



# General Certificate of Secondary Education

## Accounting 3122/2F

# Mark Scheme

### *2005 examination - June series*

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 meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting 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 candidates' 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.

## Paper 2 Foundation Tier (3122/2F)

1

**Total for this question: 29 marks**

Ronika Begum owns a wholesale business. The following is an extract from her records of goods supplied to and returns from, customers.

**Sales book**

Date		Invoice No	Goods		VAT		Total	
			£	p	£	p	£	p
April								
2	XTC Ltd	1008	200	00	35	00	235	00
16	ELO plc	1018	240	00	42	00	282	00
28	XTC Ltd	1030	150	00	26	25	176	25
30	Total		590	00	103	25	693	25

**Sales returns book**

Date		Credit Note No	Goods		VAT		Total	
			£	p	£	p	£	p
April								
6	XTC Ltd	C38	20	00	3	50	23	50
23	ELO plc	C42	60	00	10	50	70	50
30	Total		80	00	14	00	94	00

- (a) Complete and balance the account of customer XTC Ltd on 30 April 2005, bring the balance down on 1 May 2005.

Dr				XTC Ltd account				Cr	
Date		£	p	Date		£	p		
April				April					
1	Balance b/d	300	00	6	Returns	23	50	✓	
2	Sales	235	00	30	Balance c/d	687	75	✓	
28	Sales	176	25						
		711	25			711	25		
May									
1	Balance b/d	687	75						
			of						

(5 marks)

- (b) Ronika has sent an invoice to XTC Ltd. Explain the purpose of this document.

Level	Descriptor	Mark
2	Candidate explains the purpose of an invoice	2-3
1	Candidate states purpose of an invoice	1

Examples

- It is a bill 1 mark
- It is a record of the sale 2 marks
- It records how much is owed 3 marks

(3 marks)

- (c) Ronika sent a credit note to XTC Ltd. Explain the purpose of this document.

Level	Descriptor	Mark
2	Candidate explains the purpose of a credit note	2-3
1	Candidate states purpose of a credit note	1

Examples

- It is for returns 1 mark
- It is a record of the return of goods 2 marks
- It reduces how much how much is owed 3 marks

(3 marks)

- (d) Ronika will send another business document to XTC Ltd on 30 April 2005. Identify what document this will be and explain the purpose of the document.

Level	Descriptor	Mark
3	Candidate fully explains the purpose of a statement of account	4
2	Candidate partially explains the purpose of a statement of account	2-3
1	Candidate states document (statement of account)	1

Examples

- L3 will include link to credit control
- L2 Ronika will send this document to show how much is owed

3 (4 marks)

- (e) Ronika keeps her Petty Cash Book on the imprest system, the imprest being £50. For the month of April 2005 her petty cash transactions were as follows.

					£
April 4	Paid cleaner				10.00
7	Bought petrol				5.00
13	Bought cleaning materials				6.25
21	Bought stamps				4.20
23	Paid bus fare				1.25
24	Receive cash personal telephone call				1.00
29	Bought envelopes				5.60

Enter these transactions into her petty cash book and balance it at the 30 April 2005. Bring the balance down on 1 May 2005 and restore the imprest at that date.

Ignore VAT.

Receipts		Date	Details	Total		Postage and stationery		Travel		Cleaning	
£	p			£	p	£	p	£	p	£	p
20	00	April 1	Balance b/d								
30	00	1	Cash								
		4	Cleaner	10	00 ✓					10	00
		7	Petrol	5	00 ✓			5	00		
		13	Cleaning materials	6	25 ✓					6	25
		21	Stamps	4	20 ✓	4	20				
		23	Bus fare	1	25 ✓			1	25		
1	00 ✓	24	Telephone call								
		29	Envelopes	5	60 ✓	5	60				
				32	30 ✓	9	80 ✓	6	25 ✓	16	25 ✓
		30	Balance c/d (of)	18	70 ✓						
51	00			51	00						
18	70 ✓ (of)	May 1	Balance b/d								
31	30 ✓ (of)	1	Cash								

(14 marks)

**2****Total for this question: 31 marks**

David Stokoe has drawn up the following trial balance as at 31 March 2005. It contains a number of errors.

Trial Balance at 31 March 2005

	Dr	Cr
	£	£
Sales	450 000	
Purchases		290 000
Capital		94 300
Drawings	43 000	
Carriage inwards	4 000	
Carriage outwards	3 000	
Discounts received	1 500	
Discounts allowed		2 300
Office equipment at cost		24 000
Fixtures and fittings at cost		13 000
Provision for depreciation office equipment	4 800	
Provision for depreciation fixtures and fittings		2 600
Premises		80 000
Debtors		50 000
Returns inwards		2 000
Returns outwards	1 000	
Insurance	8 000	
Stock as at 1 April 2004	30 000	
Stock at 31 March 2005		26 000
Heat and lighting	6 000	
Wages and salaries		35 000
Creditors	40 000	
Bank overdraft	12 000	
Cash	1 900	
Sundry expenses	14 000	
	<u>£619 200</u>	<u>£619 200</u>

- (a) Rewrite a corrected trial balance for David.

**David Stokoe**  
**Trial Balance as at 31 March 2005**

	Dr	Cr
	£	£
Sales		✓ 450 000
Purchases	✓ 290 000	
Capital		✓ 94 300
Drawings	✓ 43 000	
Carriage inwards	✓ 4 000	
Carriage outwards	✓ 3 000	
Discounts received		✓ 1 500
Discounts allowed	✓ 2 300	
Office equipment at cost	✓ 24 000	
Fixtures and fittings at cost	✓ 13 000	
Provision for depreciation office		✓ 4 800
Provision for depreciation fixtures		✓ 2 600
Premises	✓ 80 000	
Debtors	✓ 50 000	
Returns inwards	✓ 2 000	
Returns outwards		✓ 1 000
Insurance	✓ 8 000	
Stock	✓ 30 000	
Heat and lighting	✓ 6 000	
Wages and salaries	✓ 35 000	
Creditors		✓ 40 000
Bank overdraft		✓ 12 000
Cash	✓ 1 900	
Sundry expenses	✓ 14 000	
	<b>606 200</b>	<b>606 200</b>

Final mark for excluding closing stock

(25 marks)

- (b) State and explain
- two**
- types of error that will not be identified by the preparation of a trial balance.

Errors

- Commission
- Omission
- Principle
- Compensating
- Original
- Reversal

Level	Descriptor	Mark
3	Candidate fully explains the error – link to trial balance	3
2	Candidate partially explains the error	2
1	Candidate states error	1

Apply twice

(6 marks)

**3****Total for this question: 20 marks**

The following list of balances appeared in the books of CID Ltd at 31 March 2005.

	£
Sales	500 000
Returns inwards	3 000
Stock as at 1 April 2004	24 000
Purchases	195 000
Carriage inwards	5 600
Stock as at 31 March 2005	26 000
Carriage outwards	2 400
Discounts allowed	2 200
Motor expenses	12 000
Insurance	6 000
Heating and lighting	8 000
Sundry expenses	1 200
Wages	32 000
Bad debts	2 000
Directors remuneration	15 000

The following additional information is available:

1. insurance of £500 has been paid in advance;
2. sundry expenses of £300 are owing.

Prepare the trading and profit and loss accounts for CID ltd for the year ended 31 March 2004.

**CID Ltd**

**Trading and Profit and Loss Account for the year ended 31 March 2005**

		£	
Sales		✓ 500 000	
less Returns inwards		✓ 3 000	
net sales		<u>✓ 497 000</u>	o/f
less cost of sales			
Opening stock	✓ 24 000		
add purchases	✓ 195 000		
add carriage inwards	✓ 5 600		
net purchases	<u>224 600</u>		
less closing stock	✓ 26 000	198 600	
Gross profit		<u>✓ 298 400</u>	o/f
less Expenses			
Carriage outwards	✓ 2 400		
Discounts allowed	✓ 2 200		
Motor expenses	✓ 12 000		
Insurance	✓✓ 5 500		
Heating and lighting	✓ 8 000		
Sundry expenses	✓✓ 1 500		
Wages	✓ 32 000		
Bad debts	✓ 2 000		
Directors remuneration	✓ 15 000	80 600	
Net Profit		<u>✓ 217 800</u>	o/f
			<i>(20 x 1 mark)</i>



4

**Total for this question: 12 marks**

REM Ltd manufactures and sells jumpers. The following information is available for the year ended 31 March 2005.

	£
Factory power	50 000
Rent and rates for the factory	20 000
Depreciation of factory machinery	12 000
Supervisors wages	25 000
Heating and lighting of the factory	10 000
Work in progress 1 April 2004	40 000
Work in progress 31 March 2005	35 000

The first part of the manufacturing account for the year ended 31 March 2005 has been prepared

- (a) Complete the manufacturing account for the year ended 31 March 2005.

**REM Ltd Manufacturing account for the year ended 31 March 2005**

	£	£
Stock of raw materials at 1 April 2004		75 000
Add purchases of raw materials		340 000
		415 000
Less stock of raw materials 31 March 2005		88 000
Cost of raw materials consumed		327 000
add wages of knitting machine operators		90 000
Prime Cost		417 000
add factory overheads		
Factory power	✓ 50 000	
Rent and rates for the factory	✓ 20 000	
Depreciation of factory machinery	✓ 12 000	
Supervisors wages	✓ 25 000	
Heating and lighting of the factory	✓ 10 000	✓ 117 000 (of)
		534 000
add Work in progress 1 April 2004		✓ 40 000
		9
		574 000
less Work in progress 31 March 2005		✓ 35 000
Production cost of goods completed (must label)		✓ 539 000 (of)

(9 marks)

- (b) Explain why stock of raw materials is entered in the manufacturing account of REM Ltd instead of the trading account.

Manufacturing account is used to calculate the production cost of goods completed (1) Trading account is used to calculate cost of sales (1) Gross profit calculation requires the cost of sales(1) trading account uses stock of finished goods (1) etc.

(Max 3 marks)

**5**

**Total for this question: 28 marks**

On 1 May 2005 Trudy Su had a balance of cash in hand of £200 and £500 in her business bank account. Amounts received and paid during May 2005 were.

May	2	Paid rent in cash £100
	5	Cash sales paid directly into the bank £400
	7	Received cheque from G Britton £630 in full settlement of a debt of £700
	9	Paid postage in cash £50
	13	Paid S Bonnes by cheque £570 in full settlement of a debt of £30
	17	D Whyte settled her debt of £400 by cheque after deducting a 5% discount.
	21	Withdrew £300 from the bank for office use
	23	Paid rent in cash £100
	26	Paid J McBride by cheque £760, having deducted a discount of £40
	29	Trudy withdrew £230 from the business bank account for her own personal use.
	30	Cash sales £250

- (a) Prepare a three-column cash book for May 2005, bringing down the appropriate balances on 1 June 2005.

**Cash Book**

Dr						Cr					
Date	Details	Folio	Discount	Cash	Bank	Date	Details	folio	Discount	Cash	Bank
			£	£	£				£	£	£
May 1	Balance	B/d		✓ 200	✓ 500	May 2	Rent			✓ 100	
5	Sales				✓ 400	9	Postage			✓ 50	
7	G. Britton		✓ 70		✓ 630	13	S. Bonnes		✓ 30		✓ 570
17	D. Whyte		✓ 20		✓ 380	21	Cash	c			✓ 300
21	Bank	c		✓ 300		23	Rent			✓ 100	
30	Sales			✓ 250		26	J. McBride		✓ 40		✓ 760
						29	Drawings				✓ 230
							Balance	C/d		✓ 500	✓ 50
			✓ 90	750	1910				✓ 70	750	1910
June 1	Balance	B/d		✓ 500	✓ 50						
				o/f	o/f						

- (b) Trudy has allowed discounts to G. Britton and D. Whyte. Explain what this discount is and why Trudy has allowed this discount to these debtors.

This is a discount for prompt payment (1). Trudy will allow this discount in order to encourage sales (1) by allowing credit (1), but helping cash flow by offering a discount (1 etc).