



ASSESSMENT and  
QUALIFICATIONS  
ALLIANCE

# Mark scheme

# June 2003

---

## GCSE

### Accounting

3122

Paper 2F

Copyright © 2003 AQA and its licensors. All rights reserved.

## Foundation Tier

3122/2F

1

Total for this question: 32 marks

David Ford is an electrical wholesaler. Information about some of the business's transactions for February 2003 is given below.

On 8 February 2003 David Ford sent two invoices to customers. The details were as follows.

	£
Invoice number 00121 to Melchester Electrical Supplies	
10 personal stereos model A43 at £40 each	400.00
plus VAT	<u>70.00</u>
	<u><u>470.00</u></u>
£	
Invoice number 00122 to Town Traders Ltd	
12 personal stereos model AT79 at £70 each	840.00
6 micro hi-fis model T24 at £90	<u>540.00</u>
	1 380.00
Less trade discount 20%	<u>276.00</u>
	1 104.00
plus VAT	<u>193.20</u>
	<u><u>1 297.20</u></u>

(a) Record the information from these two invoices into the sales journal.

## Sales Journal

Date		Customer	Invoice No	Goods		VAT		Total	
				£	p	£	p	£	p
Feb	8	Melchester Electrical Supplies	00121	400	00(1)	70	00(1)	470	00(1)
	8	Town Traders Ltd	00122	1 104	00(1)	193	20(1)	1 297	20(1)

(1) for use of dates and correct names

(7 marks)

**Account of PCD Manufactures Ltd**

*PCD Manufactures Ltd is one of David Ford's suppliers. The following information relates to the account of this creditor.*

- Feb 1 Balance, amount owed to PCD Manufactures Ltd by David Ford, £600.  
 14 David Ford settled his account with PCD Manufactures Ltd by cheque, £600.  
 23 Invoice sent by PCD Manufactures Ltd to David Ford for goods £1 000 plus VAT £175.  
 27 David Ford received a credit note from PCD Manufactures Ltd for £160 plus VAT £28, for goods returned*

(b) *Record the above information in the account of PCD Manufactures Ltd.*

*Note: bring down the balance on the account at 1 March 2003.*

**PCD Manufactures Ltd Account**

Date			£	p	Date			£	p
Feb	14	Bank	600	00(1)	Feb	1	Balance b/d	600	00(1)
	27	Returns out	188	00(1)		23	Purchases	1 175	00(1)
	28	Balance c/d	987	00(1)					
			1 775	00				1 775	00
					Mar	1	Balance b/d	987	00(1of)

*(6 marks)*

**Cash Book**

*David Ford maintains a three-column cash book. The transactions for March 2003 have been recorded.*

Debit						Cash Book						Credit	
Date	Details	Folio	Discount £	Cash £	Bank £	Date	Details	Folio	Discount £	Cash £	Bank £		
Mar 1	Balance	b/d		800		Mar 1	Balance	b/d				3 000	
Mar 5	T Wolf		75		1 425	Mar 3	Cleaning			40			
Mar 8	Sales				2 025	Mar 8	A Kalifa		100			1 900	
Mar 17	F Townson		250		4 750	Mar 11	Motor expenses			30			
Mar 18	Cash	C			700	Mar 18	Bank	C		700			
Mar 30	Sales			55		Mar 20	Wages					350	
						Mar 23	B Hughes		40			760	
						Mar 27	Drawings					400	
						Mar 31	Balance	c/d		85	2 490		
			325	855	8 900				140	855	8 900		
April 1	Balance	b/d		85	2 490								

*Answer the questions on the following pages.*

(c) *What does the balance b/d of £3 000 on 1 March represent?*

Bank overdraft (1 mark)

(d) (i) *Do the columns headed “Discount” refer to cash discount or trade discount?*

Cash (1 mark)

(ii) *Give a reason for your choice of answer in (d) (i).*

Trade discount does not appear in the Cash Book/ledger.

or

Cash discount is an allowance for prompt payment and will result in the debt being settled but not all being paid in “cash”. (2 marks)

(e) (i) *Is the discount on 5 March discount allowed or discount received?*

Discount allowed (1 mark)

(ii) *Give a reason for your choice of answer in (e) (i).*

Debit side of Cash Book, cheque £1 425 received from debtor, less than balance £1 500. David Ford has allowed T Wolf a discount of £75. (2 marks)

(iii) *What percentage is the discount in (e) (i)?*

5% (1 mark)

(f) (i) *Is the discount on 8 March discount allowed or discount received?*

Discount received (1 mark)

(ii) *Give a reason for your choice of answer in (f) (i).*

Credit side of Cash Book, cheque £1 900 paid to a creditor, less than the balance of £2 000. David Ford has received a discount of £100. (2 marks)

(g) (i) *What does the C in the Folio column on 18 March stand for?*

Contra (1 mark)

(ii) *Explain why there are two entries in the Cash Book on 18 March?*

Both cash and bank accounts are used

or

Cash is being paid into the bank (1 mark)

(h) *What do the drawings on 27 March represent?*

The owner of the business has withdrawn £400 for his own use. (2 marks)

- (i) Name and complete the following accounts to show where the totals of £325 and £140 will be transferred to at the end of March.

Discount Allowed (1)	Account
----------------------	---------

Date			£	p	Date			£	p
Mar	31	Sundries	325	00(1)					

Discount Received (1)	Account
-----------------------	---------

Date			£	p	Date			£	p
					Mar	31	Sundries	140	00(1)

(4 marks)

**2****Total for this question: 21 marks**

*The following list of balances appeared in the books of W Boardman at 31 March 2003.*

	£
Sales	492 700
Purchases	240 000
Carriage inwards	1 200
Carriage outwards	1 500
Discounts allowed	2 800
Discounts received	2 400
Returns inwards	7 000
Returns outwards	8 000
Vehicles at cost	70 000
Trade debtors	50 000
Motor expenses	24 000
Insurance	12 000
Stock at 1 April 2002	33 000
Electricity	16 000
Salaries	102 000
Sundry expenses	4 850
Rent received	7 000

*The following additional information is also available.*

- *Stock at 31 March 2003 was £35 000.*
- *Provide for depreciation on cost as follows: vehicles 20% p.a*
- *Electricity of £4 000 was outstanding at 31 March 2003.*
- *Insurance of £3 000 was prepaid at 31 March 2003.*

Prepare W Boardman's trading and profit and loss accounts for the year ended 31 March 2003.

**W Boardman**  
**Trading and Profit and Loss Account for the year ended 31 March 2003**

	£	£
Sales		492 700(1)
less Returns inwards		<u>7 000(1)</u>
net sales		485 700
less cost of sales		
Opening stock	33 000(1)	
add purchases	240 000(1)	
add carriage inwards	<u>1 200(1)</u>	
	274 200	
less purchase returns	8 000(1)	
less closing stock	<u>35 000(1)</u>	231 200
Gross profit		<u>254 500(1o/f)</u>
add Discounts received		2 400(1)
add Rent received		<u>7 000(1)</u>
		263 900
less Expenses		
Discounts allowed	2 800(1)	
Insurance 12000(1) – 3000(1)	9 000	
Electricity 16000(1)+4000(1)	20 000	
Sundry expenses	4 850(1)	
Salaries	102 000(1)	
Carriage outwards	1 500(1)	
Motor expenses	24 000(1)	
Pro for Depn – vehicles	<u>14 000(1)</u>	178 150
Net Profit		<u><u>85 750(1o/f)</u></u>



3

**Total for this question: 30 marks**

*RoHoMa Ltd has prepared the following balance sheet which contains a number of errors.*

**RoHoMa Ltd Balance Sheet  
for the year ended 31 December 2002**

	£		£
Share capital and reserves	123 000	Premises	110 000
Motor vehicles	28 000	Stock at 31 Dec 2002	11 000
Debentures	55 000	Stock at 1 Jan 2002	16 000
Cash	1 000	Machinery	40 000
Bank loan: repayable 2005	6 000	Retained profit	23 500
Trade debtors	10 000	Balance at bank	4 000
		Expenses owing	500
		Trade creditors	7 000
		Fixtures and fittings	11 000
	<u>£223 000</u>		<u>£223 000</u>

(a) *Explain briefly what is meant by:*

(i) *Fixed assets*

Assets (possessions) of the business that last for more than 1 year.  
Used to allow business to operate  
Usually kept for longer than a year. Any 1.

*(2 marks)*

(ii) *Current assets*

Assets (possessions) of the business that can readily be turned into cash.  
Assets that are constantly changing.  
Assets that are expected to change within a year. Any 1.

*(2 marks)*

(iii) *Current liabilities*

Liabilities (owed) by the business for less than one year.  
The answer must give a clear reference to time. Any 1.

*(2 marks)*

(iv) *Long-term liabilities*

Liabilities (owed) by the business for more than one year.  
The answer must give a clear reference to time. Any 1.

*(2 marks)*

Facility to give 0, 1 or 2.

(b) Prepare a corrected balance sheet for RoHoMa Ltd showing clearly:

- (i) Fixed assets;
- (ii) Current assets;
- (iii) Current liabilities;
- (iv) Long-term liabilities;
- (v) Share capital and reserve.

RoHoMa Ltd (1)			
Balance Sheet as at (1) 31 December 2002 (1)			
		£	£
<b>Fixed Assets</b>			
Premises		110 000(1)	
Machinery		40 000(1)	
Motor vehicles		28 000(1)	
Fixtures and fittings		<u>11 000(1)</u>	189 000(1o/f)
<b>Current Assets</b>			
Stock	11 000(1)		
Debtors	10 000(1)		
Bank	4 000(1)		
Cash	<u>1 000(1)</u>	26 000(1o/f)	
<b>Current Liabilities</b>			
Creditors	7 000(1)		
Expenses owing	<u>500(1)</u>	7 500(1o/f)	
Net Current Assets			<u>18 500</u>
Total Net Assets			207 500
<b>Long-term liabilities</b>			
Debenture		55 000(1)	
Bank Loan		<u>6 000(1)</u>	61 000(1o/f)
			<u>146 500</u>
<b>Financed by</b>			
Share Capital		123 000(1)	
Retained profit		<u>23 500(1)</u>	146 500(1o/f)
			<u><u>146 500</u></u>

(22 marks)

4

**Total for this question: 21 marks**

The following information relates to the business of Diane Fleming for the month ending 31 March 2003.

	£	
Sales Ledger balances on 1 March 2003	14 700	(Dr)
Totals for the Month:		
Cheques received from debtors	42 430	
Returns inwards	1 200	
Credit sales	47 420	
Discount allowed	900	
Dishonoured cheque	176	
Bad debts written off	217	

- (a) Prepare Diane Fleming's Sales Ledger Control Account for the month of March 2003. Balance the account at the end of the month.

**Sales Ledger Control Account**

2003		£	2003		£
Mar 1	Balance b/d	14 700(1)	Mar 31	Bank	42 430(1)
31	Sales DB	47 420(1)		Returns inwards	1 200(1)
	Bank	176(1)		Discounts all	900(1)
				Bad debts	217(1)
				Balance b/d	17 549(1)
		62 296			62 296

(8 marks)

The following further information is available for the month of March 2003.

- (b) Prepare Diane Fleming's Purchase Ledger Control account for the month of March 2003. Balance the account at the end of the month.

	<b>£</b>	
Purchase Ledger balances on 1 March 2003	12 000	(Cr)
Totals for the Month:		
Returns outwards	710	
Payments to creditors	35 070	
Discount received	1 300	
Purchases on credit	39 805	

**Purchases Ledger Control Account**

2003		£	2003		£
Mar 31	Returns out	710(1)	Mar 1	Balance b/d	12 000(1)
	Payments	35 070(1)	31	Credit Purchases	39 805(1)
	Bank	1 300(1)			
	Balance c/d	14 725(1)			
		51 805			51 805

(6 marks)

- (c) Briefly explain **two** reasons why control accounts are used.

Errors located more quickly

- If ledgers are subdivided errors can be isolated to a particular ledger.

Guard against fraud

- Control accounts in the hands of a senior official
- Fraud more difficult

Aid to management

- Speed at which debtors and creditors are known
- Efficiency improved

Aid preparation of accounts from incomplete records

Any two – 2 marks each

(4 marks)

- (d) Advise Diane as to reasons why the sales ledger control account balances and the total of the individual sales ledger accounts may not agree.

If the two balances do not agree then an error has been made in the sales ledger (1) or the control account (1) or both (1). (Max 3 marks)

5

**Total for this question: 16 marks**

The following are extracts from the cash book and bank statement of Joanne Dyas for the month of April 2003.

Debit		Cash book (Bank columns only)			Credit	
		£				£
April 1	Balance b/d	3 100	April 8	D Lennon		250
9	S McLean	123	15	S Patterson		1 800
20	M Hardie	370	30	G Britton		400
29	A Archibald	25	30	Balance c/d		1 168
		3 618				3 618
May 1	Balance b/d	1 168				

**Bank Statement**

		Debit £	Credit £	Balance £
April 1	Balance b/d			3 100 cr
10	Cheque	250		2 850 cr
11	Deposit		123	2 973 cr
17	Credit transfer		97	3 070 cr
18	Cheque	1 800		1 270 cr
23	Deposit		370	1 640 cr
27	Standing order	240		1 400 cr
29	Bank charges	30		1 370 cr

(a) Bring the cash book up to date to show a corrected bank balance.

**Cash book**

		£			£
May 1	Balance b/d	1 168(1)	May 1	Standing order	240(1)
	Credit transfer	97(1)		Bank charges	30(1)
				Balance c/d o/f	995(1)
		1 265			1 265

(5 marks)

- (b) *Prepare a statement reconciling the corrected cash book balance with the balance shown by the bank statement as at 30 April 2003.*

Bank reconciliation statement (1) as at 30 April 2003 (1)

Balance as per cash book	995(1)
Add (1) cheque not yet presented for payment (1)	<u>400(1)</u>
	1 395(1)
less (1) bank lodgements not yet entered (1)	<u>25(1)</u>
Balance as per bank statement	<u>1 370(1)</u>

*(11 marks)*