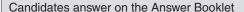


# ADVANCED SUBSIDIARY GCE ACCOUNTING

**Accounting Principles** 

F001



#### **OCR Supplied Materials:**

8 page Answer Booklet

#### **Other Materials Required:**

Calculators may be used

# Tuesday 2 June 2009 Morning

**Duration:** 1 hour 30 minutes



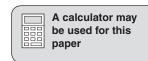
## **MODIFIED LANGUAGE**

#### **INSTRUCTIONS TO CANDIDATES**

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.
- Use black ink. Pencil may be used for graphs and diagrams only.
- · Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer all the questions.
- You must show the calculations leading to your answers.
- Do not write in the bar codes.

#### **INFORMATION FOR CANDIDATES**

- The number of marks is given in brackets [ ] at the end of each question or part question.
- The total number of marks for this paper is 100.
- The quality of your written communication will be taken into account when marking your answers to the questions labelled with an asterisk (\*).
- In these two questions/sub-questions, you will be assessed on the quality of your written communication. In one of these questions, the focus will be on your ability to present numerical information legibly and in an appropriate accounting format. In the other, you will be assessed on the legibility and style of writing, the clarity and coherence of your arguments and the accuracy of your spelling, punctuation and grammar.
- This document consists of 8 pages. Any blank pages are indicated.





1\* On 31 March 2009 the following balances were taken from the books of Patsy Pinoak, a sole trader.

	Dr £	Cr £
Sales	L	260 000
Purchases	96 000	200 000
Sales returns	1200	
Purchases returns	1200	3600
Stock	18000	3000
Discounts allowed	2600	
Discounts received	2000	1250
Carriage inwards	850	1250
Carriage outwards	930	
7% Loan	000	120 000
Loan interest	7700	120000
Bad debts	220	
Salaries	23 000	
Insurance	3400	
Motor expenses	6200	
General expenses	12600	
Commission received		14000
Drawings	16000	
Cash	900	
Bank		4700
Premises	450 000	
Motor vehicles	60 000	
Provision for depreciation of motor vehicles		24000
Office equipment	40 000	
Provision for depreciation of office equipment		16000
Debtors	22400	
Creditors		18450
Capital		300 000
	762 000	762000

The following information is also available.

- (i) The closing stock as at 31 March 2009 was valued at £25200.
- (ii) At 31 March 2009, salaries owing amounted to £500; whilst general expenses prepaid amounted to £300.
- (iii) Commission receivable of £2700 is owed to the business.
- (iv) A debt of £150 was considered irrecoverable. The full amount is to be treated as a bad debt in the accounts for the year ended 31 March 2009.
- (v) A provision for doubtful debts is to be created at 2% of the remaining debtors.
- (vi) One month's loan interest is still due.

- (vii) The loan is repayable in full during the next 12 months.
- (viii) Patsy Pinoak had taken goods from the business costing £1 000 for her own use. This has not been recorded in the accounts.
  - (ix) Patsy Pinoak received an invoice for £400 on 23 March 2009 for insurance. To date the invoice has not been paid. This invoice relates to the financial year ended 31 March 2009.
  - (x) Office equipment at a cost price of £8000 was purchased on 1 October 2008. This was the only item of office equipment purchased during the year and it is included in the balance of office equipment. There were no disposals during the year.
  - (xi) Depreciation is to be provided as follows:

Motor vehicles 25% by the reducing balance method. There were no

additions or disposals during the year.

Office equipment 10% by the straight line method, rates being applied

for each proportion of the year the equipment is held.

Premises are not depreciated.

#### **REQUIRED**

The Trading and Profit and Loss Account for the year ended 31 March 2009 **and** the Balance Sheet as at 31 March 2009.

Total marks [45]

2 On 1 May 2008, Mossman Traders had the following opening balances in its ledger accounts.

£

Rent received 2000 owing to the business
Motor expenses 800 owing by the business
Stationery 500 owing by the business
Rates 2200 prepaid by the business

The following information is available for the year ended 30 April 2009. All receipts and payments were by cheque.

(i) Rent received was as follows:

£

25 May 2008 12 000 30 November 2008 14 000

On 30 April 2009 £3000 was still owing in rent to Mossman Traders for the year ended 30 April 2009.

(ii) Motor expenses were paid as follows:

£

14 May 2008 800 29 September 2008 1 200

On 30 April 2009 £650 was owing for motor expenses.

(iii) Stationery was paid as follows:

£

3 June 2008 1 500 12 January 2009 2 300

On 1 May 2008 there was a stock of stationery at a cost price of £300. On 30 April 2009 the stock of stationery was £450 at cost price. No invoices were outstanding on 30 April 2009.

(iv) Rates were paid as follows:

£

30 September 2008 2640 1 April 2009 3000

The payment made on 1 April 2009 was for the period 1 April 2009 to 30 September 2009.

## **REQUIRED**

(a) Prepare the following ledger accounts. In each ledger account, include the transfer to the Profit and Loss Account for the year ended 30 April 2009 and the balance carried down to the next financial year.

(i)	Rent Received.	[4]
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- (ii) Motor Expenses. [4]
- (iii) Stationery. [4]
- (iv) Rates. [4]
- (b) The Profit and Loss Account extract for the year ended 30 April 2009, showing rent received, motor expenses, stationery and rates. [4]
- (c) The Balance Sheet extract as at 30 April 2009, showing rent received, motor expenses, stationery and rates. Use appropriate balance sheet sub-headings. [2]
- (d) (i) Explain the accruals concept. [2]
  - (ii)\* Justify the application of the accruals concept in the preparation of final accounts. [8]

Total marks [32]

3 The following is an extract from the Trial Balance of Daniel Denong as at 31 March 2009.

	Dr	Cr
	£	£
Debtors	144 000	
Provision for doubtful debts		4200
Bad debts	2400	

One debtor included in the debtors balance above is Y. Ara. She has recently been declared bankrupt, and is unable to pay her account of £1600. This amount is to be treated as a bad debt.

R. Iver, a debtor also included in the above debtors balance, has ceased trading. Daniel Denong has now received £0.20 in the pound in final settlement of R. Iver's debt of £800. The remainder of the debt is to be written off in full as a bad debt.

The provision for doubtful debts is then to be adjusted to provide for a specific debt of £1 200 owed by B. Lorratt, plus a general provision of 2.5% of the remaining debtors.

#### **REQUIRED**

(a) The following ledger accounts for the year ended 31 March 2009, showing, where appropriate, the transfer to the final accounts at the end of the year.

(i)	Bad Debts.	[4]
(ii)	Provision for Doubtful Debts.	[4]
(iii)	R. Iver.	[3]

- (b) The Balance Sheet extract as at 31 March 2009 for debtors (net). [2]
- (c) Discuss two reasons why a business should create a provision for doubtful debts. [4]
- (d) Discuss **two** factors that a business should consider when creating a provision for doubtful debts.

Total marks [23]

7

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