

**Accounting and Book-keeping Level 3
8991-03-003 2012 Sample Paper**

Marking Scheme

NB * indicates own figure

Task 1

Mushrow and Severn Partnership Profit and Loss and Appropriation Account for the year ended 31 January			
	£	£	
Gross profit		63 062	
Rent received (1 960(1)+560(1))		<u>2 520</u>	
		65 582	
<u>Less operating costs</u>			
Heating & lighting (980 (1) – 48 (1))	932		
Wages & salaries (14 220 (1) + 480 (1))	14 700		
Depreciation – vehicles	3 000(1)		
Depreciation – fixtures	<u>2 040(1)</u>	<u>20 672</u>	
Net profit		44 910(2) or (1)*	
Interest on drawings: Mushrow	888(1)		
Severn	<u>456(1)</u>	<u>1 344</u>	
		46 254	
Interest on capital: Mushrow	2 400(1)		
Severn	<u>800(1)</u>	<u>3 200</u>	
		43 054	
Salary: Mushrow		<u>3 054(1)</u>	
Balance for appropriation (4:1) (1)		40 000	
Mushrow	32 000(1)		
Severn	<u>8 000(1)</u>	<u>40 000</u>	

(18/2 = 9 marks)

Current Accounts

Details	Mushrow £	Severn £	Details	Mushrow £	Severn £
Balance b/d		140(1)	Balance b/d	1 600(1)	
Drawings	14 800(1)	7 600(1)	Int. on Capital	2 400(1)	800(1)
Int. on Drawings	888(1)	456(1)	Salary	3 054(1)	
Balance c/d	<u>23 366(1)</u>	<u>604(1)</u>	Profit share	<u>32 000(1)*</u>	<u>8 000(1)*</u>
	<u>39 054</u>	<u>8 800</u>		<u>39 054</u>	<u>8 800</u>
			Balances b/d(1)*	23 366	604

(14/2 = 7 marks)

Total = 16 marks

Task 2

Wigan Warriors Appreciation Society Subscriptions Account			
Details	£	Details	£
Balance b/d	566(1)	Balance b/d	388(1)
Income & Expenditure	34 979(2)or(1)*	Bank	35 080(1)
Balance c/d	<u>372(1)</u>	Balance c/d	<u>449(1)</u>
	<u>35 917</u>		<u>35 917</u>
Balance b/d	449(1)	Balance b/d	372(1)

NB Do not accept I and E

9 marks

Task 3

Gross profit margin	
An attempt to stimulate demand by cutting prices	√(2)
Customers buying their goods from another business	
Stock turnover	
Increase in payment terms from creditors	
Too much stock being held	√(2)
Net profit margin	
Fell because the gross profit margin fell	
Bigger increase in operating expenses	√(2)
Debtors collection period	
Customers who pay more quickly	
Poor credit control management	√(2)
Current ratio	
Better credit control management	
Increase in current liabilities	√(2)

NB If both boxes are ticked – no marks

10 marks

Task 4

Brett Dallas's Manufacturing Account for the year ended 31 January 2011			
	£	£	£
Opening stock raw materials		45 500(1)	
Purchases raw materials	98 720(1)		
Returns raw materials	<u>1 150(1)</u>	97 570	
Less closing stock raw materials		<u>36 100(1)</u>	
Raw materials consumed			106 970(1)
Production wages			<u>60 200(1)</u>
Prime cost(1)			167 170(1)*
Factory overheads			
Factory supervision		22 200(1)	
Rent & rates		31 680(2)	
Lighting & heating		20 800(2)	
Insurance		2 100(2)	
Water		1 000(2)	
Depreciation of workshop equipment		<u>40 000(2)</u>	<u>117 780(1)*</u>
			284 950
Opening work in progress			<u>44 000(1)</u>
Production cost(1)			<u>328 950(2)or(1)*</u>

24/2 = 12 marks

Task 5

Johnson Ltd Profit & Loss Appropriation Account for the year ended 31 January 2011		
	£	£
Net profit before taxation		92 000(1)
Tax		<u>9 500(1)</u>
Net profit after taxation		82 500(1)
Profit and loss a/c bal b/fwd		<u>45 900(1)</u>
		128 400(1)
<u>Transfer to reserves</u>		
Fixed Asset Replacement Reserve		23 000(1)
<u>Dividends</u>		
14% Preference dividend	9 800(2)	
6% Ordinary dividend	<u>13 800(2)</u>	23 600
Profit and loss a/c bal c/fwd		<u>81 800 (2)or(1)*</u>

NB Do not accept P and L

12/2 = 6 marks

Johnson Ltd Balance Sheet as at 31 January 2011		
Financed by	£	£
<u>Authorised Share Capital(1)</u>		
100 000 14% preference shares of £1 each	100 000(1)	
400 000 ordinary shares of £1 each	<u>400 000(1)</u>	<u>500 000</u>
<u>Issued Share Capital(1)</u>		
70 000 14% preference shares of £1 each	70 000(1)	
230 000 ordinary shares of £1 each	<u>230 000(1)</u>	300 000
<u>Reserves (1)</u>		
Fixed Asset Replacement Reserve	23 000(1)	
Profit and loss	<u>81 800(2)or(1)*</u>	104 800
Shareholders' funds		<u>404 800(2)or(1)*</u>

12 marks

(Total 18 marks)

Task 6

Gayle Stott Statement of Affairs as at 1 February 2010

	£	
Bank	990 (1)	
Stock	4 970 (1)	
Debtors	3 000 (1)	
Rent and rates prepaid		170 (1)
Cash	20 (1)	
Motor vehicles	<u>2 500 (1)</u>	
	11 650	
Deduct creditors	<u>1 850 (1)</u>	
Capital	<u>9 800 (1)</u>	

(8/2 = 4 marks)

Gayle Stott's Cash account			
	£		£
Balance b/d	20	Bank	24 860 (1)
Sales/receipts from debtors	30 890 (1)	Wages	3 250 (1)
		General expenses	290 (1)
		Drawings	2 320 (2)
		Balance c/d	190
	<u>30 910</u>		<u>30 910</u>

(6/2 = 3 marks)

Gayle Stott's Trading, Profit and Loss Account for the year ended 31 January 2011

	£	£
Sales (30 890 – 3000 (1) + 2745 (1))		30 635
<u>Less: Cost of sales</u>		
Opening stock	4 970 (1)	
Purchases (12 890–1850(1) +1465(1))	<u>12 505</u>	
	17 475	
Less closing stock	<u>3 980 (1)</u>	<u>13 495</u>
Gross profit		17 140 (2) or (1)*
<u>Less: Operating expenses</u>		
Rent and rates (3 925 + 170(1) + 70(1))	4 165	
General expenses (4 120 + 160(1) + 290(1))	4 570	
Wages	3 250 (1)	
Depreciation of motor vehicles	500 (1)	<u>12 485</u>
Net Profit		<u>4 655 (2) or (1)*</u>

(16/2 = 8 marks)

Gayle Stott's Balance Sheet as at 31 January 2011

	£	£	£
<u>Fixed Assets</u>			
Motor vehicles			2 000(1)
<u>Current Assets</u>			
Stock		3 980	
Debtors		2 745	
Cash		<u>190</u>	
		6 915(1)	
<u>Current Liabilities</u>			
Creditors	1 465		
Accruals (70(1) + 160(1))	230		
Bank overdraft	<u>3 585(1)</u>	<u>5 280</u>	
Net current assets			<u>1 635(1)</u>
Net assets			<u>3 635</u>
<u>Financed by:</u>			
Capital		9 800	
Add: net profit		<u>4 655(1)*</u>	
		14 455	
Less: drawings (8 500(1) + 2 320 (1))		<u>10 820</u>	<u>3 635(1)</u>

(10/2 = 5 marks)

Total 20 marks

Task 7

Rodgers Ltd Balance Sheet as at 31 January

	£	£	£
Fixed assets			
Premises	60 000	15 000	45 000(1) for the line
Furniture and Fittings	<u>14 000</u>	<u>12 000</u>	<u>2 000(1) for the line</u>
	<u>74 000</u>	<u>27 000</u>	47 000(1)
Current assets			
Stock		7 000(1)	
Debtors	3 500(1)		
Less bad debt provision	<u>400(1)</u>	3 100	
Cash at bank and in hand		<u>8 000(1)</u>	
		18 100	
Current liabilities			
Taxation due	2 600(1)		
Trade creditors	2 400(1)		
Other creditors	<u>700(1)</u>	<u>5 700</u>	
Net current assets (1)			<u>12 400(2)</u>
Net assets (1)			<u>59 400(1)</u>
			Total 15 marks

Grading - A pass to be awarded for 60% or more and a First Class Pass for 75% or more.

8991-03-003 Performance Codes

Performance Code	Meaning of weakness code
AA	Narrow Fail
AB	Insufficient work
HE	Partnerships
HF	Companies
HG	Not-for-profit organisations
HH	Manufacturing organisations
EM	Incomplete records
EN	Interpretation