

Tuesday 16 May 2017 – 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/subquestions 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 2017 the following information was available from the books of Moelwyn, a sole trader.

	Dr £	Cr £
Capital	2	95300
Sales		825000
Purchases	362500	020000
Bad debts	17750	
Debtors	103 125	
Provision for doubtful debts		9500
Salaries	134450	
9% loan		54000
Loan interest	3645	
Motor expenses	16340	
Commission received		13290
Creditors		97300
Electricity	29142	
Insurance	21 600	
Rent received		42750
Carriage outwards	6440	
Bank	99818	
General expenses	16460	
Drawings	42290	
Stock	38140	
Sales returns	27260	
Purchases returns		18620
Land & buildings	272000	
Provision for depreciation land & buildings		97920
Motor vehicles	98000	
Provision for depreciation of motor vehicles		35280
	1 288 960	1 288 960

The following information is available:

- (i) The closing stock at 31 March 2017 was valued at £44390.
- (ii) Moelwyn had withdrawn stock at a cost price of £7300 from the business for his personal use. This transaction has not been recorded in the accounts.
- (iii) Carriage inwards of £5650 had been included in general expenses.
- (iv) Moelwyn wishes to provide a specific provision for doubtful debts of £8475 plus a general provision of 6% of debtors remaining in the books at the financial year end.
- (v) One quarter's rent received is outstanding as at 31 March 2017. There has been no increase in rent received during the financial year and no rent received was outstanding at the start of the financial year.

(vi)	At 31 March 2017 the following were owing:		
	Electricity	£9714	
	Insurance	£1800	
	General expenses	£3250	
	Commission received	£710	

(vii) The loan was taken out, in full, on 1 April 2014. 25% of the loan is repayable by 31 December 2017 and the remaining balance by 31 December 2020.

(viii) Depreciation for the year ended 31 March 2017:

Land and buildings	£10880
Motor vehicles	£12544

REQUIRED

- (a)* The Trading and Profit and Loss Account for the year ended 31 March 2017 and the Balance Sheet as at 31 March 2017. [43]
- 2 At 1 April 2016 the following information was extracted from the books of Idris a sole trader.

Machinery at cost (purchased 1 January 2015)	27000
Total depreciation of machinery to date	12420
Motor vans at cost (purchased 1 January 2013)	12000

During the financial year ended 31 March 2017 the following transactions took place.

Purchases		Cost (£)
1 July 2016	Machinery	36000
1 October 2016	Motor vans	15000

On 1 October 2016 the machinery, which had cost £27000 when purchased on 1 January 2015, was sold for £8100.

All payments and receipts were made by cheque.

Machinery is depreciated using the reducing balance method at a rate of 40% per annum with the rate being applied for each part of the year the machinery is owned. No allowance is made for any residual value.

Motor vans are depreciated using the straight line method at a rate of 20% per annum with the rate being applied for each part of the year the motor vans are owned. No allowance is made for any residual value.

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REQUIRED

- 2 (a) Calculate the balance b/d in the Provision for Depreciation of Motor Vans account at 1 April 2016.
 - (b) The following accounts for the year ended 31 March 2017:

	(i)	Machinery	[2]
	(ii)	Motor vans	[1]
	(iii)	Provision for Depreciation of Machinery	[5]
	(iv)	Provision for Depreciation of Motor Vans	[3]
	(v)	Disposal of machinery	[4]
	(vi)	State whether the machinery was disposed of at a profit or a loss.	[1]
(c)*	Disc	cuss the choice of depreciation method used for machinery and for motor vans.	[10]
(d)	Disc	cuss how the following concepts apply to fixed asset values and depreciation:	
	(i)	Going concern	[5]
	(ii)	Accruals/Matching	[5]



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