the debtors sums <u>grouped by age of debt</u> . $\checkmark\checkmark$	(6)
6(a)(ii)	It is presumed that the <u>older the debt the less likely it is to be paid</u> $\checkmark\checkmark$ A projected percentage of non-payment for each <u>age category</u> is applied and a total provision estimated $\checkmark\checkmark$	

Question Number	Answer				Mark																																							
6(b)	<div>Journal</div> <table><thead><tr><th></th><th>Dr</th><th>Cr</th><th></th></tr><tr><th>£</th><th>£</th><th></th></tr></thead><tbody><tr><td>Bank</td><td>700</td><td></td><td>✓</td></tr><tr><td>Kaab</td><td></td><td>700</td><td>✓</td></tr><tr><td>Kaab</td><td>700</td><td></td><td>✓</td></tr><tr><td>Bad debts recovered</td><td></td><td>700</td><td>✓</td></tr><tr><td>Bad debts recovered</td><td>700</td><td></td><td>✓</td></tr><tr><td>Income statement</td><td></td><td>700</td><td>✓</td></tr><tr><td colspan="4">Being recovery of bad debt from Kaab written off in July 2011 ✓</td></tr><tr><td colspan="4">MAX 5 x ✓</td></tr></tbody></table>					Dr	Cr		£	£		Bank	700		✓	Kaab		700	✓	Kaab	700		✓	Bad debts recovered		700	✓	Bad debts recovered	700		✓	Income statement		700	✓	Being recovery of bad debt from Kaab written off in July 2011 ✓				MAX 5 x ✓				(5)
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Question Number	Answer	Mark												
6(c)(i)	<div>Bad Debts Account</div> <table><tr><td></td><td>£</td><td></td><td>£</td></tr><tr><td>Taal</td><td><u>210</u></td><td>✓ Income statement ✓</td><td><u>210</u></td></tr><tr><td></td><td><u>210</u></td><td></td><td><u>210</u></td></tr></table>		£		£	Taal	<u>210</u>	✓ Income statement ✓	<u>210</u>		<u>210</u>		<u>210</u>	(3)
	£		£											
Taal	<u>210</u>	✓ Income statement ✓	<u>210</u>											
	<u>210</u>		<u>210</u>											

Question Number	Answer	Mark												
6(c)(ii)	<div>Bad Debts Recovered Account</div> <table><tr><td></td><td>£</td><td></td><td>£</td></tr><tr><td>Income statement ✓</td><td><u>700</u></td><td>✓ Bank (Kaab) ✓</td><td><u>700</u></td></tr><tr><td></td><td><u>700</u></td><td></td><td><u>700</u></td></tr></table>		£		£	Income statement ✓	<u>700</u>	✓ Bank (Kaab) ✓	<u>700</u>		<u>700</u>		<u>700</u>	(4)
	£		£											
Income statement ✓	<u>700</u>	✓ Bank (Kaab) ✓	<u>700</u>											
	<u>700</u>		<u>700</u>											

Question Number	Answer				Mark
6(c)(iii)	Sales Ledger Control Account				(7)
		£		£	
	Balance b/d	23 500✓	Bank	32 400 ✓	
	Sales	38 000✓	Discount allowed	820 ✓	
			Bad debts	210 ✓	
			Balance c/d	<u>28 070</u> ✓	
		<u>61 500</u>		<u>61 500</u>	
	Balance b/d	28 070 ✓	of (if on debit)		

Question Number	Answer	Mark																				
6(c)(iv)	<div>Provision for Doubtful Debts Account</div> <table><tr><td></td><td>£</td><td></td><td>£</td></tr><tr><td>Income statement</td><td>75</td><td>√Balance b/d</td><td>1 450 √</td></tr><tr><td>Balance c/d</td><td><u>1 375</u></td><td></td><td></td></tr><tr><td></td><td><u>1 450</u></td><td></td><td><u>1 450</u></td></tr><tr><td></td><td></td><td>Balance b/d</td><td>1 375 √of(if on credit)</td></tr></table>		£		£	Income statement	75	√Balance b/d	1 450 √	Balance c/d	<u>1 375</u>				<u>1 450</u>		<u>1 450</u>			Balance b/d	1 375 √of(if on credit)	(3)
	£		£																			
Income statement	75	√Balance b/d	1 450 √																			
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	<u>1 450</u>		<u>1 450</u>																			
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Question Number	Answer	Mark
6(d)	<p>Valid answers may include:</p> <p>Points for</p> <ul style="list-style-type: none"> Ensures that profit is not overstated Complies with the prudence concept <p>Points against:</p> <ul style="list-style-type: none"> Only an estimate based upon historical experience Actual bad debts may be significantly different from the estimate <p>✓✓ per valid point x 2 points. MAX 1 point for and MAX 1 point against.</p> <p>Do NOT accept:</p> <ul style="list-style-type: none"> Time consuming 	(4)

Question Number	Answer	Mark
7(a)	<p>Valid answers may include:</p> <ul style="list-style-type: none"> Decision to cease trading Introduction of new partner(s) Retirement Death Action of the courts To become a limited company No prospect of profit <p>2 points x ✓✓</p>	(4)

Question Number	Answer	Mark
7(b)	<p>Provisions of 1890 Partnership Act</p> <ul style="list-style-type: none"> Salaries- unless otherwise agreed between the partners <u>no salaries are payable</u> ✓✓ Interest on loans- <u>5% interest is paid to partners on loans</u> over and above agreed capital ✓✓ 	(4)

Question Number	Answer				Mark
7(c)(i)	Dissolution Account				
		£		£	
	Premises	60 000 ✓	Trade payables	10 000 ✓	
	Motor vehicles	14 000 ✓	Premises Highton & Co	65 000 ✓	
	Fixtures & fittings	9 400 ✓	Motor vehicle-Martina	4 500 ✓	
	Inventory	18 700 ✓	Naju	7 000 ✓	
	Trade receivables	12 400 ✓	Fixtures and inventory	21 000 ✓	
	Trade payables	9 800 ✓	Trade receivables	11 700 ✓	
	Dissolution expenses	2 700 ✓	Loss on dissolution-Martina	5 200 ✓of	
			Naju	2 600 ✓of	
	<u>127 000</u>		<u>127 000</u>		
			MAX 9 x ✓	(9)	

Question Number	Answer	Mark																																																
7(c)(ii)	<table><tr><td></td><td colspan="4">Capital Accounts</td><td></td></tr><tr><td></td><td>Martina</td><td>Naju</td><td></td><td>Martina</td><td>Naju</td></tr><tr><td></td><td>£</td><td>£</td><td></td><td>£</td><td>£</td></tr><tr><td>Current a/c</td><td></td><td>1 400</td><td>√Balances b/d</td><td>50 000</td><td>40 000</td></tr><tr><td>Motor vehicles</td><td>4 500</td><td>7 000</td><td>√Current a/c</td><td>4 400</td><td></td></tr><tr><td>Loss on dissolution</td><td>5 200</td><td>2 600</td><td>√of</td><td></td><td></td></tr><tr><td>Bank</td><td><u>44 700</u></td><td><u>29 000</u></td><td>√of</td><td></td><td></td></tr><tr><td></td><td><u>54 400</u></td><td><u>40 000</u></td><td></td><td><u>54 400</u></td><td><u>40 000</u></td></tr></table>		Capital Accounts						Martina	Naju		Martina	Naju		£	£		£	£	Current a/c		1 400	√Balances b/d	50 000	40 000	Motor vehicles	4 500	7 000	√Current a/c	4 400		Loss on dissolution	5 200	2 600	√of			Bank	<u>44 700</u>	<u>29 000</u>	√of				<u>54 400</u>	<u>40 000</u>		<u>54 400</u>	<u>40 000</u>	(4)
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Question Number	Answer	Mark
7(d)	<p>Valid answers may include:</p> <p>Points for</p> <ul style="list-style-type: none"> • Formalises agreement • Terms are clear to all partners which avoids argument • States responsibilities • Profits and losses can be divided in desired ratios. <p>Points against:</p> <ul style="list-style-type: none"> • Cost and time • Changes more difficult to implement <p>✓✓ per valid point x 2 points. MAX 1 point for and MAX 1 point against.</p>	(4)

		ASSESSMENT GRID				
	Syllabus	AO1	AO2	AO3	AO4	TOTAL
Q1						
	(a) 3	15	15	14		44
	(b) 3				8	8
Q2						
	(a) 1	4				4
	(b) 1	2	8	2		12
	(c) 1	4				4
	(d) 1	1	2	1		4
	(e) 1	4				4
	(f) 1		4	4		8
	(g) 1	2	4	2		8
	(h) 1				8	8
Q3						
	(a) 1	9				9
	(b) 3	4	8	2		14
	(c) 2	1	4	1		6
	(d) 3	3	9	3		15
	(e) 3				8	8
Q4						
	(a) 5	4				4
	(b) 5		5	4		9
	(c) 3	3	4	2		9
	(d) 5		3	3		6
	(e) 5				4	4
Q5						
	(a) 4		6	6		12
	(b) 4	4				4
	(c) 4		5	5		10
	(d) 4			2		2
	(e) 4				4	4
Q6						
	(a) 1	6				6
	(b) 1	2	2	1		5
	(c) 1/2	6	9	2		17
	(d) 1				4	4
Q7						
	(a) 3	4				4
	(b) 3	4				4
	(c) 3	9	9	2		20
	(d) 3				4	4
Marks		91	97	56	40	284

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Welsh Assembly Government

