

Mark Scheme (Results)

Summer 2013

GCE Accounting (6001/01)

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Summer 2013

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------|--|----------------------|--|---|--|---------------|--|--|-----------|--------|--|-------------------|--------|--|---------------|-----|--|--------------------|-------|--|-----------------------|---------------|--|--|---------|--|--------------------|--|--|------|-------|--|--------------|--------|--|----------------|---------------|--|--|-----------|--|----------------|-------------------|-----|
| 1(a)(i) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Capital - 1 May 2012</td> <td style="width: 40%;"></td> <td style="width: 30%; text-align: right;">£</td> </tr> <tr> <td></td> <td>Assets</td> <td></td> </tr> <tr> <td></td> <td>Inventory</td> <td style="text-align: right;">17 750</td> </tr> <tr> <td></td> <td>Trade receivables</td> <td style="text-align: right;">23 400</td> </tr> <tr> <td></td> <td>Wages prepaid</td> <td style="text-align: right;">850</td> </tr> <tr> <td></td> <td>Computer equipment</td> <td style="text-align: right;">5 000</td> </tr> <tr> <td></td> <td>Fixtures and fittings</td> <td style="text-align: right;"><u>11 000</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">58 000/</td> </tr> <tr> <td></td> <td>Liabilities</td> <td></td> </tr> <tr> <td></td> <td>Bank</td> <td style="text-align: right;">6 000</td> </tr> <tr> <td></td> <td>5% Bank loan</td> <td style="text-align: right;">10 000</td> </tr> <tr> <td></td> <td>Trade payables</td> <td style="text-align: right;"><u>19 000</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(35 000)/</td> </tr> <tr> <td></td> <td>Capital</td> <td style="text-align: right;">23 000 /of</td> </tr> </table> | Capital - 1 May 2012 | | £ | | Assets | | | Inventory | 17 750 | | Trade receivables | 23 400 | | Wages prepaid | 850 | | Computer equipment | 5 000 | | Fixtures and fittings | <u>11 000</u> | | | 58 000/ | | Liabilities | | | Bank | 6 000 | | 5% Bank loan | 10 000 | | Trade payables | <u>19 000</u> | | | (35 000)/ | | Capital | 23 000 /of | (3) |
| Capital - 1 May 2012 | | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Inventory | 17 750 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Trade receivables | 23 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Wages prepaid | 850 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Computer equipment | 5 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Fixtures and fittings | <u>11 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 58 000/ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Bank | 6 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 5% Bank loan | 10 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Trade payables | <u>19 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | (35 000)/ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Capital | 23 000 /of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|--------------------|--|---|--|-------------------|----------|--|----------------------|----------|--|----------|---------|--|-------|--------------------|--|----------------------|-------|--|--------------|-------|--|----------|--------------|--|--|--------|--|---------------------------------|---------------|--|--|---------|--|------------------------------|------------------|--|----------------------|----------------|-----|
| 1(a)(ii) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Revenue (sales)</td> <td style="width: 40%;"></td> <td style="width: 30%; text-align: right;">£</td> </tr> <tr> <td></td> <td>Cash sales banked</td> <td style="text-align: right;">13 100 /</td> </tr> <tr> <td></td> <td>Cheques from debtors</td> <td style="text-align: right;">65 300 /</td> </tr> <tr> <td></td> <td>Bad debt</td> <td style="text-align: right;">2 400 /</td> </tr> <tr> <td></td> <td>Wages</td> <td style="text-align: right;">4 800 /all 4 items</td> </tr> <tr> <td></td> <td>Cleaning of premises</td> <td style="text-align: right;">6 000</td> </tr> <tr> <td></td> <td>New computer</td> <td style="text-align: right;">1 800</td> </tr> <tr> <td></td> <td>Drawings</td> <td style="text-align: right;"><u>5 000</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">98 400</td> </tr> <tr> <td></td> <td>Trade receivables 30 April 2013</td> <td style="text-align: right;"><u>29 600</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">128 000</td> </tr> <tr> <td></td> <td>Trade receivables 1 May 2012</td> <td style="text-align: right;"><u>(23 400)/</u></td> </tr> <tr> <td></td> <td>Revenue sales</td> <td style="text-align: right;">104 600</td> </tr> </table> | Revenue (sales) | | £ | | Cash sales banked | 13 100 / | | Cheques from debtors | 65 300 / | | Bad debt | 2 400 / | | Wages | 4 800 /all 4 items | | Cleaning of premises | 6 000 | | New computer | 1 800 | | Drawings | <u>5 000</u> | | | 98 400 | | Trade receivables 30 April 2013 | <u>29 600</u> | | | 128 000 | | Trade receivables 1 May 2012 | <u>(23 400)/</u> | | Revenue sales | 104 600 | (5) |
| Revenue (sales) | | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash sales banked | 13 100 / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cheques from debtors | 65 300 / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Bad debt | 2 400 / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Wages | 4 800 /all 4 items | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cleaning of premises | 6 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | New computer | 1 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Drawings | <u>5 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 98 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Trade receivables 30 April 2013 | <u>29 600</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 128 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Trade receivables 1 May 2012 | <u>(23 400)/</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Revenue sales | 104 600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | |
|-----------------|--|-------------------|--|----------|--|-----------------------|----------|--|-------------------------|---------------|--|--|--------|--|----------------------|-------------------|--|-----------|--------|-----|
| 1(a)(iii) | <p style="text-align: right;">£</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Purchases</td> <td style="width: 30%;"></td> <td style="width: 30%; text-align: right;">46 200 /</td> </tr> <tr> <td></td> <td style="text-align: right;">Payments to suppliers</td> <td style="text-align: right;">46 200 /</td> </tr> <tr> <td></td> <td style="text-align: right;">Trade payables 30 April</td> <td style="text-align: right;"><u>21 800</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">68 000</td> </tr> <tr> <td></td> <td style="text-align: right;">Trade payables 1 May</td> <td style="text-align: right;"><u>(19 000) /</u></td> </tr> <tr> <td></td> <td style="text-align: right;">Purchases</td> <td style="text-align: right;">49 000</td> </tr> </table> | Purchases | | 46 200 / | | Payments to suppliers | 46 200 / | | Trade payables 30 April | <u>21 800</u> | | | 68 000 | | Trade payables 1 May | <u>(19 000) /</u> | | Purchases | 49 000 | (3) |
| Purchases | | 46 200 / | | | | | | | | | | | | | | | | | | |
| | Payments to suppliers | 46 200 / | | | | | | | | | | | | | | | | | | |
| | Trade payables 30 April | <u>21 800</u> | | | | | | | | | | | | | | | | | | |
| | | 68 000 | | | | | | | | | | | | | | | | | | |
| | Trade payables 1 May | <u>(19 000) /</u> | | | | | | | | | | | | | | | | | | |
| | Purchases | 49 000 | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|------------------|---|---|-------------|-------|----------|--|--|---------|------|----------|------------------|--|--|-------------|------|---------|--|-------------|--------------|-------|--|---------------|---------------|--|-------------|------------|-----|
| 1(b) | <p style="text-align: center;">Wages Account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 30%; text-align: center;">£</td> <td style="width: 30%; text-align: center;">£</td> </tr> <tr> <td>Balance b/d</td> <td style="text-align: right;">850 /</td> <td>Drawings</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">2 500 /</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">24 000 /</td> <td>Income statement</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">28 600 / of</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">4 800 /</td> <td></td> </tr> <tr> <td>Balance c/d</td> <td style="text-align: right;"><u>1 450</u></td> <td style="text-align: center;">_____</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>31 100</u></td> <td style="text-align: right;"><u>31 100</u></td> </tr> <tr> <td></td> <td style="text-align: right;">Balance b/d</td> <td style="text-align: right;">1 450 / of</td> </tr> </table> | | £ | £ | Balance b/d | 850 / | Drawings | | | 2 500 / | Bank | 24 000 / | Income statement | | | 28 600 / of | Cash | 4 800 / | | Balance c/d | <u>1 450</u> | _____ | | <u>31 100</u> | <u>31 100</u> | | Balance b/d | 1 450 / of | (6) |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance b/d | 850 / | Drawings | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2 500 / | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank | 24 000 / | Income statement | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 28 600 / of | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 4 800 / | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance c/d | <u>1 450</u> | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>31 100</u> | <u>31 100</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Balance b/d | 1 450 / of | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|------------------------------|---|---------------|-------|---|--|---------------|--|---------|-----|------|--|--|--|-------------------|--------|--|--|-----------|------------------|--|--|--|--------|--|--|-------------------|---------------|--|--|---------------|--|---------------|-------|--------------|--|--------|--|----------------|--|--|--|-------|--------|--|-----|----------------|-------|--|---|-----------------|-------|--|---|----------------------|-------|--|---|---------------|-----|---------|--|--------------|-----|--|---|----------|-------|--|---|------------------------------|-------|--|---|--------------------------|-------|--|----|----------|--------------|--|----|--|--|---------------|--|---------------------|--|--------------|--|------|
| 1(c)(i) | <p data-bbox="368 327 1374 353">Avar- Statement of Comprehensive Income for the year ended 30 April 2013</p> <table data-bbox="443 389 1374 1800"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> <th></th> </tr> </thead> <tbody> <tr> <td>Sales revenue</td> <td></td> <td style="text-align: right;">104 600</td> <td style="text-align: right;">✓of</td> </tr> <tr> <td>Less</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">17 750</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;"><u>49 000</u> of</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">66 750</td> <td></td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;"><u>20 350</u></td> <td></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>46 400</u></td> <td style="text-align: right;">✓of+w</td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">58 200</td> <td></td> </tr> <tr> <td>Less expenses:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">28 600</td> <td></td> <td style="text-align: right;">✓of</td> </tr> <tr> <td>Rent and rates</td> <td style="text-align: right;">6 600</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Sundry expenses</td> <td style="text-align: right;">3 300</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Cleaning of premises</td> <td style="text-align: right;">6 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Loan interest</td> <td style="text-align: right;">450</td> <td style="text-align: right;">✓✓(✓of)</td> <td></td> </tr> <tr> <td>Bank charges</td> <td style="text-align: right;">620</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Bad debt</td> <td style="text-align: right;">2 400</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">1 480</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Depreciation - computers</td> <td style="text-align: right;">1 700</td> <td></td> <td style="text-align: right;">✓✓</td> </tr> <tr> <td style="padding-left: 40px;">fixtures</td> <td style="text-align: right;"><u>4 600</u></td> <td></td> <td style="text-align: right;">✓✓</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>55 750</u></td> <td></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>2 450</u></td> <td></td> </tr> </tbody> </table> | | £ | £ | | Sales revenue | | 104 600 | ✓of | Less | | | | Opening inventory | 17 750 | | | Purchases | <u>49 000</u> of | | | | 66 750 | | | Closing inventory | <u>20 350</u> | | | Cost of sales | | <u>46 400</u> | ✓of+w | Gross profit | | 58 200 | | Less expenses: | | | | Wages | 28 600 | | ✓of | Rent and rates | 6 600 | | ✓ | Sundry expenses | 3 300 | | ✓ | Cleaning of premises | 6 000 | | ✓ | Loan interest | 450 | ✓✓(✓of) | | Bank charges | 620 | | ✓ | Bad debt | 2 400 | | ✓ | Provision for doubtful debts | 1 480 | | ✓ | Depreciation - computers | 1 700 | | ✓✓ | fixtures | <u>4 600</u> | | ✓✓ | | | <u>55 750</u> | | Profit for the year | | <u>2 450</u> | | (15) |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales revenue | | 104 600 | ✓of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening inventory | 17 750 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases | <u>49 000</u> of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 66 750 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing inventory | <u>20 350</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | | <u>46 400</u> | ✓of+w | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | 58 200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less expenses: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages | 28 600 | | ✓of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent and rates | 6 600 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sundry expenses | 3 300 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cleaning of premises | 6 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan interest | 450 | ✓✓(✓of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank charges | 620 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bad debt | 2 400 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for doubtful debts | 1 480 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation - computers | 1 700 | | ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| fixtures | <u>4 600</u> | | ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>55 750</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | <u>2 450</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|--|-------------------|---|---|---------------------------|--|--|-------------------------------|--|--------------|-----------------------------------|--|---------------|--|--|--------|-----------------------|--|--|-----------|--------|---|-------------------|--------|--|----------|--------------|--------|--|--------|--|--|--|---------------|--|--|---------------|----------------------------|--|--|-----------------|--------|--|---------------------|--------------|--|--|--------|--|--------------------------|--------------|---|--|--|-------------|--------------------------------|--|--|--------------|--|-------------------|----------------------------|--|--|--------------|-------|---|----------------|--------|---|----------------------------------|-------|--|-----------------------------------|---------------|--|--|--|---------------|--|--|---------------|------|
| 1(c)(ii) | <p style="text-align: center;">Statement of Financial Position at 30 April 2013</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;">£</th> <th style="width: 20%; text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td colspan="3"><u>Non-current assets</u></td> </tr> <tr> <td>Computer equipment (valuation</td> <td></td> <td style="text-align: right;">5 100 / Both</td> </tr> <tr> <td>Fixtures and fittings (valuation)</td> <td></td> <td style="text-align: right;"><u>14 000</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">19 100</td> </tr> <tr> <td colspan="3"><u>Current assets</u></td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">20 350</td> <td style="text-align: right;">/</td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">29 600</td> <td></td> </tr> <tr> <td>Less PDD</td> <td style="text-align: right;"><u>1 480</u></td> <td style="text-align: right;">/ Both</td> </tr> <tr> <td></td> <td style="text-align: right;">28 120</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>48 470</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>67 570</u></td> </tr> <tr> <td colspan="3"><u>Equity and capital:</u></td> </tr> <tr> <td>Opening capital</td> <td style="text-align: right;">23 000</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td style="text-align: right;"><u>2 450</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">25 450</td> <td></td> </tr> <tr> <td>Drawings (5 000 + 2 500)</td> <td style="text-align: right;"><u>7 500</u></td> <td style="text-align: right;">/</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">17 950 / of</td> </tr> <tr> <td colspan="3"><u>Non-current liabilities</u></td> </tr> <tr> <td>5% Bank loan</td> <td></td> <td style="text-align: right;">6 000 / (8 000 /)</td> </tr> <tr> <td colspan="3"><u>Current liabilities</u></td> </tr> <tr> <td>5% Bank loan</td> <td style="text-align: right;">2 000</td> <td style="text-align: right;">/</td> </tr> <tr> <td>Trade payables</td> <td style="text-align: right;">21 800</td> <td style="text-align: right;">/</td> </tr> <tr> <td>Other payables (450 / + 1 450 /)</td> <td style="text-align: right;">1 900</td> <td></td> </tr> <tr> <td>Bank overdraft (17 300 / + 620 /)</td> <td style="text-align: right;"><u>17 920</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>43 620</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>67 570</u></td> </tr> </tbody> </table> | | £ | £ | <u>Non-current assets</u> | | | Computer equipment (valuation | | 5 100 / Both | Fixtures and fittings (valuation) | | <u>14 000</u> | | | 19 100 | <u>Current assets</u> | | | Inventory | 20 350 | / | Trade receivables | 29 600 | | Less PDD | <u>1 480</u> | / Both | | 28 120 | | | | <u>48 470</u> | | | <u>67 570</u> | <u>Equity and capital:</u> | | | Opening capital | 23 000 | | Profit for the year | <u>2 450</u> | | | 25 450 | | Drawings (5 000 + 2 500) | <u>7 500</u> | / | | | 17 950 / of | <u>Non-current liabilities</u> | | | 5% Bank loan | | 6 000 / (8 000 /) | <u>Current liabilities</u> | | | 5% Bank loan | 2 000 | / | Trade payables | 21 800 | / | Other payables (450 / + 1 450 /) | 1 900 | | Bank overdraft (17 300 / + 620 /) | <u>17 920</u> | | | | <u>43 620</u> | | | <u>67 570</u> | (12) |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Non-current assets</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Computer equipment (valuation | | 5 100 / Both | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixtures and fittings (valuation) | | <u>14 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 19 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Current assets</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | 20 350 | / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables | 29 600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less PDD | <u>1 480</u> | / Both | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 28 120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>48 470</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>67 570</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Equity and capital:</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening capital | 23 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | <u>2 450</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 25 450 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Drawings (5 000 + 2 500) | <u>7 500</u> | / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 17 950 / of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Non-current liabilities</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5% Bank loan | | 6 000 / (8 000 /) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Current liabilities</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5% Bank loan | 2 000 | / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade payables | 21 800 | / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other payables (450 / + 1 450 /) | 1 900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank overdraft (17 300 / + 620 /) | <u>17 920</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>43 620</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>67 570</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 1(d) | <p>Valid points may include:</p> <p>Points for</p> <ul style="list-style-type: none"> • Time saved • Cost saving of professional accountant • Less time consuming • Can provide total of trade receivables/trade payables • Check liquidity • Can compare performance • Can calculate profit • Errors can be identified • Less cost of professional accountant/ of paperwork • More accurate <p>Points against</p> <ul style="list-style-type: none"> • Unable to accurately keep track of trade payables and trade receivables • Lack of information to prepare financial statements • Lack of information for decision making <p>NOT</p> <ul style="list-style-type: none"> • Gain more profit • Difficult to prepare • Less errors <p>// per valid point x Max two point in favour and two points against</p> | (8) |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------------|-------|---|--|-------------------|-------|--|--|----------------------------|---------------|--|--|--|--------|--|--|-------------------|--------------|--|--|--------------------------------|--------|--|---|------------------|---------|--|---|----------------------------|---------------|--|---|-------------------|--|---------|------|------|--|--|--|-----------------------|--|--|--|--------------------------------|--------|--|---|-----------------|--------|--|---|-------------------------------|--------|--|---|--|--------|--|---|-----------------|--------|--|---|--|---------------|--|---|--|--|----------------|--|--|--|---------|--|-------------------|--|--|--|---------------|-------|--|--|------------------|----------------|--|---|--|--|----------------|-------|----------------------|--|---------------|-----|---|--|----------------|------|------|
| 2(a) | <p style="text-align: center;">Giant Burgers</p> <p style="text-align: center;">Manufacturing Account for the year ended 30 April 2013</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;">£</th> <th style="width: 20%; text-align: right;">£</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Opening inventory</td> <td style="text-align: right;">4 500</td> <td></td> <td></td> </tr> <tr> <td>Purchases of raw materials</td> <td style="text-align: right;"><u>62 000</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">66 500</td> <td></td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;"><u>7 500</u></td> <td></td> <td></td> </tr> <tr> <td>Cost of raw materials consumed</td> <td style="text-align: right;">59 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Production wages</td> <td style="text-align: right;">280 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Packaging (27 000 - 6 000)</td> <td style="text-align: right;"><u>21 000</u></td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>PRIME COST</td> <td></td> <td style="text-align: right;">360 000</td> <td style="text-align: right;">✓w+f</td> </tr> <tr> <td>Plus</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Production overheads:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Production management salaries</td> <td style="text-align: right;">53 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Machine repairs</td> <td style="text-align: right;">28 650</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Rent and rates (22 000 x 70%)</td> <td style="text-align: right;">15 400</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Electricity and gas (15 500 + 500 x 70%)</td> <td style="text-align: right;">11 200</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Sundry expenses</td> <td style="text-align: right;">18 750</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Depreciation - machinery and equipment</td> <td style="text-align: right;"><u>15 000</u></td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>142 000</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">502 000</td> <td></td> </tr> <tr> <td>Work in progress:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>At 1 May 2012</td> <td style="text-align: right;">6 000</td> <td></td> <td></td> </tr> <tr> <td>At 30 April 2013</td> <td style="text-align: right;"><u>(4 000)</u></td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>PRODUCTION COST (288 000 packs)</td> <td></td> <td style="text-align: right;"><u>504 000</u></td> <td style="text-align: right;">✓w+of</td> </tr> <tr> <td>Profit on production</td> <td></td> <td style="text-align: right;"><u>72 000</u></td> <td style="text-align: right;">✓of</td> </tr> <tr> <td>TRANSFER TO FINISHED GOODS (288 000 packs)</td> <td></td> <td style="text-align: right;"><u>576 000</u></td> <td style="text-align: right;">✓w+f</td> </tr> </tbody> </table> | | £ | £ | | Opening inventory | 4 500 | | | Purchases of raw materials | <u>62 000</u> | | | | 66 500 | | | Closing inventory | <u>7 500</u> | | | Cost of raw materials consumed | 59 000 | | ✓ | Production wages | 280 000 | | ✓ | Packaging (27 000 - 6 000) | <u>21 000</u> | | ✓ | PRIME COST | | 360 000 | ✓w+f | Plus | | | | Production overheads: | | | | Production management salaries | 53 000 | | ✓ | Machine repairs | 28 650 | | ✓ | Rent and rates (22 000 x 70%) | 15 400 | | ✓ | Electricity and gas (15 500 + 500 x 70%) | 11 200 | | ✓ | Sundry expenses | 18 750 | | ✓ | Depreciation - machinery and equipment | <u>15 000</u> | | ✓ | | | <u>142 000</u> | | | | 502 000 | | Work in progress: | | | | At 1 May 2012 | 6 000 | | | At 30 April 2013 | <u>(4 000)</u> | | ✓ | PRODUCTION COST (288 000 packs) | | <u>504 000</u> | ✓w+of | Profit on production | | <u>72 000</u> | ✓of | TRANSFER TO FINISHED GOODS (288 000 packs) | | <u>576 000</u> | ✓w+f | (14) |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening inventory | 4 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases of raw materials | <u>62 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 66 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing inventory | <u>7 500</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of raw materials consumed | 59 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Production wages | 280 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Packaging (27 000 - 6 000) | <u>21 000</u> | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PRIME COST | | 360 000 | ✓w+f | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plus | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Production overheads: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Production management salaries | 53 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Machine repairs | 28 650 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent and rates (22 000 x 70%) | 15 400 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity and gas (15 500 + 500 x 70%) | 11 200 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sundry expenses | 18 750 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation - machinery and equipment | <u>15 000</u> | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>142 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 502 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Work in progress: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 1 May 2012 | 6 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 30 April 2013 | <u>(4 000)</u> | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PRODUCTION COST (288 000 packs) | | <u>504 000</u> | ✓w+of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit on production | | <u>72 000</u> | ✓of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TRANSFER TO FINISHED GOODS (288 000 packs) | | <u>576 000</u> | ✓w+f | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 2(b)(i) | <u>Prime cost</u> £360 000 /of = £1.25 per pack /of Packs produced 288 000 / | (3) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 2(b)(ii) | <u>Production cost</u> £504 000 /of =£1.75 per pack /of Packs produced 288 000 / | (3) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 2(c) | Reasons: <ul style="list-style-type: none"> • <u>Measure efficiency</u> of production and selling activities. • A <u>notional profit</u> can be generated in the production department • Can <u>compare cost of manufacture</u> with purchasing the product // x one point | (2) |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|-----------------|----------------------|-------|---|--|----------------|--|--|--|--|-----------------|--------|---------|--|----|---------------|---------|---------|--|----|--------------------|---------------|----------------|--|----|--|---------|--|---------|--|------|--|--|--|--|-------------------------------------|--------|--------|--|---|--------------------------|----------------|----------------|--|---|--|---------|---------|--|--|-------------------------------------|---------------|-----------------|--|---|---------------|---------|--|----------------|-------|--------------|--|--|---------|--|------|--|--|--|--|-------------------------|--|--------|--|---|---------------------------|--|--------|--|---|-------------------------------|--|-------|--|---|--|--|-------|--|---|--------------------------------------|--|--------|--|---|-----------------|--|---------------|--|---|--|--|--|------------------|--|------|--|--|---------|--|----------------------------|--|--|---------------|-----|-----------------------|--|--|----------------------|--|------|
| 2(d) | <p style="text-align: center;">Statement of Comprehensive Income for the year ended 30 April 2013</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: center;">Packs</th> <th style="width: 10%; text-align: center;">£</th> <th style="width: 10%; text-align: center;">£</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td colspan="5">Sales revenue:</td> </tr> <tr> <td style="padding-left: 20px;">Farmers markets</td> <td style="text-align: right;">66 000</td> <td style="text-align: right;">198 000</td> <td></td> <td style="text-align: right;">✓✓</td> </tr> <tr> <td style="padding-left: 20px;">Sales on line</td> <td style="text-align: right;">140 000</td> <td style="text-align: right;">378 000</td> <td></td> <td style="text-align: right;">✓✓</td> </tr> <tr> <td style="padding-left: 20px;">Tulip Supermarkets</td> <td style="text-align: right;"><u>76 000</u></td> <td style="text-align: right;"><u>171 000</u></td> <td></td> <td style="text-align: right;">✓✓</td> </tr> <tr> <td></td> <td style="text-align: right;">282 000</td> <td></td> <td style="text-align: right;">747 000</td> <td></td> </tr> <tr> <td colspan="5">less</td> </tr> <tr> <td style="padding-left: 20px;">Opening inventory of finished goods</td> <td style="text-align: right;">12 000</td> <td style="text-align: right;">24 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Transfer from production</td> <td style="text-align: right;"><u>288 000</u></td> <td style="text-align: right;"><u>576 000</u></td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td></td> <td style="text-align: right;">300 000</td> <td style="text-align: right;">600 000</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Closing inventory of finished goods</td> <td style="text-align: right;"><u>18 000</u></td> <td style="text-align: right;"><u>(36 000)</u></td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Cost of sales</td> <td style="text-align: right;">282 000</td> <td></td> <td style="text-align: right;"><u>564 000</u></td> <td style="text-align: right;">✓w+of</td> </tr> <tr> <td style="padding-left: 20px;">Gross profit</td> <td></td> <td></td> <td style="text-align: right;">183 000</td> <td></td> </tr> <tr> <td colspan="5">Less</td> </tr> <tr> <td style="padding-left: 20px;">Administrative salaries</td> <td></td> <td style="text-align: right;">84 500</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Marketing (52 900- 1 800)</td> <td></td> <td style="text-align: right;">51 100</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Rent and rates (22 000 x 30%)</td> <td></td> <td style="text-align: right;">6 600</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Electricity and gas (15 500 + 500 x 30%)</td> <td></td> <td style="text-align: right;">4 800</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation - fixtures and fittings</td> <td></td> <td style="text-align: right;">12 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Sundry expenses</td> <td></td> <td style="text-align: right;"><u>26 000</u></td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>(185 000)</u></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Loss</td> <td></td> <td></td> <td style="text-align: right;">(2 000)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Add Profit from production</td> <td></td> <td></td> <td style="text-align: right;"><u>72 000</u></td> <td style="text-align: right;">✓of</td> </tr> <tr> <td style="padding-left: 20px;">Profit for the year ✓</td> <td></td> <td></td> <td style="text-align: right;"><u><u>70 000</u></u></td> <td></td> </tr> </tbody> </table> | | Packs | £ | £ | | Sales revenue: | | | | | Farmers markets | 66 000 | 198 000 | | ✓✓ | Sales on line | 140 000 | 378 000 | | ✓✓ | Tulip Supermarkets | <u>76 000</u> | <u>171 000</u> | | ✓✓ | | 282 000 | | 747 000 | | less | | | | | Opening inventory of finished goods | 12 000 | 24 000 | | ✓ | Transfer from production | <u>288 000</u> | <u>576 000</u> | | ✓ | | 300 000 | 600 000 | | | Closing inventory of finished goods | <u>18 000</u> | <u>(36 000)</u> | | ✓ | Cost of sales | 282 000 | | <u>564 000</u> | ✓w+of | Gross profit | | | 183 000 | | Less | | | | | Administrative salaries | | 84 500 | | ✓ | Marketing (52 900- 1 800) | | 51 100 | | ✓ | Rent and rates (22 000 x 30%) | | 6 600 | | ✓ | Electricity and gas (15 500 + 500 x 30%) | | 4 800 | | ✓ | Depreciation - fixtures and fittings | | 12 000 | | ✓ | Sundry expenses | | <u>26 000</u> | | ✓ | | | | <u>(185 000)</u> | | Loss | | | (2 000) | | Add Profit from production | | | <u>72 000</u> | ✓of | Profit for the year ✓ | | | <u><u>70 000</u></u> | | (18) |
| | Packs | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales revenue: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Farmers markets | 66 000 | 198 000 | | ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales on line | 140 000 | 378 000 | | ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tulip Supermarkets | <u>76 000</u> | <u>171 000</u> | | ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 282 000 | | 747 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| less | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening inventory of finished goods | 12 000 | 24 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transfer from production | <u>288 000</u> | <u>576 000</u> | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 300 000 | 600 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing inventory of finished goods | <u>18 000</u> | <u>(36 000)</u> | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | 282 000 | | <u>564 000</u> | ✓w+of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | | 183 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative salaries | | 84 500 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Marketing (52 900- 1 800) | | 51 100 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent and rates (22 000 x 30%) | | 6 600 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity and gas (15 500 + 500 x 30%) | | 4 800 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation - fixtures and fittings | | 12 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sundry expenses | | <u>26 000</u> | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>(185 000)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss | | | (2 000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Add Profit from production | | | <u>72 000</u> | ✓of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year ✓ | | | <u><u>70 000</u></u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 2(e) | <p>Going concern - Assumes, unless the contrary is known, that the business will have a <u>life of unlimited duration</u>.//</p> <p>Consistency - that a consistent method of depreciating the non-current asset should be <u>used throughout its life</u>.//</p> | (4) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 2(f) | <p>Valid points may include:</p> <p>Points for</p> <ul style="list-style-type: none"> • Increased market share/sales • Fixed costs can be shared over a larger number of units of production/sales • Economies of sale • Expansion with a known and reliable customer • Gives a positive contribution on extra output <p>Points against</p> <ul style="list-style-type: none"> • Profit on extra packs sold to Tulip Supermarkets would be very low • Profit on existing packs sold to Tulip supermarkets would be lowered • Very small profit margin per pack of burgers sold to Tulip Supermarkets • Probably higher fixed costs • Other customers may request same discounts <p>NOT</p> <ul style="list-style-type: none"> • Increased wastage • Lower quality <p>// per valid point x Max two point in favour and two points against</p> | (8) |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|-------|----|----|--|--|---|---|--|----------------|-----|--|---|----------|--|-----|---|------|-----|--|---|----------|--|-----|---|-----------|-------|--|---|------------|--|-------|---|------------------------|-----|--|---|---|--|-----|---|---------------|-----|--|---|------|--|-----|---|--|-------|--|---|---------------|--|-------|---|--------------------------|-----|--|---|--|--|-----|---|------|
| 3(a) | <p style="text-align: center;">Journal</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%; text-align: center;">Dr</th> <th style="width: 15%; text-align: center;">Cr</th> <th style="width: 10%;"></th> </tr> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> <th></th> </tr> </thead> <tbody> <tr> <td>Eastern Drinks</td> <td style="text-align: right;">180</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Suspense</td> <td></td> <td style="text-align: right;">180</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">600</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Suspense</td> <td></td> <td style="text-align: right;">600</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">1 500</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>ESB Sports</td> <td></td> <td style="text-align: right;">1 500</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Income and expenditure</td> <td style="text-align: right;">300</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Provision for depreciation - equipment/ Depreciation</td> <td></td> <td style="text-align: right;">300</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Subscriptions</td> <td style="text-align: right;">100</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Bank</td> <td></td> <td style="text-align: right;">100</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Income and expenditure/Sundry expenses</td> <td style="text-align: right;">3 090</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Mali Supplies</td> <td></td> <td style="text-align: right;">3 090</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Inventory / Refreshments</td> <td style="text-align: right;">630</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Income and expenditure account/ Trading account</td> <td></td> <td style="text-align: right;">630</td> <td style="text-align: right;">✓</td> </tr> </tbody> </table> | | Dr | Cr | | | £ | £ | | Eastern Drinks | 180 | | ✓ | Suspense | | 180 | ✓ | Bank | 600 | | ✓ | Suspense | | 600 | ✓ | Equipment | 1 500 | | ✓ | ESB Sports | | 1 500 | ✓ | Income and expenditure | 300 | | ✓ | Provision for depreciation - equipment/ Depreciation | | 300 | ✓ | Subscriptions | 100 | | ✓ | Bank | | 100 | ✓ | Income and expenditure/Sundry expenses | 3 090 | | ✓ | Mali Supplies | | 3 090 | ✓ | Inventory / Refreshments | 630 | | ✓ | Income and expenditure account/ Trading account | | 630 | ✓ | (14) |
| | Dr | Cr | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Eastern Drinks | 180 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Suspense | | 180 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank | 600 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Suspense | | 600 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 1 500 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ESB Sports | | 1 500 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income and expenditure | 300 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for depreciation - equipment/ Depreciation | | 300 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subscriptions | 100 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank | | 100 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income and expenditure/Sundry expenses | 3 090 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mali Supplies | | 3 090 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory / Refreshments | 630 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income and expenditure account/ Trading account | | 630 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------|--|----------|-------------------------|---|---|--|----------|----------|--|------------------|--|--|-------|--------------|--|-----|---|-----------------|--|-------|---|-----------|------------|-------|---|--|-----|---------|-------|-------------------|--|--|-------------------------|-----|
| 3(b) | <p>Corrected surplus/(deficit)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">£</th> <th style="width: 20%; text-align: center;">£</th> <th style="width: 20%; text-align: center;">£</th> </tr> <tr> <th></th> <th style="text-align: center;">Increase</th> <th style="text-align: center;">Decrease</th> <th></th> </tr> </thead> <tbody> <tr> <td>Original surplus</td> <td></td> <td></td> <td style="text-align: right;">900 ✓</td> </tr> <tr> <td>Depreciation</td> <td></td> <td style="text-align: right;">300</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Sundry expenses</td> <td></td> <td style="text-align: right;">3 090</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;"><u>630</u></td> <td style="text-align: center;">_____</td> <td style="text-align: right;">✓</td> </tr> <tr> <td></td> <td style="text-align: right;">630</td> <td style="text-align: right;">(3 390)</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Corrected deficit</td> <td></td> <td></td> <td style="text-align: right;"><u>(1 860)</u> ✓✓ (✓of)</td> </tr> </tbody> </table> | | £ | £ | £ | | Increase | Decrease | | Original surplus | | | 900 ✓ | Depreciation | | 300 | ✓ | Sundry expenses | | 3 090 | ✓ | Inventory | <u>630</u> | _____ | ✓ | | 630 | (3 390) | _____ | Corrected deficit | | | <u>(1 860)</u> ✓✓ (✓of) | (6) |
| | £ | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Increase | Decrease | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Original surplus | | | 900 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation | | 300 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sundry expenses | | 3 090 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | <u>630</u> | _____ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 630 | (3 390) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corrected deficit | | | <u>(1 860)</u> ✓✓ (✓of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---------------------------|----------------|---------------------------|---------------|---------------------------|---|---|---|-----------|--------|-------|----------|-----------|--------------|--------------|----------------|--|---------------|--------------|--------|-----------------------|--|--|--|-----------------------------|--|-------|--|-----------------|--|-----|---|----------------------------|--|--------------|--|--|--|--|--------------|--|--|--|---------------|--|--|---|---|------------------|--|--------|--|--------------|--|----------------|--|--|--|--|-------------|----------------------------|--|--|--|--|--|--------|--|----------------|--|-----|---|----------------------------------|--|--------------|--|--|--|--|---------------|--|--|--|---------------|------|
| 3(c) | <p style="text-align: center;">Arena Sports Club</p> <p style="text-align: center;">Statement of Financial Position at 30 April 2013</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 15%;">Cost</th> <th style="text-align: right; width: 15%;">Aggregate Depreciation</th> <th style="text-align: right; width: 10%;">Carry Over</th> </tr> </thead> <tbody> <tr> <td><u>Non-current assets</u></td> <td style="text-align: right;">£</td> <td style="text-align: right;">£</td> <td style="text-align: right;">£</td> </tr> <tr> <td>Clubhouse</td> <td style="text-align: right;">30 000</td> <td style="text-align: right;">4 200</td> <td style="text-align: right;">25 800 /</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;"><u>6 000</u></td> <td style="text-align: right;"><u>1 400</u></td> <td style="text-align: right;"><u>4 600</u> /</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>36 000</u></td> <td style="text-align: right;"><u>5 600</u></td> <td style="text-align: right;">30 400</td> </tr> <tr> <td><u>Current assets</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inventory (1 700 / + 630 /)</td> <td></td> <td style="text-align: right;">2 330</td> <td></td> </tr> <tr> <td>Subs in arrears</td> <td></td> <td style="text-align: right;">220</td> <td style="text-align: right;">/</td> </tr> <tr> <td>Bank (5100 +600 / - 100 /)</td> <td></td> <td style="text-align: right;"><u>5 600</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>8 150</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>38 550</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">£</td> <td style="text-align: right;">£</td> </tr> <tr> <td>Accumulated fund</td> <td></td> <td style="text-align: right;">25 400</td> <td></td> </tr> <tr> <td>Less Deficit</td> <td></td> <td style="text-align: right;"><u>(1 860)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">23 540 / of</td> </tr> <tr> <td><u>Current liabilities</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade payables (8 700 / -180 / +1 500 / +3 090 /)</td> <td></td> <td style="text-align: right;">13 110</td> <td></td> </tr> <tr> <td>Other payables</td> <td></td> <td style="text-align: right;">600</td> <td style="text-align: right;">/</td> </tr> <tr> <td>Subs in advance(1 400 / - 100 /)</td> <td></td> <td style="text-align: right;"><u>1 300</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>15 010</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>38 550</u></td> </tr> </tbody> </table> | | Cost | Aggregate Depreciation | Carry Over | <u>Non-current assets</u> | £ | £ | £ | Clubhouse | 30 000 | 4 200 | 25 800 / | Equipment | <u>6 000</u> | <u>1 400</u> | <u>4 600</u> / | | <u>36 000</u> | <u>5 600</u> | 30 400 | <u>Current assets</u> | | | | Inventory (1 700 / + 630 /) | | 2 330 | | Subs in arrears | | 220 | / | Bank (5100 +600 / - 100 /) | | <u>5 600</u> | | | | | <u>8 150</u> | | | | <u>38 550</u> | | | £ | £ | Accumulated fund | | 25 400 | | Less Deficit | | <u>(1 860)</u> | | | | | 23 540 / of | <u>Current liabilities</u> | | | | Trade payables (8 700 / -180 / +1 500 / +3 090 /) | | 13 110 | | Other payables | | 600 | / | Subs in advance(1 400 / - 100 /) | | <u>1 300</u> | | | | | <u>15 010</u> | | | | <u>38 550</u> | (15) |
| | Cost | Aggregate Depreciation | Carry Over | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Non-current assets</u> | £ | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Clubhouse | 30 000 | 4 200 | 25 800 / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | <u>6 000</u> | <u>1 400</u> | <u>4 600</u> / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>36 000</u> | <u>5 600</u> | 30 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Current assets</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory (1 700 / + 630 /) | | 2 330 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subs in arrears | | 220 | / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank (5100 +600 / - 100 /) | | <u>5 600</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>8 150</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>38 550</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accumulated fund | | 25 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Deficit | | <u>(1 860)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 23 540 / of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Current liabilities</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade payables (8 700 / -180 / +1 500 / +3 090 /) | | 13 110 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other payables | | 600 | / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subs in advance(1 400 / - 100 /) | | <u>1 300</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>15 010</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>38 550</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|---------------------|--|------|
| 3(d)(i) 3(d)(ii) | (i) The subscriptions total will be (30 x £30) less. ✓ Income / surplus will be £900 lower ✓ (ii) Bank will increase by (30 x £700 ✓ - 30 x £100 ✓) £18 000 greater | (4) |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------|--|------------------|---------------|--|---|--|--------------------------|---------|------------------|----------|--|-------------|-----------------|--|---------------|--|--|---------------|--|---------------|--|--|--|-------------|-------------|--|-----|
| 3(e) | <p>10 Year Subscriptions account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 10%; text-align: center;">£</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">£</td> <td style="width: 20%;"></td> </tr> <tr> <td>Income and expenditure ✓</td> <td style="text-align: right;">2 100 ✓</td> <td>Bank (30 x £700)</td> <td style="text-align: right;">21 000 ✓</td> <td></td> </tr> <tr> <td>Balance c/d</td> <td style="text-align: right;"><u>18 900 ✓</u></td> <td></td> <td style="text-align: right;"><u>21 000</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>21 000</u></td> <td></td> <td style="text-align: right;"><u>21 000</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">Balance b/d</td> <td style="text-align: right;">18 900 ✓ of</td> <td></td> </tr> </table> | | £ | | £ | | Income and expenditure ✓ | 2 100 ✓ | Bank (30 x £700) | 21 000 ✓ | | Balance c/d | <u>18 900 ✓</u> | | <u>21 000</u> | | | <u>21 000</u> | | <u>21 000</u> | | | | Balance b/d | 18 900 ✓ of | | (5) |
| | £ | | £ | | | | | | | | | | | | | | | | | | | | | | | | |
| Income and expenditure ✓ | 2 100 ✓ | Bank (30 x £700) | 21 000 ✓ | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance c/d | <u>18 900 ✓</u> | | <u>21 000</u> | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>21 000</u> | | <u>21 000</u> | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Balance b/d | 18 900 ✓ of | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 3(f) | <p>Valid points may include:</p> <p>Points for</p> <ul style="list-style-type: none"> • Cash flow up front • Ties members to the club for a long period • Reduce bad debts • Attract more members <p>Points against</p> <ul style="list-style-type: none"> • Lower overall subscriptions over the years affecting surplus • Services must be provided for ten years whatever the level of future costs <p>✓✓ per valid point x Max two point in favour and two points against</p> | (8) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 4(a) | <p>The partner's <u>loan is paid at 5% interest</u> unless otherwise agreed</p> <p>The <u>interest is charged</u> to the main body of the <u>income statement</u></p> <p>In the financial <u>position statement</u> it will appear as <u>a creditor due</u> in less than or over one year</p> <p>✓✓ x 2 points</p> | (4) |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------|--|---------------|-----|---|--|---------------------|--|--------|---|----------------------------|--|--|--|--------|-----|--|---|--------|-----|--|---|-------|------------|--|---|--|--|------------|--|--|--|--------|--|---------------------------|--|--|--|--------|-------|--|----|--------|-----|--|----|---------------------|--------------|--|----|--|--|-------|--|---------|--|--|--|-------|--|-------|---|-------------------|--|--|--|------------------------|--|-------|-----|-----------------------|--|-------|-----|-----------------------|--|--------------|-----|--|--|---------------|--|--|--|---------------|--|------|
| 4(b)(i) | <p style="text-align: center;">Appropriation Account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: right;">£</th> <th style="width: 10%; text-align: right;">£</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">30 140</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Plus Interest on drawings:</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Ashraf</td> <td style="text-align: right;">360</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Bashar</td> <td style="text-align: right;">140</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Chung</td> <td style="text-align: right;"><u>160</u></td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>660</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">30 800</td> <td></td> </tr> <tr> <td>Less Interest on capital:</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Ashraf</td> <td style="text-align: right;">1 500</td> <td></td> <td style="text-align: right;">✓✓</td> </tr> <tr> <td style="padding-left: 20px;">Bashar</td> <td style="text-align: right;">900</td> <td></td> <td style="text-align: right;">✓✓</td> </tr> <tr> <td style="padding-left: 20px;">Chung (1 500 + 900)</td> <td style="text-align: right;"><u>2 400</u></td> <td></td> <td style="text-align: right;">✓✓</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">4 800</td> <td></td> </tr> <tr> <td>Salary:</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Chung</td> <td></td> <td style="text-align: right;">8 000</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Share of residue:</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Ashraf (4 000 + 3 600)</td> <td></td> <td style="text-align: right;">7 600</td> <td style="text-align: right;">✓of</td> </tr> <tr> <td style="padding-left: 20px;">Bashar(2 000 + 3 600)</td> <td></td> <td style="text-align: right;">5 600</td> <td style="text-align: right;">✓of</td> </tr> <tr> <td style="padding-left: 20px;">Chung (3 000 + 1 800)</td> <td></td> <td style="text-align: right;"><u>4 800</u></td> <td style="text-align: right;">✓of</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>18 000</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>30 800</u></td> <td></td> </tr> </tbody> </table> | | £ | £ | | Profit for the year | | 30 140 | ✓ | Plus Interest on drawings: | | | | Ashraf | 360 | | ✓ | Bashar | 140 | | ✓ | Chung | <u>160</u> | | ✓ | | | <u>660</u> | | | | 30 800 | | Less Interest on capital: | | | | Ashraf | 1 500 | | ✓✓ | Bashar | 900 | | ✓✓ | Chung (1 500 + 900) | <u>2 400</u> | | ✓✓ | | | 4 800 | | Salary: | | | | Chung | | 8 000 | ✓ | Share of residue: | | | | Ashraf (4 000 + 3 600) | | 7 600 | ✓of | Bashar(2 000 + 3 600) | | 5 600 | ✓of | Chung (3 000 + 1 800) | | <u>4 800</u> | ✓of | | | <u>18 000</u> | | | | <u>30 800</u> | | (15) |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | 30 140 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plus Interest on drawings: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ashraf | 360 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bashar | 140 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chung | <u>160</u> | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>660</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 30 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Interest on capital: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ashraf | 1 500 | | ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bashar | 900 | | ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chung (1 500 + 900) | <u>2 400</u> | | ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 4 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salary: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chung | | 8 000 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share of residue: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ashraf (4 000 + 3 600) | | 7 600 | ✓of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bashar(2 000 + 3 600) | | 5 600 | ✓of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chung (3 000 + 1 800) | | <u>4 800</u> | ✓of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>18 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>30 800</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|-------------|---------------|--|---|------|---------|-------------|--------|------|----------|--|--|-------------|---------------|--|--|--|---------------|--|--|--|--|-------------|---------------|--|--|--|------------|-----|
| 4(b)(ii) | <p style="text-align: center;">Capital Account of Chung</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 10%; text-align: right;">£</th> <th style="width: 30%;"></th> <th style="width: 10%; text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td style="text-align: right;">8 000 ✓</td> <td>Balance b/d</td> <td style="text-align: right;">50 000</td> </tr> <tr> <td>Loan</td> <td style="text-align: right;">12 000 ✓</td> <td></td> <td></td> </tr> <tr> <td>Balance c/d</td> <td style="text-align: right;"><u>30 000</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>50 000</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Balance b/d</td> <td style="text-align: right;"><u>50 000</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">30 000 ✓of</td> </tr> </tbody> </table> | | £ | | £ | Bank | 8 000 ✓ | Balance b/d | 50 000 | Loan | 12 000 ✓ | | | Balance c/d | <u>30 000</u> | | | | <u>50 000</u> | | | | | Balance b/d | <u>50 000</u> | | | | 30 000 ✓of | (3) |
| | £ | | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank | 8 000 ✓ | Balance b/d | 50 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan | 12 000 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance c/d | <u>30 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>50 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Balance b/d | <u>50 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 30 000 ✓of | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|----------------------|-----------------------|----------------------|---|---------|-------------|-----|---------------------|------------|-------------|-----------------|----------------|----------|----------------|--------|-------------------|---------|----------------|-------|------------------|-------------|---------|-----------------|-----------------------|--|-------------|--------------|---------|-----|--|--|---------------|--|---------------|--|--|--|-------------|------------|--|-----|
| 4(b)(iii) | <p style="text-align: center;">Current Account of Chung</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">£</td> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">£</td> <td style="width: 10%;"></td> </tr> <tr> <td>Balance b/d</td> <td style="text-align: right;">200</td> <td>Interest on capital</td> <td style="text-align: right;">2 400 ✓ of</td> <td></td> </tr> <tr> <td>Int on drawings</td> <td style="text-align: right;">160</td> <td>Salary</td> <td style="text-align: right;">8 000</td> <td></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">4 000 ✓</td> <td>Loan interest</td> <td style="text-align: right;">300 ✓</td> <td></td> </tr> <tr> <td>Salary paid</td> <td style="text-align: right;">8 000 ✓</td> <td>Share of profit</td> <td style="text-align: right;">4 800 ✓ of</td> <td></td> </tr> <tr> <td>Balance c/d</td> <td style="text-align: right;"><u>3 140</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>15 500</u></td> <td></td> <td style="text-align: right;"><u>15 500</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Balance b/d</td> <td style="text-align: right;">3 140 ✓ of</td> <td></td> </tr> </table> | | £ | | £ | | Balance b/d | 200 | Interest on capital | 2 400 ✓ of | | Int on drawings | 160 | Salary | 8 000 | | Drawings | 4 000 ✓ | Loan interest | 300 ✓ | | Salary paid | 8 000 ✓ | Share of profit | 4 800 ✓ of | | Balance c/d | <u>3 140</u> | | | | | <u>15 500</u> | | <u>15 500</u> | | | | Balance b/d | 3 140 ✓ of | | (6) |
| | £ | | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance b/d | 200 | Interest on capital | 2 400 ✓ of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Int on drawings | 160 | Salary | 8 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Drawings | 4 000 ✓ | Loan interest | 300 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salary paid | 8 000 ✓ | Share of profit | 4 800 ✓ of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance c/d | <u>3 140</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>15 500</u> | | <u>15 500</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Balance b/d | 3 140 ✓ of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(c) | <p>Valid points may include:</p> <p>Points for</p> <ul style="list-style-type: none"> • Clarity upon the distribution of profit • Avoids disputes at a later date <p>Points against</p> <ul style="list-style-type: none"> • Formality of creating the agreement • Cost of preparation <p>NOT</p> <ul style="list-style-type: none"> • Cover for absence/holidays • Wide expertise available • Time consuming <p>✓✓ per valid point x Max one point in favour and one point against</p> | (4) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(a) | <p>Inventory rotation refers to the <u>physical movement</u> of inventory through the stores. The oldest stock will normally be sold first to avoid deterioration. ✓✓</p> <p>Inventory valuation refers to the <u>theoretical value</u> of the inventory that is sold or issued to production. ✓✓ This may be influenced by the need to charge the customer the most recent prices paid.</p> | (4) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(b) | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Receipts</th> <th style="text-align: center;"><u>FIFO</u> Sales</th> <th></th> </tr> </thead> <tbody> <tr> <td>Balance</td> <td></td> <td></td> <td style="text-align: right;">8 000 @ £0.80</td> </tr> <tr> <td>January</td> <td style="text-align: right;">15 000 @ £1</td> <td style="text-align: right;">12 000</td> <td style="text-align: right;">11 000 @ £1 ✓✓</td> </tr> <tr> <td>February</td> <td style="text-align: right;">15 000 @ £1.25</td> <td style="text-align: right;">16 000</td> <td style="text-align: right;">10 000 @ £1.25 ✓✓</td> </tr> <tr> <td>March</td> <td style="text-align: right;">12 000 @ £1.50</td> <td style="text-align: right;">8 000</td> <td style="text-align: right;">2 000 @ £1.25 ✓✓</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>12 000 @ £1.50</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">£20 500</td> </tr> </tbody> </table> | | Receipts | <u>FIFO</u> Sales | | Balance | | | 8 000 @ £0.80 | January | 15 000 @ £1 | 12 000 | 11 000 @ £1 ✓✓ | February | 15 000 @ £1.25 | 16 000 | 10 000 @ £1.25 ✓✓ | March | 12 000 @ £1.50 | 8 000 | 2 000 @ £1.25 ✓✓ | | | | <u>12 000 @ £1.50</u> | | | | £20 500 | (6) | | | | | | | | | | | | |
| | Receipts | <u>FIFO</u> Sales | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance | | | 8 000 @ £0.80 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| January | 15 000 @ £1 | 12 000 | 11 000 @ £1 ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| February | 15 000 @ £1.25 | 16 000 | 10 000 @ £1.25 ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| March | 12 000 @ £1.50 | 8 000 | 2 000 @ £1.25 ✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>12 000 @ £1.50</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | £20 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|--|---------------|----------|---|--|---------|--|--------|---|------|--|--|--|-------------------|-------|--|----|-----------|---------------|--|----|--|--------|--|--|-------------------|---------------|--|-----|---------------|--|---------------|--|--------------|--|--------|--|--------------------|-------|--|---|----------------------|--------------|--|---|--|--|---------------|--|-----------------------------|--|---------------|----------|------|
| 5(c) | <p style="text-align: center;">Home Oil</p> <p style="text-align: center;">Statement of comprehensive income for the three months ended 31 March 2013</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%; text-align: right;">£</th> <th style="width: 15%; text-align: right;">£</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">62 000</td> <td style="text-align: right;">/</td> </tr> <tr> <td>Less</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">6 400</td> <td></td> <td style="text-align: right;">//</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;"><u>51 750</u></td> <td></td> <td style="text-align: right;">//</td> </tr> <tr> <td></td> <td style="text-align: right;">58 150</td> <td></td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;"><u>20 500</u></td> <td></td> <td style="text-align: right;">/of</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>37 650</u></td> <td></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">24 350</td> <td></td> </tr> <tr> <td>Distribution costs</td> <td style="text-align: right;">4 750</td> <td></td> <td style="text-align: right;">/</td> </tr> <tr> <td>Administrative costs</td> <td style="text-align: right;"><u>8 300</u></td> <td></td> <td style="text-align: right;">/</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>13 050</u></td> <td></td> </tr> <tr> <td>Profit for the three months</td> <td></td> <td style="text-align: right;"><u>11 300</u></td> <td style="text-align: right;">// (/of)</td> </tr> </tbody> </table> | | £ | £ | | Revenue | | 62 000 | / | Less | | | | Opening inventory | 6 400 | | // | Purchases | <u>51 750</u> | | // | | 58 150 | | | Closing inventory | <u>20 500</u> | | /of | Cost of sales | | <u>37 650</u> | | Gross profit | | 24 350 | | Distribution costs | 4 750 | | / | Administrative costs | <u>8 300</u> | | / | | | <u>13 050</u> | | Profit for the three months | | <u>11 300</u> | // (/of) | (10) |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | | 62 000 | / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening inventory | 6 400 | | // | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases | <u>51 750</u> | | // | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 58 150 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing inventory | <u>20 500</u> | | /of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | | <u>37 650</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | 24 350 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Distribution costs | 4 750 | | / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative costs | <u>8 300</u> | | / | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>13 050</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the three months | | <u>11 300</u> | // (/of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|--------|----------------------|--------|---------|---------|--|--|---------------|---------|-------------|--------|------------------|--|--|--|------------|----------|----------------|--------|------------------|--|--|--|------------|-------|----------------|-------|------------------|--|--|--|------------|--|--|--|----------------------|--|--|--|---------|-----|
| 5(d)(i) | <p style="text-align: center;"><u>LIFO</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 20%;">Receipts</th> <th style="width: 20%;">Issues</th> <th style="width: 45%;">Balance</th> </tr> </thead> <tbody> <tr> <td>Balance</td> <td></td> <td></td> <td>8 000 @ £0.80</td> </tr> <tr> <td>January</td> <td>15 000 @ £1</td> <td>12 000</td> <td>8 000 @ £0.80 //</td> </tr> <tr> <td></td> <td></td> <td></td> <td>3 000 @ £1</td> </tr> <tr> <td>February</td> <td>15 000 @ £1.25</td> <td>16 000</td> <td>8 000 @ £0.80 //</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2 000 @ £1</td> </tr> <tr> <td>March</td> <td>12 000 @ £1.50</td> <td>8 000</td> <td>8 000 @ £0.80 //</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2 000 @ £1</td> </tr> <tr> <td></td> <td></td> <td></td> <td><u>4 000 @ £1.50</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>£14 400</td> </tr> </tbody> </table> | | Receipts | Issues | Balance | Balance | | | 8 000 @ £0.80 | January | 15 000 @ £1 | 12 000 | 8 000 @ £0.80 // | | | | 3 000 @ £1 | February | 15 000 @ £1.25 | 16 000 | 8 000 @ £0.80 // | | | | 2 000 @ £1 | March | 12 000 @ £1.50 | 8 000 | 8 000 @ £0.80 // | | | | 2 000 @ £1 | | | | <u>4 000 @ £1.50</u> | | | | £14 400 | (6) |
| | Receipts | Issues | Balance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance | | | 8 000 @ £0.80 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| January | 15 000 @ £1 | 12 000 | 8 000 @ £0.80 // | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 3 000 @ £1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| February | 15 000 @ £1.25 | 16 000 | 8 000 @ £0.80 // | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 2 000 @ £1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| March | 12 000 @ £1.50 | 8 000 | 8 000 @ £0.80 // | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 2 000 @ £1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>4 000 @ £1.50</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | £14 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 5(d)(ii) | The closing inventory will be £14 400 compared to the present £20 500. Therefore profit will be lower // by £6 100 | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 5(e) | <p>Valid points may include:</p> <p>Points for</p> <ul style="list-style-type: none"> • Profit will be more prudently lower • Issues to customers more accurately reflect replacement value <p>Points against</p> <ul style="list-style-type: none"> • Not approved by the tax authorities • Inventory does not reflect market replacement value • Does not reflect rotation <p>// per valid point x Max one point in favour and one point against</p> | (4) |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|--|----------------|---|---|--|---------------------------------|---------|--|---|---------------------------------|--------|--|---|--------------|---------------|--|---|--|--|---------|--|------|--|--|--|----------|--------|--|---|----------|--------|--|---|----------------|--------|--|---|-------------|-------|--|---|------------------|--------|--|---|-------------------------|--------|--|---|------------|--------|--|---|-----------|--------|--|---|---------------|---------------|--|---|--|--|----------------|--|-------------------|--|----------------|--|------|
| 6(a)(i) | <p style="text-align: center;">Shopalot</p> <p style="text-align: center;">Statement of Comprehensive Income for the year ended 30 April 2013</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;">£</th> <th style="width: 20%; text-align: right;">£</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Revenue - Rent (£4 000 x 4 x 9)</td> <td style="text-align: right;">144 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Service charge (£1 500 x 4 x 9)</td> <td style="text-align: right;">54 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 40px;">2% in income</td> <td style="text-align: right;"><u>27 000</u></td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">225 000</td> <td></td> </tr> <tr> <td>Less</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Security</td> <td style="text-align: right;">30 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Cleaning</td> <td style="text-align: right;">21 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Administration</td> <td style="text-align: right;">24 500</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Electricity</td> <td style="text-align: right;">9 700</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Government rates</td> <td style="text-align: right;">26 500</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Depreciation - Building</td> <td style="text-align: right;">10 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Conversion</td> <td style="text-align: right;">20 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td style="padding-left: 20px;">Computers</td> <td style="text-align: right;">45 000</td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Loan interest</td> <td style="text-align: right;"><u>44 000</u></td> <td></td> <td style="text-align: right;">✓</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>230 700</u></td> <td></td> </tr> <tr> <td>Loss for the year</td> <td></td> <td style="text-align: right;"><u>(5 700)</u></td> <td></td> </tr> </tbody> </table> | | £ | £ | | Revenue - Rent (£4 000 x 4 x 9) | 144 000 | | ✓ | Service charge (£1 500 x 4 x 9) | 54 000 | | ✓ | 2% in income | <u>27 000</u> | | ✓ | | | 225 000 | | Less | | | | Security | 30 000 | | ✓ | Cleaning | 21 000 | | ✓ | Administration | 24 500 | | ✓ | Electricity | 9 700 | | ✓ | Government rates | 26 500 | | ✓ | Depreciation - Building | 10 000 | | ✓ | Conversion | 20 000 | | ✓ | Computers | 45 000 | | ✓ | Loan interest | <u>44 000</u> | | ✓ | | | <u>230 700</u> | | Loss for the year | | <u>(5 700)</u> | | (12) |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue - Rent (£4 000 x 4 x 9) | 144 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Service charge (£1 500 x 4 x 9) | 54 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2% in income | <u>27 000</u> | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 225 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Security | 30 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cleaning | 21 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Administration | 24 500 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity | 9 700 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Government rates | 26 500 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation - Building | 10 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Conversion | 20 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Computers | 45 000 | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan interest | <u>44 000</u> | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>230 700</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss for the year | | <u>(5 700)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------|--|------------------------------|------------------|--|---|------------|---------|------------------------------|-----------|------|-----------|----------|----------|----------------------|-----------|----------|----------|----------------|--|----------------|--------|------------------|----------|-----------------------|-------|-----------|--------|------------------|----------|--|--|---------------|----------|--|--|-------------|----------------|--|------------------|--|------------------|-------------|---------|--|--|-----|
| 6(a)(ii) | <p style="text-align: center;">Bank Account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: right;">£</th> <th style="width: 40%;"></th> <th style="width: 20%; text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Investment</td> <td style="text-align: right;">400 000</td> <td>Non-current assets purchased</td> <td style="text-align: right;">850 000 ✓</td> </tr> <tr> <td>Loan</td> <td style="text-align: right;">550 000 ✓</td> <td>Security</td> <td style="text-align: right;">30 000 ✓</td> </tr> <tr> <td>Rent (144 000-8 000)</td> <td style="text-align: right;">136 000 ✓</td> <td>Cleaning</td> <td style="text-align: right;">21 000 ✓</td> </tr> <tr> <td>Service charge</td> <td></td> <td>Administration</td> <td style="text-align: right;">24 500</td> </tr> <tr> <td style="padding-left: 20px;">(54 000 - 3 000)</td> <td style="text-align: right;">51 000 ✓</td> <td>Electricity and power</td> <td style="text-align: right;">9 700</td> </tr> <tr> <td>Income 2%</td> <td style="text-align: right;">27 000</td> <td>Government rates</td> <td style="text-align: right;">17 500 ✓</td> </tr> <tr> <td></td> <td></td> <td>Bank interest</td> <td style="text-align: right;">44 000 ✓</td> </tr> <tr> <td></td> <td></td> <td>Balance c/d</td> <td style="text-align: right;"><u>167 300</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1 164 000</u></td> <td></td> <td style="text-align: right;"><u>1 164 000</u></td> </tr> <tr> <td>Balance b/d</td> <td style="text-align: right;">167 300</td> <td></td> <td></td> </tr> </tbody> </table> | | £ | | £ | Investment | 400 000 | Non-current assets purchased | 850 000 ✓ | Loan | 550 000 ✓ | Security | 30 000 ✓ | Rent (144 000-8 000) | 136 000 ✓ | Cleaning | 21 000 ✓ | Service charge | | Administration | 24 500 | (54 000 - 3 000) | 51 000 ✓ | Electricity and power | 9 700 | Income 2% | 27 000 | Government rates | 17 500 ✓ | | | Bank interest | 44 000 ✓ | | | Balance c/d | <u>167 300</u> | | <u>1 164 000</u> | | <u>1 164 000</u> | Balance b/d | 167 300 | | | (8) |
| | £ | | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment | 400 000 | Non-current assets purchased | 850 000 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan | 550 000 ✓ | Security | 30 000 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent (144 000-8 000) | 136 000 ✓ | Cleaning | 21 000 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Service charge | | Administration | 24 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (54 000 - 3 000) | 51 000 ✓ | Electricity and power | 9 700 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income 2% | 27 000 | Government rates | 17 500 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Bank interest | 44 000 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Balance c/d | <u>167 300</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>1 164 000</u> | | <u>1 164 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance b/d | 167 300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---------------------------|---------------------|------------------------|------------|--|---|---|---|-----------|---------|--------|-----------|------------------|----------------|---------------|------------------|--|----------------|---------------|---------|---------------------------|--|--|--|---|--|--|----------|------|--|--|---------------------|--|--|--|---------|-----|
| 6(b) | <p style="text-align: center;">Shopalot Statement of Financial Position extract at 30 April 2013</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Non-current assets</u></th> <th style="text-align: center;">Cost</th> <th style="text-align: center;">Aggregate depreciation</th> <th style="text-align: center;">Carry over</th> </tr> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td style="text-align: right;">700 000</td> <td style="text-align: right;">30 000</td> <td style="text-align: right;">670 000 ✓</td> </tr> <tr> <td>Computer network</td> <td style="text-align: right;"><u>150 000</u></td> <td style="text-align: right;"><u>45 000</u></td> <td style="text-align: right;"><u>105 000 ✓</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>850 000</u></td> <td style="text-align: right;"><u>75 000</u></td> <td style="text-align: right;">775 000</td> </tr> <tr> <td colspan="4"> <u>Current assets</u></td> </tr> <tr> <td>Trade receivables (4 000 x 2 + 1 500 x 2)</td> <td></td> <td></td> <td style="text-align: right;">11 000 ✓</td> </tr> <tr> <td>Bank</td> <td></td> <td></td> <td style="text-align: right;"><u>167 300 ✓</u> of</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">178 300</td> </tr> </tbody> </table> | <u>Non-current assets</u> | Cost | Aggregate depreciation | Carry over | | £ | £ | £ | Buildings | 700 000 | 30 000 | 670 000 ✓ | Computer network | <u>150 000</u> | <u>45 000</u> | <u>105 000 ✓</u> | | <u>850 000</u> | <u>75 000</u> | 775 000 | <u>Current assets</u> | | | | Trade receivables (4 000 x 2 + 1 500 x 2) | | | 11 000 ✓ | Bank | | | <u>167 300 ✓</u> of | | | | 178 300 | (4) |
| <u>Non-current assets</u> | Cost | Aggregate depreciation | Carry over | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | £ | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | 700 000 | 30 000 | 670 000 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Computer network | <u>150 000</u> | <u>45 000</u> | <u>105 000 ✓</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>850 000</u> | <u>75 000</u> | 775 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Current assets</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables (4 000 x 2 + 1 500 x 2) | | | 11 000 ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank | | | <u>167 300 ✓</u> of | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 178 300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 6(c) | ROCE $\frac{\text{Profit for the year before interest}}{\text{Capital + Non-current liabilities}} = \frac{(5\,700) \text{ of } + 44\,000 \text{ of } \pounds}{400\,000 + 550\,000 \pounds} = 4\% \checkmark \checkmark \text{ of}$ | (4) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 6(d) | Valid points may include: Points for <ul style="list-style-type: none"> • A very strong cash position (of) • Further income and profit if tenth shop can be rented Points against <ul style="list-style-type: none"> • Loss for the year (of) • Building not fully occupied NOT <ul style="list-style-type: none"> • Total assets higher | (4) |
| | ✓✓ per valid point x Max one point in favour and one point against | |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 7(a)(i) | Current ratio $\frac{50\,000 \pounds}{40\,000 \pounds} = 1.25:1 \checkmark$ | (3) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 7(a)(ii) | Liquid acid test ratio $\frac{13\,000 \pounds}{40\,000 \pounds} = 0.325:1 \checkmark$ | (3) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 7(b) | Both ratios are low ✓ There appears to be excess inventory ✓ | (2) |

| Question Number | Answer | | | | Mark | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|-----------|------------------------|-----------|------|----------------|--|---------------------|--|------------------------|-----------|------------------------|-----------|----------|---------|---------|---------|----------|----------|---------|---------|---------|----------|----------|-------------|------|---------|--------|------|
| 7(c) | <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Current Assets</th> <th colspan="2">Current Liabilities</th> </tr> <tr> <th>Plus, minus ,no effect</th> <th>Value (£)</th> <th>Plus, minus ,no effect</th> <th>Value (£)</th> </tr> </thead> <tbody> <tr> <td>Action 1</td> <td>Minus √</td> <td>1 000 √</td> <td>Minus √</td> <td>£5 000 √</td> </tr> <tr> <td>Action 2</td> <td>Minus √</td> <td>5 000 √</td> <td>Minus √</td> <td>£4 500 √</td> </tr> <tr> <td>Action 3</td> <td>No effect √</td> <td>£0 √</td> <td>Minus √</td> <td>£600 √</td> </tr> </tbody> </table> | | | | | Current Assets | | Current Liabilities | | Plus, minus ,no effect | Value (£) | Plus, minus ,no effect | Value (£) | Action 1 | Minus √ | 1 000 √ | Minus √ | £5 000 √ | Action 2 | Minus √ | 5 000 √ | Minus √ | £4 500 √ | Action 3 | No effect √ | £0 √ | Minus √ | £600 √ | (12) |
| | Current Assets | | Current Liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Plus, minus ,no effect | Value (£) | Plus, minus ,no effect | Value (£) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Action 1 | Minus √ | 1 000 √ | Minus √ | £5 000 √ | | | | | | | | | | | | | | | | | | | | | | | | | |
| Action 2 | Minus √ | 5 000 √ | Minus √ | £4 500 √ | | | | | | | | | | | | | | | | | | | | | | | | | |
| Action 3 | No effect √ | £0 √ | Minus √ | £600 √ | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | |
|----------------------------|---|----------|--|---|-----------------------|--|--|-----------|-----------------------|--------|-------------------|--------------------------|--------|----------------------------|--|--|----------------|-------------------|----------|----------------|---------------------------------------|-------|-----|
| 7(d) | <p style="text-align: center;">Adnam Statement Financial Position at 30 March 2013</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"></th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td colspan="3">Current Assets</td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">(37 000 √ - 16 000 √)</td> <td style="text-align: right;">21 000</td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">(13 000+10 000 √-5 000√)</td> <td style="text-align: right;">18 000</td> </tr> <tr> <td colspan="3">Current Liabilities</td> </tr> <tr> <td>Trade payables</td> <td style="text-align: right;">(35 000 - 12 000)</td> <td style="text-align: right;">23 000 √</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">(-5 000 + 10 000 √+ 4 500 √- 11 400√)</td> <td style="text-align: right;">1 900</td> </tr> </tbody> </table> | | | £ | Current Assets | | | Inventory | (37 000 √ - 16 000 √) | 21 000 | Trade receivables | (13 000+10 000 √-5 000√) | 18 000 | Current Liabilities | | | Trade payables | (35 000 - 12 000) | 23 000 √ | Bank overdraft | (-5 000 + 10 000 √+ 4 500 √- 11 400√) | 1 900 | (8) |
| | | £ | | | | | | | | | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | (37 000 √ - 16 000 √) | 21 000 | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables | (13 000+10 000 √-5 000√) | 18 000 | | | | | | | | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | | | | | | | | | | |
| Trade payables | (35 000 - 12 000) | 23 000 √ | | | | | | | | | | | | | | | | | | | | | |
| Bank overdraft | (-5 000 + 10 000 √+ 4 500 √- 11 400√) | 1 900 | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 7(e) | <p>Valid points may include:</p> <p>Points for</p> <ul style="list-style-type: none"> • Inventory is reduced • Trade payables reduced • Liquidity has improved <p>Points against</p> <ul style="list-style-type: none"> • Still no funds in the bank (of) • Trade receivables increased and need to recover debts <p>√√ per valid point x Max one point in favour and one point against</p> | (4) |

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