

# OCR

Oxford Cambridge and RSA

**Tuesday 12 May 2015 – Morning**

**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 2015 the following information was available from the books of Bill Wylan, a sole trader.

	Dr £	Cr £
Sales		115 000
Purchases	42 000	
Carriage inwards	3 500	
Carriage outwards	2 600	
Commission received		2 120
Discounts allowed	1 850	
Discounts received		1 920
Electricity	3 800	
General expenses	7 930	
Debtors	15 740	
Bad debts	2 800	
Provision for doubtful debts		488
Creditors		13 970
Rent	22 000	
Capital		24 835
Salaries	27 500	
Insurance	3 400	
Drawings	8 700	
Motor expenses	3 200	
Bank		1 846
Stock	11 100	
10% Loan		15 000
Loan interest	1 125	
Sales returns	5 150	
Purchase returns		2 870
Equipment	10 090	
Provision for depreciation of equipment		3 436
Motor vehicles	16 000	
Provision for depreciation of motor vehicles		7 000
	<u>188 485</u>	<u>188 485</u>

The following information is also available.

- (i) The closing stock as at 31 March 2015 was valued at £14 740.
- (ii) During the year Bill Wylan took stock at a cost price of £1630 from the business for his personal use. This transaction has not been recorded in the accounts.
- (iii) Bill Wylan has now discovered that a debtor, who owed the business £540, has been declared bankrupt. Bill Wylan has received a cheque to the value of 20p in the pound with the remainder owing to be treated as a bad debt. These adjustments need to be included within the final accounts for the year ended 31 March 2015.
- (iv) A provision for doubtful debts of 4% of debtors remaining on the books at the end of the year is to be made.
- (v) Rent for the business premises has remained at £2000 per month throughout the last financial year.
- (vi) At 31 March 2015, the following amounts were owing: salaries £2500, motor expenses £150; whilst insurance was prepaid £600.
- (vii) Included in general expenses is the cost of Bill Wylan's private holiday costing £2300.
- (viii) The £15 000 loan was taken out in June 2013 and is repayable in full on 30 September 2015.
- (ix) On 24 March 2015 a cheque for £1500 was received for the disposal of equipment on that date. This transaction has not been recorded in the books. This equipment was purchased on 1 April 2011 at a cost of £2500.
- (x) Depreciation is to be provided as follows.

Equipment:	10% per annum using the straight line method.
Motor vehicles:	25% per annum using the reducing balance method.

No depreciation is charged on fixed assets sold during the year.

### REQUIRED

- (a)\* The Trading and Profit and Loss Account for the year ended 31 March 2015 **and** the Balance Sheet as at 31 March 2015. [44]
- (b) Discuss **three** problems involved in accounting for depreciation. [9]

2 The following information is available from the books of Ari Soteris.

	1 April 2014	31 March 2015
	£	£
Commission received	850	920
General expenses	4 100	2 970
Rent	Nil balance	?
Provision for doubtful debts	2 700	?
Debtors	60 000	65 000

During the year ended 31 March 2015 the following amounts were received or paid (all transactions were through the bank account).

	£
Commission received	6 700
General expenses paid	9 240
Rent paid	24 500

The rent is due in equal monthly instalments. The payment for rent covered the period from 1 April 2014 until 31 May 2015.

The provision for doubtful debts is to be set using the same percentage of debtors as in the previous year.

## REQUIRED

(a) The following ledger accounts, including in each case the transfer to the Profit and Loss Account for the year ended 31 March 2015 **and** the balance carried down to the next financial year. (Dates are **not** required.)

- (i) Commission Received [4]
- (ii) General Expenses [4]
- (iii) Rent [4]
- (iv) Provision for Doubtful Debts [4]

(b)\* Ari Soteris is considering producing the accounts without adjusting for accruals and prepayments. Discuss **three** reasons why it is considered essential for a business to make these adjustments. [11]

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