

OCR

Oxford Cambridge and RSA

Friday 19 May 2017 – Afternoon

AS GCE ACCOUNTING

F012/01/RB Accounting Applications

RESOURCE BOOKLET

To be given to candidates at the start of the examination

Duration: 2 hours



INSTRUCTIONS TO CANDIDATES

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

INFORMATION FOR CANDIDATES

- The 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 Mirabel is a sole trader. A trial balance was extracted for the year ended 31 March 2017. The trial balance did not agree. The Profit and Loss Account had, however, been prepared and a net profit of £80 400 had been calculated.

The following errors have now been discovered:

- (i) The Purchases Account had been understated by £8400.
- (ii) A credit sale to Ava of £3100 had been omitted from the books.
- (iii) Rent received of £6200 had been entered on the debit side of the general expenses account.
- (iv) A cheque paid for electricity of £1600 had been correctly entered in the electricity account but had been entered in the bank account as £600.
- (v) A new machine purchased for £24 000 had been recorded as machinery repairs. Depreciation had been correctly entered in the accounts.
- (vi) A purchase on credit from Bertie of £1900 had been entered in the Purchases Journal as £1000 and had also been posted to the Purchases Ledger and the General Ledger as £1000.

REQUIRED

- (a) Journal entries to correct the errors discovered (narratives are not required). [14]
- (b) The corrected Suspense Account, showing the opening balance and the correcting entries. [5]
- (c) A statement to show the revised net profit. [7]
- (d) State and explain **three** errors which do **not** affect the agreement of a trial balance. [9]

- 2 The Coppice Cricket Club prepares its accounts annually on 31 March. The summary of the Receipts and Payments Account for the year ended 31 March 2017 was prepared by the Treasurer as follows:

	£		£
Balance b/d	5 000	Competition prizes	3 600
Subscriptions received	33 200	General expenses	25 800
Competition receipts	6 800	Dinner dance expenses	2 100
Annual dinner dance sales	2 900	Bar creditors	15 800
Bar takings	26 700	Bar staff wages	10 900
Sale of equipment	3 500	Equipment purchases	9 600
		Clubhouse maintenance	8 400

The following additional information is available:

- (i) The remaining assets and liabilities of the club at the beginning and end of the year were:

	1 April 2016	31 March 2017
	£	£
Clubhouse	200 000	200 000
Equipment	85 000	82 000
General expenses owing	600	400
Bar staff wages owing	200	150
Bar creditors	4 700	3 100
Bar stock	9 500	8 300
Subscriptions due and unpaid	700	600
Subscriptions paid in advance	2 300	3 500

- (ii) During the year equipment with a book value of £4000 was sold for £3500.
- (iii) Of the subscriptions due on 1 April 2016 £250 remains unpaid. This is to be treated as a bad debt.
- (iv) Bar staff wages are the only expense to be charged to the Bar Trading Account.

REQUIRED

- (a) The Bar Trading Account for the year ended 31 March 2017. [5]
- (b)* The Income and Expenditure Account for the year ended 31 March 2017 and the Balance Sheet as at 31 March 2017. [25]

- 3 PBC Ltd is preparing its Cash Budget for the three months ending 30 September 2017. The following forecasts are available.

Purchases and sales in **units** and General expenses in **£** are budgeted as follows.

	June	July	August	September
Purchases	10 300	12 000	12 400	14 000
Sales	12 000	12 500	13 000	13 500
General expenses	£24 000	£26 000	£26 000	£24 000

The following information is also available:

- (i) Each unit is purchased at a cost price of £30 per unit.
- (ii) The selling price is £56 per unit.
- (iii) 20% of sales are on a cash basis. The remainder is received one month after the sale is made.
- (iv) 40% of the purchases are on a cash basis. The remainder is paid one month after the purchase is made.
- (v) Wages are £180 000 per month for June 2017 and £180 000 for July 2017. Wages will rise by 2% from 1 August 2017. Only 90% of the wages are paid in the month they are earned. The remainder are paid the following month.
- (vi) General expenses include depreciation of £4000 per month. General expenses are paid in the month incurred.
- (vii) The company intends to purchase equipment on 1 July 2017 for £320 000, paying 60% in the month of purchase and 40% the following month. It also plans to sell equipment on 15 July 2017 for £36 000 cash.
- (viii) The budgeted bank balance on 1 July 2017 is £5200 overdrawn.

REQUIRED

- (a) The Cash Budget for **each** of the three months July, August and September 2017. [23]
- (b)* Discuss **three** benefits to a business of preparing budgets. [11]

- 4 Noah Walsh has an accounting year ended 30 April 2017. Due to staff shortages the monthly stocktake due on 30 April 2017 did not take place until after the close of business on 10 May 2017. The value of the business's stock at 10 May 2017 was £76 400. The selling price of the goods is based on cost, plus a mark up of 20%.

The following information is also available:

- (i) Goods costing £6400 were delivered to the business during the period 1–10 May 2017.
- (ii) Goods with a sales value of £12 600 were returned by customers during the period 1–10 May 2017.
- (iii) Goods at a cost price of £750 were withdrawn from stock during the period 1–10 May 2017 for private use by Noah Walsh.
- (iv) During the period 1–10 May 2017, goods with a sales value of £24 600 were sent to customers.
- (v) During the period 1–10 May 2017, Noah Walsh returned goods costing £2500 to suppliers.
- (vi) Included in the stock valuation on 10 May 2017 is a stock of stationery at a cost price of £520. The stationery is for use within the business and not for resale.
- (vii) During the period 1–10 May 2017 Noah Walsh received a batch of free samples. These have been included in the stock valuation at the supplier's list price of £80.
- (viii) On 1 April 2017 Noah Walsh sent goods with a selling price of £1200 to a customer on a sale or return basis. During April 2017 the customer sold half of this consignment. The credit sale has not yet been recorded in Noah Walsh's accounts for the year ended 30 April 2017. The customer still has the unused stock.

REQUIRED

- (a) A detailed statement of the stock valuation as at 30 April 2017. [12]
- (b) An explanation of the correct treatment of:
 - Item (iii)
 - Item (vi)
 - Item (vii). [9]

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