

Mark Scheme January 2007

GCE

GCE Accounting (8011/9011)

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6001 Mark Scheme – January 2007

1.(a)

		£	£	
Drawings		750		✓
Management salaries			750	✓
Suspense	✓	6 600		✓
Bank	✓		6 600	✓
Advertising	✓	1 040		✓
Suspense	✓		1 040	✓

(5)

(b)

Rasheed – Profit and loss account for the year ended 31 December 2006

	£	£
Commission received:		
Holidays		120 000 ✓
Air flights		45 000 ✓
Decrease in PDD		<u>100</u> ✓✓
		165 100
less		
Sales staff salaries	54 000	✓
Management salaries 31 000 – 750	30 250	✓
Rent and rates 7 900 – 90	7 810	✓
Heat and light	8 750	✓
Insurance 2 900 +230	3 130	✓
Advertising 20 260 +1 040	21 300	✓
Loan interest 2 000 + 1 000	3 000	✓
Depreciation – leasehold	6 000	✓
fixtures	2 700	✓
computers	10 000	✓
Bad debts	<u>1 500</u>	✓
		<u>148 440</u>
Net profit		<u><u>16 660</u></u>

Balance sheet as at 31 December 2006 ✓

	£	£
<u>Fixed assets</u>		
Leasehold (48 000 – 6 000)		42 000 ✓OF
Fixtures (18 000 – 8 100)		9 900 ✓OF
Computers (40 000 – 30 000)		<u>10 000</u> ✓OF
		61 900
<u>Current assets</u>		
Debtors	18 000	✓
Less PDD	<u>900</u>	✓OF
	17 100	
Prepayments	<u>90</u>	✓
	<u>17 190</u>	
<u>Current liabilities</u>		
Creditors	1 850	✓
Accruals 1 000+230	1 230	✓✓
Bank overdraft 4 500 – 6 600	<u>2 100</u>	✓✓
	5 180	
Working capital		<u>12 010</u>
		73 910
<u>Long term liabilities</u>		
8% loan 31.12.2010		<u>50 000</u> ✓
		<u>23 910</u>
<u>Financed by:</u>		
Capital		20 000
Net profit		<u>16 660</u> ✓OF
		36 660
Drawings 12 000 + 750		<u>12 750</u> ✓OF
		<u>23 910</u>

(15)

(c)

Nazir:

Current remuneration $\text{£}240 \times 52 \text{ weeks} = \text{£}12\,480$ ✓

Hourly/commission (40 hours x 52 weeks x £4)
+ ($\text{£}300\,000 \times 1\% + \text{£}200\,000 \times 0.5\%$) = $\text{£}12\,320$ ✓✓✓

Valid points may include:

Hourly rate/commission

- Incentive to obtain sales, but majority of earnings are still based upon the hourly rate.
- Emphasis on hourly pay still gives priority on customer service.
- Earnings similar to current remuneration so incentive present to increase earnings by obtaining more sales.

✓ for identification of point plus ✓ if developed. MAX 6x ✓ with max 4 for existing and max 4 for hourly/commission.

✓✓A decision based upon considering at least two points.

(6)

(Total 26 marks)

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