

**Wednesday 16 January 2013 – 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 **8** pages. Any blank pages are indicated.

**INSTRUCTION TO EXAMS OFFICER/INVIGILATOR**

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- 1\* On 30 September 2012 the following information was available from the books of John Barfog, a sole trader.

	Dr	Cr
	£	£
Sales		129 900
Purchases	64 100	
Carriage out	275	
General expenses	8 750	
Discounts allowed	890	
Commission received		1 100
Debtors	3 870	
Bad debts	490	
Creditors		7 010
Capital		221 320
Salaries	25 300	
Insurance	4 300	
Drawings	16 900	
Electricity	4 400	
Motor expenses	1 180	
Bank		2 560
Stock	23 220	
8% Loan		10 000
Loan interest	600	
Rent received		1 850
Sales returns	505	
Purchase returns		540
Land and buildings (Land £50 000)	450 000	
Provision for depreciation of buildings		240 000
Motor vehicles	20 000	
Provision for depreciation of motor vehicles		10 500
	<u>624 780</u>	<u>624 780</u>

The following information is also available.

- (i) The closing stock as at 30 September 2012 was valued at £25 800.
- (ii) During the year John Barfog took stock at a cost price of £1 500 from the business for his personal use. This transaction has not been recorded in the accounts.
- (iii) The amount shown for salaries covers the period 1 October 2011 to 31 August 2012. An equal amount for salaries is paid each month. Salaries for the month of September 2012 have not yet been paid.
- (iv) At 30 September 2012, the following amounts were owing: motor expenses £250; insurance £700; whilst electricity was prepaid by £1 100.
- (v) A cheque for £445 was received from a debtor during the last week of September 2012. No entries have been made in the accounts.
- (vi) The 8% loan which was taken out on 1 April 2010 is repayable in full on 31 March 2013.
- (vii) Depreciation is to be provided as follows:
  - Buildings: 4% per annum using the straight line method.
  - Motor vehicles: 20% per annum using the reducing balance method.

Land is not depreciated.

There were no additions or disposals of fixed assets during the year.

## REQUIRED

The Trading and Profit and Loss Account for the year ended 30 September 2012 **and** the Balance Sheet as at 30 September 2012. **[43]**

- 2 Arif runs a small business with total annual sales of £30 000. He has been reviewing his debtors and has provided the following information as at 30 September 2012.

	Total	0–1 month	2–3 months	4–6 months	7–12 months	Over 12 months
	£	£	£	£	£	£
Noel	1 410	1 100	310			
Sangita	3 400					3 400
Jason	770			550	220	
Benaz	565	375	190			
Other Debtors	5 670	5 670				
	<u>11 815</u>	<u>7 145</u>	<u>500</u>	<u>550</u>	<u>220</u>	<u>3 400</u>

Arif's terms of trading are payment within 30 days.

The provision for doubtful debts as at 1 October 2011 was £700.

Arif's policy for overdue and bad debts is to:

- (i) write off as a bad debt any debt outstanding for over 12 months.
- (ii) create specific provisions for any debts outstanding for between 4 and 12 months.
- (iii) make no provision for doubtful debts up to 1 month old.
- (iv) create a general provision of 3% of all other debts.

**REQUIRED**

- (a) Prepare and balance off the following ledger accounts for Arif for the year ended 30 September 2012:
- |                                   |     |
|-----------------------------------|-----|
| (i) Sangita                       | [1] |
| (ii) Jason                        | [1] |
| (iii) Bad debts                   | [2] |
| (iv) Provision for doubtful debts | [5] |
- (b) The Profit and Loss Account extract for bad debts and provision for doubtful debts for the year ended 30 September 2012. [2]
- (c) The Balance Sheet extract for debtors as at 30 September 2012. [4]
- (d)\* Evaluate Arif's policy for overdue and bad debts. [12]
- (e) (i) Explain what is meant by:
- cash discount;
  - trade discount. [4]
- (ii) Compare the treatment of cash discount and trade discount in a set of accounts. [6]

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