



AS

Accounting

ACCN1 Introduction to Financial Accounting
Mark scheme

2120
June 2016

Version 1.0: Final Mark Scheme

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Assessment Writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this mark scheme are available from aqa.org.uk.

1 (a) Prepare an **extract** from an income statement for Tanya Marsh to show the gross profit for the year ended 30 April 2016.

[8 marks]

[includes 2 marks for quality of presentation]

An income statement extract for Tanya Marsh for the year ended 30 April 2016. **(1 QP)**

	£	£	£
Revenue			120 000
Less returns inward			(2 800)(1)
			117 200
Inventories at 1 May 2015 *for both inventory figures		11 500*(1)	
Purchases	44 500		
Less returns outward	(1200) (1)		
	43 300		
Carriage inward	1 400 (1)	44 700	
		56 200	
Less inventories at 30 April 2016		(20 540)*	
Cost of sales**			35 660(10F)
Gross profit **(1 QP) for both labels			<u>81 540(10F)</u>

1 (b) Tick **one** box below to show the total amount of the rent and rates expense to be charged to the income statement for the year ended 30 April 2016. Tick **one** box only.

[1 mark]

£	<input checked="" type="checkbox"/>
34 475	<input type="checkbox"/>
35 135	<input type="checkbox"/>
35 675	<input checked="" type="checkbox"/>
36 275	<input type="checkbox"/>

1 (c) Tick **one** box below to show the total amount of the motor vehicle expenses to be charged to the income statement for the year ended 30 April 2016. Tick **one** box only.

[1 mark]

£	✓
12 165	
12 200	
12 235	✓
12 800	

1 (d) Prepare an extract from the balance sheet for Tanya Marsh to show the current liability section at 30 April 2016.

[4 marks]

Balance sheet (extract) for Tanya Marsh at 30 April 2016

Current liabilities

Bank loan	10 000(1)
Bank overdraft	2 275(1)
Trade payables	45 200(1)
Accrual	<u>1 800 (1)</u>
	<u>59 275</u>

Marker note:

Figures must be labelled appropriately (eg accept rates due instead of accrual)
All figures must be correct figures.

2 (a) Prepare a sales ledger control account for Samuel Cole for the month of April 2016. **[6 marks]**

Dr		Sales ledger control account		Cr	
Details	£	Details	£		
Balance b/d	98 756	Discounts allowed	2 450 (1)		
Sales day book	556 524 (1)	Cash book	568 965 (1)		
Cash book (dishonoured cheque)	452 (1)	Returns inwards day book	1 223 (1)		
		Contra	6 549		
		Balance c/d	76 545		
	<u>655 732</u>		<u>655 732</u>		
Balance b/d	76 545 (1)OF				

Marker note:

Each figure must be labelled appropriately.
No mark for balance b/d if alien item.

2 (b) Prepare a purchases ledger control account for Samuel Cole for the month of April 2016. **[7 marks]**

Dr		Purchases ledger control account		Cr	
Details	£	Details	£		
Discounts received	3 252 (1)	Balance b/d	78 978		
Cash book	654 211 (1)	Purchases day book	698 542(1)		
Returns outwards day book	2 126 (1)				
Contra	6 549 (1)				
Balance c/d	112 594	Balance c/d	1 212		
	<u>778 732</u>		<u>778 732</u>		
Balance b/d	1 212 (1)	Balance b/d	112 594 (1)OF		

Marker note:

Each figure must be labelled appropriately.
No mark for balance b/d if alien item.

2 (c) Explain to Samuel **two** benefits of preparing a purchases ledger control account.
[8 marks]
[includes 2 marks for quality of written communication]

Benefit	Development
	Student must clearly identify a benefit in order for it to be developed. 1 mark for each development up to 2 marks
Gives a total for trade payables (1)	Useful for preparing financial statements Useful preparing trial balance Do not have to total separate ledger account balances Useful when preparing balance sheet
Checks (arithmetical) accuracy (1)	Compares total balance on control account with total on individual balances on personal accounts Improved accuracy of financial statements Where these do not agree, errors have occurred Detailed example of an error which would affect control account but not ledger account (or vice versa)(Do not accept just naming a type of error)
Prevents fraud (1)	Independent check/ Separation of responsibility for purchases ledger and for preparing purchases ledger control account Would have to tamper with both the purchases ledger and the control account

For QWC

2 marks. There must be no more than three spelling / grammatical errors.

1 mark. More than three spelling / grammatical errors

Award zero marks where the quality of communication makes understanding difficult .

(8 marks)
(Includes 2 marks for quality of written communication)

3 (a) *Post all of the necessary entries from the relevant information above into the ledger accounts and balance each of the accounts at 30 April 2016.*
[21 marks]

Dr			Trade receivable: T Peace account			Cr		
Date	Details	Amount £	Date	Details	Amount £			
1 April	Balance b/d	3 570	14 April	Sales returns day book	400(1)			
1 April	Sales day book	3 555(1)	15 April	Cash book	1 600(1)			
29 April	Cash book (dishonoured cheque)	1 600(1)	15 April	Discounts allowed	70(1)			
29 April	Discount allowed	<u>70(1)</u>	30 April	General journal (bad debt)	<u>6 725(1of)</u>			
		<u>8 795</u>			<u>8 795</u>			

Dr			Trade receivable: Jo Aston account			Cr		
Date	Details	Amount £	Date	Details	Amount £			
1 April	Balance b/d	7 780	20 April	Sales returns day book	320(1)			
19 April	Sales day book	14 620(1)	22 April	General journal (contra)	6 550(1)			
			29 April	Cash book	5 263(1)			
			29 April	Discounts allowed	807(1)			
			30 April	Balance c/d	9 460			
		<u>22 400</u>			<u>22 400</u>			
1 May	Balance b/d	9 460(1OF)						

Sales account

Date	Details	Amount £	Date	Details	Amount £
30 April	Balance c/d	31 735	1 April	Balance b/d	13 560 (1)
			30 April	Sales day book (1*)	18 175 (1)
		<u>31 735</u>			<u>31 735</u>
			1 May	Balance b/d	31 735 (1OF)

Dr			Sales returns account			Cr		
Date	Details	Amount £	Date	Details	Amount £			
1 April	Balance b/d	1 320(1)	30 April	Balance c/d	2 040			
30 April	Sales returns day book* (1)	<u>720(1)</u>						
		<u>2040</u>			<u>2 040</u>			
1 May	Balance b/d	2 040 (1OF)						

*Mark for narrative in sales account and sales return account is for both narrative and correct date;

3 (b) *Prepare entries in the general journal, where appropriate, from the information on page 10. Narratives are not required.*

[3 marks]

General Journal

Details	Debit £	Credit £
Jo Aston (purchases ledger)	6 550*	
Jo Aston (sales ledger)		6 550* (1)both
T Peace	70*	
Discounts allowed		70* (1)both
Bad debts	6 725*	
T Peace		6 725* (1OF)both

4 (a) Make the necessary entries to update Zeeshan’s cash book. Bring down the updated balance at 1 May 2016. (Dates are not required.)

[5 marks]

Dr		Cash Book		Cr	
Details	£	Details	£		
Rent (received) (BGC)	6 500 (1)	Balance b/d	32		
Cheque returned	110 (1)	Gas board (DD)	2 123 (1)		
Douglas Ltd	450 (1)	Balance c/d	4 905		
	<u>7060</u>		<u>7060</u>		
Balance b/d	4 905(1OF)				

4 (b) Prepare Zeeshan’s bank reconciliation statement at 30 April 2016.

[6 marks]

Bank reconciliation statement for Zeeshan at 30 April 2016

	£
Balance as per bank statement (must be labelled)	1 042 (1)
Add lodgements 5500(1) + 450(1))	5 950
Less un-presented cheques (cheque 125)	(2 105) (1)
Adjustment for banking error (cheque 123)	<u>18 (1)</u>
Balance as per cash book (must be labelled)	<u>4 905 (1) OF*</u>

*the OF for the balance as per cash book must be the student’s own figure from 4(a)

Alternative

	£
Balance as per cash book (must be labelled)	4 905* (1) OF
Less lodgements (5500(1) + 450(1))	(5 950)
Add un-presented cheques (cheque 125)	2 105 (1)
Adjustment for banking error (cheque 123)	<u>(18) (1)</u>
Balance as per bank statement (must be labelled)	<u>1 042 (1)</u>

*The cash book figure must be the student’s own figure from task 4(a).

4 © Explain to Zeeshan **three** benefits to his business of preparing this bank reconciliation statement. **[6 marks]**

Benefit	Development
Identify errors made by the bank (1)	Any valid example (1)
Ensure cash book is up to date (1)	Any valid example (1)
Identifies/prevents fraudulent activity (1)	Enables third party verification of the bank balance in the cash book (1)
Identifies errors in the cash book/books of account (1)	Enables preparation of an accurate income statement/balance sheet (1)

Award 1 mark for each benefit Max 3 and 1 mark for each development point Max 3

4 (d) Explain to Zeeshan why his bank manager may have an interest in his **financial statements** **[4 marks]**

To see if Zeeshan’s business is financially stable (1) eg to establish if he already has high debts (1)

To see if the business is sufficiently profitable (1) to service the loan (1)

To see if the business has adequate cash flows/liquidity (1) to cover its day to day operating expenses and debt repayments (1)

To consider whether the loan requirement is justified on the basis of the business’s current financial position (1) or appropriate for the working capital (1)

To consider whether the business has sufficient assets as security (1) for the loan in the event of default (1)