

OCR

Oxford Cambridge and RSA

Tuesday 17 May 2016 – Afternoon

AS GCE ACCOUNTING

F011/01/RB Accounting Principles

RESOURCE BOOKLET

To be given to candidates at the start of the examination

Duration: 1 hour



INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–2 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 **4** pages. Any blank pages are indicated.

INSTRUCTION TO EXAMS OFFICER/INVIGILATOR

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- 1 On 31 March 2016 the following information was available from the accounts of Tegwen, a sole trader.

	Dr £	Cr £
Capital		48 500
Sales		335 465
Purchases	147 000	
Electricity	12 750	
Bad debts	3 540	
Debtors	34 220	
Provision for doubtful debts		1 450
7% loan		28 000
Loan interest	1 470	
Motor expenses	8 740	
Commission received		3 290
Creditors		19 730
Salaries	49 500	
Insurance	12 900	
Rent	38 500	
Carriage inwards	3 470	
Bank	13 680	
General expenses	6 360	
Drawings	32 470	
Stock	29 140	
Sales returns	4 230	
Purchases returns		3 170
Equipment	22 456	
Provision for depreciation of equipment		8 421
Motor vehicles	50 000	
Provision for depreciation of motor vehicles		22 400
	470 426	470 426

The following information is available:

- (i) The closing stock at 31 March 2016 was valued at £32 770.
- (ii) Tegwen had withdrawn stock at a cost price of £5200 from the business for her personal use. This transaction has not been recorded in the accounts.
- (iii) Motor expenses of £1850 had been included in purchases.
- (iv) On 1 February 2016 Tegwen purchased a car that cost £10400, for her private use only. This transaction was recorded in the motor vehicles account.
- (v) Tegwen's policy is to maintain a provision for doubtful debts of 5% of debtors remaining in the books at the financial year end.
- (vi) The total salaries for the year ended 31 March 2016 amounted to £54000. There were no salaries owing or prepaid at the start of the financial year.

- (vii) One month's rent is outstanding as at 31 March 2016. There has been no increase in rent during the financial year and no rent was outstanding at the start of the financial year.
- (viii) As at 31 March 2016 general expenses of £745 and commission received of £1510 were owing.
- (ix) The insurance total of £12900 shown in the Trial Balance includes a payment of £4000 made in February 2016. This payment relates to the period 1 February 2016 to 30 June 2016.
- (x) The loan was taken out in full on 1 April 2012. 40% of the loan is repayable by 30 September 2016 and the remaining balance by 31 March 2018.
- (xi) Equipment is depreciated at a rate of 12.5% per annum using the straight line method. Motor vehicles are depreciated at a rate of 25% per annum using the reducing balance method. A full year's depreciation is charged on fixed assets remaining in the books at the financial year end.

REQUIRED

- (a)* The Trading and Profit and Loss Account for the year ended 31 March 2016 **and** the Balance Sheet as at 31 March 2016. [45]
- (b) Explain the following **two** concepts. For each concept, give **one** example of its application from (a).
 - (i) Business entity [3]
 - (ii) Going concern [3]

2 The following information is available for Cerys, a sole trader, for the year ended 31 March 2016.

- (i) Rent is paid quarterly in advance with due dates being 1 May, 1 August, 1 November and 1 February each year. As at 1 April 2015 rent was prepaid by £1500. A 10% price increase in rent came into effect on 1 October 2015 and this increase was included in the quarterly payment made on 1 August 2015. During the financial year ended 31 March 2016 all payments were made by cheque on the due dates for the exact amounts owing. All months are treated as being of the same length.
- (ii) Cerys allows her debtors a 3% cash discount providing they settle within 28 days of sale. During the year ended 31 March 2016 Cerys recorded transactions relating to Elin, a debtor, as follows:

	<u>Sales to Elin</u>	<u>Date cheque received</u>
	£	
15 August 2015	1 850	30 September 2015
8 November 2015	3 400	30 November 2015
12 March 2016	1 400	No cheque received by 31 March 2016

In addition to the above Cerys received a cheque from Elin for £1 050 on 15 April 2015, that related to a sale made six weeks earlier.

REQUIRED

- (a) The following ledger accounts in the books of Cerys for the year ended 31 March 2016. Include in **each** case the balance carried down to the next financial year. Dates are not required.
- (i) Rent [9]
- (ii) Elin (debtor) [6]
- (b)* Differentiate between and explain how **each** of the following is treated in the Trading and Profit and Loss Account.
- Discounts received
 - Discounts allowed
 - Trade discount [14]

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