

GCSE 2004

June Series



Mark Scheme

Accounting

(Subject Code 3122/1F)

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Dr Michael Cresswell Director General

Paper 1 Foundation Tier

1

Total for this question: 8 marks

Show, by placing **one** tick (✓) in the appropriate column, where each of the following would appear in the final accounts of a Partnership. The first one has been completed as an example.

Item	Trading Account	Profit & Loss Account	Appropriation Account	Balance Sheet
(a) <i>Interest on capital</i>			✓	
(b) Vehicles				✓
(c) Sales	✓			
(d) Opening stock	✓			
(e) Debtors				✓
(f) Partners' salaries			✓	
(g) Shares of profit			✓	
(h) Rent received		✓		
(i) Carriage outwards		✓		

(8 x 1 mark)

2

Total for this question: 10 marks

The following is a trial balance of a company after the production of the trading and profit and loss accounts for the year ended 31 March 2004.

	£	£
Net profit for the year		65 000
Fixed Assets	200 000	
Current Assets	120 000	
General Reserve		25 000
Balance of profits b/f		20 000
Current liabilities		60 000
Issued share capital:		
100 000 £1 ordinary shares		100 000
50 000 £1 10% preference shares		50 000
	320 000	320 000

The directors have decided to pay the preference dividend for the year and propose an ordinary dividend of 20p per share. They also agree to transfer £10 000 to the general reserve.

Select the relevant items from the information above and prepare the Appropriation Account to comply with these instructions. A balance sheet is **not** required

Appropriation Account (1) for the year ended (1) 31 March 2004

	£	£
Net Profit for the year		65 000 (1)
Plus Balance of Profits b/f		<u>20 000</u> (1)
		85 000
Less Preference Dividend	5 000 (2) (1o/f)	
Ordinary Dividend	20 000 (2) (1o/f)	
Transfer to General Reserve	<u>10 000</u> (1)	<u>35 000</u>
Balance of profits c/f		<u>50 000</u> (1 o/f)

(10 marks)

Where awarding o/f marks the function in the calculation must be correct

3

Total for this question: 15 marks

The following accounting statements relating to The Country Dancing Social Club have several items and figures missing.

(a) Insert the relevant word or figures in the shaded areas.

The Trading Account for the year ended 31 March 2004

	Sales		22 500
Less	Cost of Goods Sold:		
	Opening Stock	5 000	
	Purchases	<u>15 000</u>	
		20 000	
	Closing Stock	<u>7 500</u>	12 500
	Gross Profit		<u>10 000</u>

The **Income and **Expenditure** Account
for the year ended 31 March 2004**

	Subscriptions for the year		15 000
	Profit from fund raising activities		5 000
	Gross profit b/d		<u>10 000</u>
			30 000
	Expenses for the year		
	Rent	10 000	
	Costumes	6 000	
	Travelling costs	4 000	
	Sundry expenses	<u>2 500</u>	<u>22 500</u>
	Surplus		7 500

(9 x 1 mark)

- (b) A rival dancing club is to open in the area soon. The treasurer is worried that the club may lose members.
- (i) Advise the club of **two** financial actions it could take to keep its current membership.
- (ii) Analyse the effect that **each** of your suggestions might have on the club's surplus.

Reduce the subscription. This will reduce the surplus unless more members can be attracted, in which case the surplus may increase.

Reduce prices in the bar/trading activity. This will reduce the gross profit and reduce the surplus unless extra custom compensates for this.

Spend money on promoting the club. This will reduce the surplus initially but may attract more members in the long run.

Other valid suggestions.

Any two valid suggestions: 1 mark for idea, 1 or 2 marks for explanation.

(6 marks)

4

Total for this question: 10 marks

State the accounts which should be debited and credited when entering the following transactions in the appropriate double entry accounts. The first one has been done as an example.

Transaction	Account to be debited	Account to be credited
<i>(a) Purchase of machinery, paying by cheque</i>	<i>Machinery</i>	<i>Bank</i>
(b) Payment of wages by cash	Wages	Cash
(c) Cash sales paid directly into the bank	Bank	Sales (or cash)
(d) Receipt of rent in cash	Cash	Rent received
(e) J. Lin, the owner, withdrew cash from the bank for her own use	Drawings or capital	Bank
(f) Return of faulty goods to T. Sadat, a supplier	T Sadat	Returns Outwards or Purchase Returns

(10 x 1 mark)

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

- | | | |
|-----|--|-------------------------|
| (a) | What is the total of the factory overheads for the year? | £58 000 |
| (b) | What type of closing stock is valued at £8 000 at the end of the year? | Work in progress |
| (c) | What is the Prime Cost for the year? | £130 000 |
| (d) | What is the factory cost of goods produced for the year? | £192 000 |
| (e) | What is the cost of raw materials used? | £70 000 |
| (f) | Is the carriage inwards or outwards? | Inwards
(6 x 1 mark) |

6

Total for this question: 11 marks

Rent Account					
Date	Details	£	Date	Details	£
2003			2003		
1 Jan	Balance b/d	500	31 Dec	P&L a/c (1)	3 200 (1)
13 Feb	Bank }	950 (1)	31 Dec	Balance c/d (1)	600 (1)
17 July	Bank } (1)	800 (1)			
19 Sept	Bank }	700 (1)			
31 Oct	Bank }	<u>850</u> (1)			
		<u>3 800</u>			<u>3 800</u>
2004					
1 Jan	Balance b/d (1)	600 (1o/f)			

(11 marks)

7

Total for this question: 6 marks

CASH BOOK (debit side only)			
	<i>Discount £</i>	<i>Cash £</i>	<i>Bank £</i>
May 1 Balance b/d		20 (...C...)	
May 2 K. Singh	15 (...F...)		135
May 3 Sales		250 (...E...)	
May 4 Cash			100 (...G...)
May 5 Sales			200 (...B...)
May 6 Balance c/d			20 (...A...)
	15	270	455

(6 x 1 mark)

8

Total for this question: 14 marks

(a) State how the following are calculated:

(i) Rate of stock turnover

$$\frac{\text{cost of goods sold (1)}}{\text{average stock (1)}} \quad (2 \text{ marks})$$

(ii) Mark up

$$\frac{\text{gross profit (1)}}{\text{cost of goods sold or cost price (1)}} \times 100 \quad (2 \text{ marks})$$

(b) Using figures from the trading account, calculate the following:

(i) Rate of stock turnover

$$\frac{360\,000 (1)}{30\,000 (1)} = 12 \text{ times p.a. (1 o/f)} \quad (3 \text{ marks})$$

(ii) Mark up

$$\frac{180\,000 (1)}{360\,000 (1)} \times 100 = 50\% (1 \text{ o/f}) \quad (3 \text{ marks})$$

(c) Identify which year produced the better performance. Give **two** reasons to support your choice.

2004 is better because:

Mark up percentage is higher (1) and therefore the business is more profitable (1)

Stock turnover is higher (1) therefore goods are being sold quicker (1)

Accept other relevant comments

Apply to own figures

max (4 marks)