

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS  
ADVANCED SUBSIDIARY GCE**

**F002**

**ACCOUNTING**

**Financial Accounting**

**TUESDAY 2 JUNE 2009: Morning**

**DURATION: 1 hour 30 minutes**

**SUITABLE FOR VISUALLY IMPAIRED CANDIDATES**

**Candidates answer on the Answer Booklet**

**OCR SUPPLIED MATERIALS:**

**8 page Answer Booklet**

**OTHER MATERIALS REQUIRED:**

**Calculators may be used**

**READ INSTRUCTIONS OVERLEAF**

## **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.**

## **INFORMATION FOR CANDIDATES**

- **The number of marks is given in brackets [ ] at the end of each question or part question.**
- **The quality of your written communication will be taken into account when marking your answers to 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.**
- **The total number of marks for this paper is 100.**

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- 1 Julian Smith has prepared his draft final accounts. His Balance Sheet as at 31 December 2008 is shown below.

	£	£
<b><i>Fixed Assets (net)</i></b>		<b>465 000</b>
<b><i>Current Assets</i></b>		
Stock	30 000	
Debtors	25 000	
Cash	5 500	
	<u>60 500</u>	
<b><i>Current Liabilities</i></b>		
Creditors	34 500	
Bank	9 750	
Suspense	42 900	
	<u>87 150</u>	
<b><i>Working Capital</i></b>		<b><u>(26 650)</u></b>
		<b><u>438 350</u></b>
<b><i>Financed by</i></b>		
Capital		442 350
Net profit		41 000
		<u>483 350</u>
Drawings		45 000
		<u>438 350</u>

**Further examination revealed.**

- (i) The cash sales total of £90 000 for the year had been entered as £9 000 in the sales account.**
- (ii) Stock to the value of £11 000 had been withdrawn from the business by Julian Smith for his private use. The correct credit entry has been made but the corresponding debit entry has not been made.**
- (iii) The sales account had been overcast by £15 500.**
- (iv) A cheque for £7 800 paid to R. Willis, a creditor, had been correctly processed in the Cash Book but credited in error to the account of M. Walls, also a creditor.**
- (v) Goods to the value of £10 500 had been returned to a supplier. This had been correctly entered in the supplier's account but incorrectly credited to the sales returns account.**
- (vi) A payment of £4 000 from B. Valentine, a debtor, had been debited as a cheque received in the Cash Book. No entry for this transaction had been recorded in the account of B. Valentine.**

**REQUIRED**

- (a)\* **Journal entries to correct each of the errors (narratives are not required) AND the Suspense Account showing the opening balance and correcting entries. [23]**
- (b) **A statement to show the calculation of the revised net profit for the year ended 31 December 2008. [5]**
- (c) **A corrected Balance Sheet as at 31 December 2008. [8]**
- (d) **State and explain THREE types of error which do NOT affect the balancing of the Trial Balance. [9]**

**Total marks [45]**

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**2 H. Clarke, a sole trader, has a financial year end which occurs on 31 March. At present, he maintains his accounting records manually. Due to a staff shortage, the stock take due on 31 March 2009 did not take place. The stock take did take place on 12 April 2009 and the value of the business' stock at that date was £225 750.**

**The selling price of all goods is based on cost plus a mark up of 50%.**

**The following information is also available.**

- (i) Goods with a sales value of £240 000 were delivered to customers on 11 April 2009.**
- (ii) Purchases costing £140 000 were received from suppliers on 9 April 2009.**
- (iii) On 31 March 2009 a delivery of cleaning materials used in the factory, cost price £6 600, was received. These were included in the 12 April 2009 stock take.**
- (iv) Goods originally purchased at a cost price of £25 600 were damaged in March 2009. These purchases were included in the 12 April 2009 stock take at cost price. Due to damage, their sales value is £14 000.**
- (v) During March 2009, H. Clarke received free samples with a selling price of £9 000 from a supplier and these had been included at cost price in the 12 April 2009 stock take.**
- (vi) Goods at a cost price of £23 000 purchased on 15 March 2009 were returned to suppliers as unsuitable on 2 April 2009.**



- (vii) Sales of £12 600 made on 11 March 2009 were returned by the customer as unsuitable on 1 April 2009.

**REQUIRED**

(a) A detailed statement of the stock valuation as at 31 March 2009. [14]

- (b) Explain your treatment of
- item (i). [2]
  - item (iii). [2]
  - item (iv). [2]
  - item (v). [2]

(c) Evaluate the potential usefulness of ICT in accounting to H. Clarke's business. [10]

**Total marks [32]**

- 3 Kevin Edwins is a sole trader who owns a retail business. The mark up on the goods he sells is 25%. The following details relate to his business for the year ended 31 December 2008.**

	£
<b>Sales</b>	<b>2 100 000</b>
<b>Drawings</b>	<b>30 000</b>
<b>Business expenses paid (excluding depreciation)</b>	<b>119 000</b>
<b>Depreciation for the year</b>	<b>105 000</b>

**In addition the following information is available:**

	£
<b>Stock as at 1 January 2008</b>	<b>176 000</b>
<b>Stock as at 31 December 2008</b>	<b>187 000</b>
<b>Pre-paid business expenses:</b>	
<b>as at 1 January 2008</b>	<b>6 350</b>
<b>as at 31 December 2008</b>	<b>7 065</b>
<b>Accrued business expenses:</b>	
<b>as at 1 January 2008</b>	<b>8 946</b>
<b>as at 31 December 2008</b>	<b>8 330</b>

**REQUIRED**

- (a) **The Trading and Profit and Loss Account for the year ended 31 December 2008. Show purchases in your account. [11]**
- (b)\* **Kevin is considering converting his business from a sole trader to a private limited company. Kevin with his wife, Emma, would be the first directors in the newly formed company.**

**Evaluate the advantages and disadvantages to Kevin of changing the business from a sole trader to a private limited company. [12]**

**Total marks [23]**



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