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RECOGNISING ACHIEVEMENT

Monday 16 January 2012 – Morning

AS GCE ACCOUNTING

F012/RB Accounting Applications

RESOURCE BOOKLET

To be given to candidates at the start of the examination

Duration: 2 hours

F027040112

INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–4 is contained within this Resource Booklet.

INFORMATION FOR CANDIDATES

- Your Quality of Written Communication will be assessed in the two questions/sub-questions marked with an asterisk (*).
- 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.

INSTRUCTION TO EXAMS OFFICER / INVIGILATOR

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1 Charles Quant uses control accounts to check the accuracy of his double-entry book keeping system. The following information is available for the year ended 31 December 2011.

1 January 2011

	£
Sales Ledger Control Account balance b/d	96 100 Dr

Totals for the year ended 31 December 2011

Sales	329 700
Sales returns	25 300
Discounts allowed	18 000
Bad debts	4 600
Cheques received from debtors	298 800
Dishonoured cheques	450
Contra purchases ledger	1 290

Charles Quant has also provided the following Schedule of Debtors as at 31 December 2011.

Arthur Gaulard	16 000
Beth Thomas	18 200
Lisa Brown	27 400
David Evans	1 600
Robert Fishwick	10 300
	73 500

The Sales Ledger Control Account balance did not agree with the total from the schedule of debtors. Subsequently the following errors were discovered.

(i) A cash sale of £500 had been entered in the Sales Journal. This amount had been included in the total to be posted to the control account. No entry had been made in the Sales Ledger.

(ii) A sales return of £1 200 from Beth Thomas was correctly recorded in Beth Thomas's account but had been omitted from the total in the Sales Returns Journal.

(iii) A credit sale of £3 000 to Robert Fishwick was correctly recorded in the Sales Journal but no entry had been made in Robert Fishwick's account.

(iv) The discounts allowed total in the Cash Book had been undercast by £740.

(v) A cheque received from David Evans for £3 680 correctly processed through the books had subsequently been dishonoured. No entries have yet been made to record this dishonoured cheque.

(vi) A credit sale of £6 100 had been made to Arthur Gaulard but no entries have yet been made to record this transaction.

(vii) No contra entry had been made in Lisa Brown's account in the Sales Ledger in respect of purchases by Charles Quant from Lisa Brown for goods with a list price of £800 less a 15% trade discount. This item has been correctly recorded in the Sales Ledger Control Account.

REQUIRED

(a) A corrected Sales Ledger Control Account for the year ended 31 December 2011. **[13]**

(b) A corrected Schedule of Debtors as at 31 December 2011. **[6]**

(c) Identify and explain **three** uses of control accounts. **[9]**

Total marks [28]

2 Darsena Ltd is a supplier of computer equipment and has an accounting year ending 31 October. Due to staff holidays the monthly stocktake due on 31 October 2011 did not take place. The stock valuation at the close of business on 14 November 2011 was £207 500. The following transactions should be taken into account in order to calculate the stock valuation as at 31 October 2011 for the final accounts. All goods have a margin on sales of 20%.

(i) Goods with a cost price of £2 400 were withdrawn from stock on 13 November 2011 for use at a meeting. This stock had not been included in the stock valuation on 14 November 2011.

(ii) Goods with a sales value of £14 600 were returned by customers during the period 1 – 14 November 2011.

(iii) Goods costing £22 000 were delivered to the business during the period 1 – 14 November 2011.

(iv) During the period 1 – 14 November 2011 goods with a sales value of £124 000 were sent to customers.

(v) Included in the stock valuation on 14 November 2011 were goods at a cost of £2 000. However, during October 2011 they had been damaged and have a scrap value of £600.

(vi) Included in the stock valuation on 14 November 2011 was a stock of office cleaning materials at a cost price of £120.

(vii) During the period 1 – 14 November 2011 Darsena Ltd returned goods costing £9 800 to suppliers.

(viii) On 3 November 2011 Darsena Ltd received a batch of free samples of printer cartridges at a cost price of £200. These had been included in the stock valuation on 14 November 2011.

REQUIRED

(a) A detailed statement showing the closing stock valuation as at 31 October 2011. **[11]**

(b) In each case, identify the accounting concept or principle involved and give an explanation of the correct treatment of:

- Item (v)
- Item (vi)

[6]

Total marks [17]

3 Alex and Benjamin have been in partnership for a number of years. The partners did not have a partnership agreement.

At 1 January 2011:

Capital account balances:

Alex	£280 000
Benjamin	£290 000

Current account balances:

Alex	£9 600 debit
Benjamin	£1 400 credit

On 1 July 2011 they decided to admit Crystal to the partnership. On this date:

(i) Crystal introduced capital of £240 000 into the bank account.

(ii) Fixed assets were revalued from £300 000 to £480 000.

(iii) Stock was revalued from £60 000 to £20 000.

(iv) Goodwill was valued at £120 000. It was decided that goodwill would not remain in the books of the new partnership.

(v) The three partners agreed that:

- profits and losses would be shared equally.
- under the new partnership agreement 10% interest per annum on capital is allowed. The interest on capital is calculated on the adjusted balances after the admission of Crystal.
- each partner would receive a salary of £30 000 per annum. No interest on drawings would be paid.

For the year ended 31 December 2011:

Net profit £320 000
Profits were earned at the same amount each month throughout the year.

The partners' drawings were:

Alex	£30 000
Benjamin	£28 000
Crystal	£24 000

REQUIRED

(a) The Capital Accounts for Alex, Benjamin and Crystal for the year ended 31 December 2011. **[10]**

(b) **(i)** The Appropriation Account for Alex and Benjamin for the half year ended 30 June 2011. **[2]**

(ii) The Appropriation Account for Alex, Benjamin and Crystal for the half year ended 31 December 2011. **[5]**

(c) The Current Accounts for Alex, Benjamin and Crystal for the year ended 31 December 2011. **[14]**

(d) Explain **three** advantages to the partnership of admitting Crystal as a partner. **[6]**

Total marks [37]

4 Dominic England has been in business for a number of years, but has not kept adequate accounting records. He has, however, managed to provide the following information for the year ended 31 December 2011.

	£
Receipts from debtors	239400
Debtors 1 January 2011	18200
Debtors 31 December 2011	22400
Creditors 31 December 2011	16800
Stock 1 January 2011	12300
Stock 31 December 2011	?
Business expenses paid by cheque	32400
Business expenses paid from cash sales	1200
Business expenses prepaid 1 January 2011	2200
Business expenses prepaid 31 December 2011	3450
Drawings from cash sales	44600
Fixed assets (net) 1 January 2011	86000
Fixed assets purchased 1 July 2011	20000
Capital as at 1 January 2011	123300
Additional capital introduced 1 July 2011	50000
Bank balance as at 31 December 2011	22000
Cash balance as at 31 December 2011	600
Rate of stock turnover	16 times
Margin	20%

(i) There are no additional accruals or prepayments other than those listed above.

(ii) Depreciation is to be provided in the final accounts at a rate of 10% per annum using the reducing balance method, with this rate being charged for each proportion of a year the fixed assets are held. No fixed assets were sold during the year.

(iii) A provision for doubtful debts is to be created at 2% of debtors as at 31 December 2011.

(iv) Dominic used the cash he received from cash sales to pay for some of his business expenses and for drawings. Any remaining cash was placed in the businesses cash account. The business cash balance on 1 January 2011 was nil.

REQUIRED

(a)* The Trading and Profit and Loss Account for the year ended 31 December 2011, **and** a Balance Sheet as at 31 December 2011. (Purchases and Stock figures must be shown in the Trading Account.) **[27]**

(b)* Evaluate **three** problems for a sole trader who keeps only a cash book in which to record transactions. **[11]**

Total marks [38]

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