



**General Certificate of Education (A-level)
June 2013**

Accounting

ACCN1

(Specification 2120)

Unit 1: Introduction to Financial Accounting

Final

Mark Scheme

Mark schemes are prepared by the Principal Examiner 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 examiners 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 examiner understands and applies it in the same correct way. As preparation for standardisation each examiner 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, examiners encounter unusual answers which have not been raised they are required to refer these to the Principal Examiner.

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

Copyright © 2013 AQA and its licensors. All rights reserved.

Copyright

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

June 2013

ACCN1

MARK SCHEME

INSTRUCTIONS TO EXAMINERS

You should remember that your marking standards should reflect the levels of performance of students, mainly 17 years old, writing under examination conditions.

Positive Marking

You should be positive in your marking, giving credit for what is there rather than being too conscious of what is not. Do not deduct marks for irrelevant or incorrect answers as students penalise themselves in terms of the time they have spent.

Mark Range

You should use the whole mark range available in the mark scheme. Where the student's response to a question is such that the mark scheme permits full marks to be awarded, full marks **must** be given. A perfect answer is not required. Conversely, if the student's answer does not deserve credit, then no marks should be given.

Alternative Answers/Layout

The answers given in the mark scheme are not exhaustive and other answers may be valid. If this occurs, examiners should refer to their Team Leader for guidance. Similarly, students may set out their accounts in either a vertical or horizontal format. Both methods are acceptable.

Own Figure Rule

In cases where students are required to make calculations, arithmetic errors can be made so that the final or intermediate stages are incorrect. To avoid a student being penalised repeatedly for an initial error, students can be awarded marks where they have used the correct method with their own (incorrect) figures. Examiners are asked to annotate a script with **OF** where marks have been allocated on this basis. **OF** always makes the assumption that there are no extraneous items. Similarly, **OF** marks can be awarded where students make correct conclusions or inferences from their incorrect calculations.

Assessment Objectives (AOs)

The Assessment Objectives are common to AS and A Level. The assessment units will assess the following Assessment Objectives in the context of the content and skills set out in Section 3 (Subject Content) of the specification.

<p>AO1: Knowledge and Understanding</p>	<p>Demonstrate knowledge and understanding of accounting principles, concepts and techniques.</p>
<p>AO2: Application</p>	<p>Select and apply knowledge and understanding of accounting principles, concepts and techniques to familiar and unfamiliar situations.</p>
<p>AO3: Analysis and Evaluation</p>	<p>Order, interpret and analyse accounting information in an appropriate format. Evaluate accounting information, taking into consideration internal and external factors to make reasoned judgements, decisions and recommendations, and assess alternative courses of action using an appropriate form and style of writing.</p>
<p>Quality of Written Communication (QWC)</p>	<p>In GCE specifications which require students to produce written material in English, students must:</p> <ul style="list-style-type: none"> • ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear • select and use a form and style of writing appropriate to purpose and to complex subject matter • organise information clearly and coherently, using specialist vocabulary when appropriate. <p>In this specification, QWC will be assessed in all units. On each paper, two of the marks for prose answers will be allocated to 'quality of written communication', and two of the marks for numerical answers will be allocated to 'quality of presentation'. The sub questions concerned will be identified on the question papers.</p>

1

Total for this question: 25 marks

1 (a) *Identify the source document and the subsidiary book used for each of the above **two** transactions.* (4 marks)

Transaction	Source document	Subsidiary book
1	(Purchase) credit note (1)	Purchases returns day book/journal or returns outwards day book/journal (1)
2	Cheque book counterfoil (1)	Cash book (1)

4 marks

1 (b) *Identify the account to be debited and the account to be credited to record each of the above **two** transactions.* (2 marks)

Transaction	Account to be debited	Account to be credited
1	Trade payables/creditors	Purchases returns (1 for both)
2	Cash account	Bank account (1 for both)

2 marks

1 (c) *Explain how Julie Waites' accounting records and financial statements would be affected if the goods returned to a supplier in Transaction 1 had been incorrectly entered as £320 in the subsidiary book.* (10 marks)
(includes 2 marks for quality of written communication)

Possible answers include:

- this is an example of an error of original entry/transposition error (1)
- the trial balance will still balance (1)
- error is for the amount of £90 (1)
- (net) purchases/cost of sales (1) will be understated (1)
- returns outwards (1) will be overstated (1)
- supplier/trade payable's/purchases ledger control account (1) in purchases ledger will be understated (1) or
- gross profit/profit for the year (1) will be overstated (1)
- trade payables/current liabilities (1) will be understated (1)
- net assets/net current assets/capital (1) will be overstated (1)
- balance sheet will not show a true and fair view (1).

Max 8 marks

Includes 2 marks for quality of written communication

Quality of Written Communication

- award 2 marks where the student makes no more than 3 spelling or grammatical errors
- award no marks where communication hinders understanding.

1 (d) Complete the purchases ledger account of Bond Supply in the books of Julie Waites. Balance the account at 31 March 2013. (9 marks)

Dr			Bond Supply Account			Cr		
Date	Details	£	Date	Details	£			
8 March	Purchase returns	164 (1)	1 March	Balance b/d	4 290 (1)			
15 March	Bank	2 820 (1)	5 March	Purchases	1 226 (1)			
15 March	Discount received	148 (1)	22 March	Bank	2 820 (1)			
31 March	Balance c/d	5 352	22 March	Discounts received	148 (1)			
		8 484			8 484			
		8 484	1 April	Balance b/d	5 352 (1) OF			

Plus **1 mark** for correctly recording the date and narrative for the balance brought down, ie '1 April Balance b/d'.

9 marks

2

Total for this question: 12 marks

2 (a) *Update and balance the cash book below at 8 May 2013.* (7 marks)

Date	Details	£	Date	Details	£
1 May	Bromley	106.42	1 May	Balance B/D	971.86
4 May	Kerry	326.59	1 May	483626 Clarke	873.22
4 May	Donaldson	69.42	3 May	483627 Ball	565.00
7 May	CP Logic	292.25	3 May	483628 Hawley	12.35
3 May	Tyson Ltd	260.00 (1)	3 May	483628 Hawley	0.90 (1)
8 May	Balance C/D	1 641.77	4 May	Bank charges	36.10 (1)
			4 May	DD. ECL Ltd	44.90 (1)
			6 May	Unpaid cheque	106.42 (1)
			7 May	SO. Ward Ltd	85.70 (1)
		2 696.45			2 696.45
			9 May	Balance B/D	1 641.77 (1) OF

Note: Award no closing balance mark if extraneous amounts

7 marks

2 (b) Prepare a bank reconciliation statement at 8 May 2013.

(5 marks)

Alex Barton
Bank reconciliation statement at 8 May 2013

	£		£
Balance per cash book (must be labelled)			(1 641.77) (1) OF
Unpresented cheques	46.13 (1)		
	<u>14.75 (1)</u>		60.88
Outstanding lodgement			<u>(292.25) (1)</u>
Balance per bank statement (must be labelled)			<u><u>(1 873.14) (1) OF</u></u>

5 marks

Alternative answer

Balance per bank statement (must be labelled)			(1 873.14) (1) CF
Unpresented cheques	(46.13) (1)		
	<u>(14.75) (1)</u>		(60.88)
Outstanding lodgement			<u>292.25 (1)</u>
Balance per cash book (must be labelled)			<u><u>(1 641.77) (1) OF</u></u>

5 marks

3 (b) Prepare a balance sheet for Sam Brady at 31 March 2013. (A space for workings is provided on page 14.) (18 marks)
(includes 2 marks for quality of presentation)

Sam Brady Balance sheet at 31 March 2013

		Cost £	Depreciation £		NBV £
Non-current assets					
Equipment	W1	19 400	9 180	(1) OF	10 220 (1) OF
Current assets					
Inventory			24 600	(1)	
Trade receivables	W2		7 950	(2)	
Prepayments	W3		5 480	(2) OF	
Bank	W4		550	(3)	
			38 580		
Current liabilities					
Trade payables			26 780	(1)	
Bank loan			1 225	(1)	
			28 005		
Net-current assets/working capital					10 575
					20 795
Non-current liabilities					
Bank loan					(1 225) (1)
					19 570
Capital account					
Brought forward					11 060
Capital introduced					2 000 (1)
Profit for the year					36 440 (1) OF
					49 500
Deduct: drawings					(29 930) (1)
					19 570

Quality of presentation

1 mark for correct balance sheet heading

(1) OF mark for correct heading – net current assets or working capital

18 marks
(includes 2 marks for quality of presentation)

Workings

W1

Equipment cost $18\,200 + 1\,200 = 19\,400$
 Equipment depreciation $7\,280 + 1\,900 = 9\,180$ (1) OF

W2

Trade receivables $8\,940 - 410$ (1) $- 580$ (1) $= 7\,950$ (8 940) (0)
 (8 530) (1)
 (8 360) (1)

W3

Prepayments $3\,320$ (1) OF $+ 2\,160$ (1) OF $= 5\,480$

W4

Bank $(1\,860)$ (1) $+ 410$ (1) $+ 2\,000$ (1) $= 550$ (1 860) (1)
 (1 450) (2)
 140 (2)

Capital allow £13 060 (1).

4

Total for this question: 10 marks

4 (a) *Prepare the following telephone expenses account for the year ended 31 March 2013, showing clearly the transfer to the income statement.* (6 marks)

Dr		Telephone Expenses				Cr
Date	Details	£	Date	Details	£	
1 April	Brought forward	420 (1)	1 April	Brought forward	515 (1)	
31 March	Bank	6 190 (1)	31 March	Carried forward	680	
31 March	Carried forward	485	31 March	Income statement	5 900 (1) OF	
		7 095			7 095	
1 April	Brought forward	680 (1) CF	1 April	Brought forward	485 (1) CF	

6 marks

4 (b) *Explain the meaning of the following terms.*

4 (b) (i) *Accrued expenses* (2 marks)

A liability for services that have already been ‘used but have not yet been paid’ (1) by the business at the end of the accounting period (1) will increase expenses in the income statement (1) and increase current liabilities in the balance sheet (1).

2 marks

4 (b) (ii) *Prepaid expenses* (2 marks)

An expense that has been paid in advance (1) which relates to the next accounting period (1). Reduces expenses in the income statement (1) and increases current assets in the balance sheet (1).

Do not accept assets; do not accept paid early.

2 marks