Mark scheme
June 2003

GCSE

Accounting

3122
Paper 1H

Higher Tier   **3122/1H**

1   **Total for this question:** *6 marks*

The following information was taken from the accounting records of J Bells Ltd.

Sales Journal (Day Book)

Date 2003	Customer	Goods £	VAT £	Net £
14 May	A Dancer and Co Ltd	2 600	455	3 055

At 1 May 2003, A Dancer and Co Ltd owed J Bells Ltd £4 650.

On 18 May 2003, A Dancer and Co Ltd sent a cheque for £4 570 to J Bells Ltd claiming £80 discount.

Using the ledger account below, write up the account for A Dancer and Co Ltd as it would appear in the books of J Bells Ltd, bringing down the balance on 1 June 2003.

A Dancer and Co Ltd Account

Date	Details	£	Date	Details	£
1 May 2003	Balance b/d	4 650 (1)	18 May 2003	Bank	4 570 (1)
14 May 2003	Sales	3 055 (1)		Discount	80 (1)
			31 May 2003	Balance c/d	3 055 (1)
		7 705			7 705
1 June 2003	Balance b/d	3 055 (1of)			

2   **Total for this question: *8 marks***

The treasurer of a sports club is preparing financial statements to be sent to members. Indicate, by placing a tick (✓) in the appropriate column, where each item should appear.

Item (a) has been completed as an example.

	Item	Bar Trading Account		Income and Expenditure Account		Balance Sheet
		Debit	**Credit**	**Debit**	**Credit**	
(a)	*Bank Balance*					✓
(b)	Subscriptions for the year				✓	
(c)	Bar sales		✓			
(d)	Opening bar stock	✓				
(e)	Equipment					✓
(f)	Accumulated fund					✓
(g)	Bar staff wages	✓				
(h)	Rent paid for the year			✓		
(i)	Subscriptions received in advance for next year					✓

One mark each correct answer. If two or more ticks shown = no marks.

3   **Total for this question: *11 marks***

In the following manufacturing account insert the correct figures, words or phrases in the boxes.

	Omar Mubarak Ltd			
Manufacturing account	(a) **for the year/period ended/ending**		**31 December 2002**	
		£	£	£
Opening stock			20 000	
Purchases of raw materials			250 000	
Carriage	(b) **inwards/on purchases**		10 000	
			280 000	
		(c) **30 000**		
Less Closing stock				
Cost of	(d) **raw materials used/consumed**		250 000	
Direct Labour			200 000	
(e) **prime cost**			(f) **450 000**	
(g) **factory overheads/indirect costs**				
Supervisors' salaries		50 000		
Depreciation of machinery		80 000		
Factory light and heat		50 000		
Rent and rates		40 000		
			(h) **220 000**	
			(i) **670 000**	
			(j) **20 000**	
Add Work in progress at 1 January 2002				
Less Work in progress at 31 December 2002			(25 000)	
(k) **factory cost of finished goods produced**			665 000	

One mark each correct response.

AQA

4   **Total for this question:** *9 marks*

A trial balance has been prepared but the following items have not been included.

	£
Purchases	235 000
Machinery	120 000
Bank overdraft	53 000
Provision for doubtful debts	4 000
Returns inwards	2 000
Carriage outwards	3 000
Rent received	25 000
Bad debts written off	10 000
Carriage inwards	20 000

From the list above complete and total the following trial balance by inserting the appropriate amounts in the correct column.

Trial Balance as at 31 March 2003

		Dr £	Cr £
Total of trial balance entries made so far		325 000	633 000
(a)	Purchases	235 000 (1)	
(b)	Machinery	120 000 (1)	
(c)	Bank overdraft		53 000 (1)
(d)	Provision for doubtful debts		4 000 (1)
(e)	Returns inwards	2 000 (1)	
(f)	Carriage outwards	3 000 (1)	
(g)	Rent received		25 000 (1)
(h)	Bad debts written off	10 000 (1)	
(i)	Carriage inwards	20 000 (1)	
		715 000	715 000

5   **Total for this question:** *17 marks*

Select the information required from the following list of balances to produce a Balance Sheet as at 31 May 2003 for United Boxes plc. The Balance Sheet should show a figure for working capital.

	£
Machinery (at cost)	80 000
Issued ordinary shares	75 000
Vehicles (at cost)	50 000
Opening stock	10 000
General Reserve	25 000
Debtors	30 000
Closing stock	15 000
Bank overdraft	2 000
Creditors	17 000
Provision for depreciation:	
Machinery	20 000
Vehicles	15 000
Provision for doubtful debts	500
Proposed dividends	10 000
Profit and Loss Account balance as at 31 May 2003	10 500

United Boxes plc Balance Sheet as at 31 May 2003

	£	£	£
Fixed Assets:			
Machinery	80 000 (1)	20 000	60 000 (1)
Vehicles	50 000 (1)	15 000	35 000 (1)
	130 000	35 000	95 000 (1of)
Current Assets:			
Stock		15 000 (1)	
Debtors	30 000 (1)		
Less provision (must be deducted)	500 (1)	29 500	
		44 500	
Current Liabilities:			
Creditors	17 000 (1)		
Bank overdraft	2 000 (1)		
Proposed dividends	10 000 (1)	29 000	
Working Capital			15 500 (1of)
			110 500 (1)
Capital and Reserves:			
Issued Ordinary Shares			75 000 (1)
General Reserve			25 000 (1)
Profit and Loss account balance			10 500 (1)
			110 500 (1)

AQA

6   **Total for this question: *13 marks***

E Sockett, electrical retailers, are in the process of converting their manual bookkeeping system to a computerised system.

(a) *Explain **two** advantages they are likely to experience by using a computerised bookkeeping system.*

Greater accuracy/fewer errors
Greater speed/improved efficiency
Less filing and paperwork/reduced labour costs
Improved credit control
Improved security/ less fraud

Any two suitable reasons 1 mark for suggestion plus 1 mark for development

(4 marks)

(b) *Prepare the Purchase Ledger Control account for the month of May 2003 by selecting the relevant information from the following totals extracted from their accounting records. Bring down the balance at 1 June 2003.*

	£
Amount owed to creditors at 1 May 2003	42 000
Totals for the month of May:	
Credit purchases	80 000
Returns outwards	15 000
Returns inwards	7 000
Discounts allowed	12 000
Discounts received	5 000
Cheques sent to creditors	65 000
Cash received from debtors	72 000

Purchase Ledger Control Account

Date	Details	£	Date	Details	£
	Returns outwards	15 000 (1)	1 May	Balance b/d	42 000 (1)
	Bank	65 000 (1)		Purchases	80 000 (1)
	Discounts rec'd	5 000 (1)			
31 May	Balance c/d	37 000 (1)			
		122 000			122 000
			1 June	Balance b/d	37 000 (1of)

(7 marks)

(c) *The total of the schedule of creditors as at 31 May 2003 extracted from the individual accounts in the purchase ledger was £37 000. Compare this with the balance on the control account and explain what it means.*

There are no errors detected in the purchase ledger.
(Relate to own answer above)   *(2 marks)*

7   **Total for this question:** *10 marks*

(a) *Classify each of the following items by inserting a tick (✓) in the appropriate column. Item (i) has been completed as an example.*

	Item	Capital expenditure	Revenue expenditure	Capital income	Revenue income
(i)	*Machinery*	✓			
(ii)	Sales of goods				✓
(iii)	Depreciation for the year		✓		
(iv)	Proceeds from disposal of fixed asset			✓	
(v)	Extension to premises	✓			
(vi)	Rent received				✓
(vii)	Delivery vehicle	✓			

One mark each correct answer. If two or more ticks are shown = 0.

(6 marks)

(b) *Explain **two** reasons why it is necessary to depreciate fixed assets.*

Avoid overstating fixed asset values. Ensure realistic fixed asset values.
So the accounts represent a true and fair view of the company's financial position.
To allow for the loss in value over time and avoid a large loss on disposal.
To avoid overstating profit and spread the cost of the asset over the years of use.

Any two reasons: 1 mark for suggestion plus 1 for development   *(4 marks)*

AQA

8   **Total for this question: *6 marks***

Answer the following questions in the spaces provided.

a)   *What term describes the excess of income over expenditure for a club or society?*

Surplus

b)   *What statement compares a business's cash book with its bank statement?*

Bank reconciliation

c)   *Under which heading on a Limited Company's Balance Sheet would you find debentures?*

Long term liabilities or Creditors due after one year (accept "Financed by")

d)   *Which book is used to record small items of expenditure?*

Petty cash

e)   *Which account is used to calculate the profit or loss when a fixed asset is sold?*

Disposal

f)   *Which account shows how the profits of a company are distributed?*

Appropriation

One mark each correct answer.