

Tuesday 14 May 2013 – 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 **8** pages. Any blank pages are indicated.

INSTRUCTION TO EXAMS OFFICER/INVIGILATOR

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- 1* On 31 March 2013 the following information was available from the books of Ben Collier, a sole trader.

	Dr	Cr
	£	£
Capital		60 010
Sales		185 800
Purchases	94 800	
Electricity	5 250	
Motor expenses	3 150	
Commission received		630
Discounts allowed	1 325	
Discounts received		1 280
Debtors	18 340	
Bad debts	780	
Provision for doubtful debts		840
Creditors		17 220
Salaries	33 165	
Insurance	11 000	
Rent	12 000	
Carriage inwards	800	
General expenses	11 570	
Bank	21 350	
10% Loan		20 000
Loan interest	1 500	
Drawings	18 300	
Stock	24 370	
Sales returns	1 205	
Purchase returns		2 420
Equipment	26 850	
Provision for depreciation of equipment		8 055
Motor vehicles	24 000	
Provision for depreciation of motor vehicles		13 500
	<u>309 755</u>	<u>309 755</u>

The following information is also available:

- (i) The closing stock at 31 March 2013 was valued at £33 750.
- (ii) During the year Ben Collier took stock at a cost price of £2 700 from the business for his personal use. This transaction has not been recorded in the accounts.
- (iii) Equipment costing £5 450 obtained during the year has been entered as a purchase of stock.
- (iv) A specific provision for doubtful debts of £215 is to be provided, plus a general provision of 4% of the remaining debtors.
- (v) Insurance for the first quarter of the next financial year has already been paid. There has been no change in the amount payable each quarter.
- (vi) At 31 March 2013 the following amounts were owing: commission received £2 370, salaries £3 015 and rent £4 000.
- (vii) In January 2013, Ben Collier charged £2 600 for his private holiday to general expenses.
- (viii) The 10% loan which was taken out on 1 July 2011 is repayable in full on 30 June 2014.
- (ix) Depreciation is to be provided as follows:

Equipment:	10% per annum using the straight line method. A full year's depreciation is charged on all equipment owned by the business at the end of the financial year.
Motor vehicles:	25% per annum using the reducing balance method. There were no additions or disposals during the year.

REQUIRED

The Trading and Profit and Loss Account for the year ended 31 March 2013 **and** the Balance Sheet as at 31 March 2013. **[45]**

2 The following information is available from the books of Rita Mae as at 1 March 2013.

		£
Debtors:	Alan Baker	100
	Kate Davies	140
Creditor:	Marie Costa	200
Cash:		320
Bank:		1 050 Cr

Rita Mae allows her debtors a 5% cash discount for payment within 14 days of the date of sale. Rita Mae's suppliers allow her business 3% cash discount for payment received within 21 days of the date of purchase.

During the week ending 7 March 2013 the following transactions took place:

- The debt for Alan Baker relates to a sale of £100 on 28 February 2013. The amount due was paid by cheque on 3 March 2013.
- The debt for Kate Davies refers to a sale of £140 on 7 February 2013. The amount due was paid by cheque on 4 March 2013.
- The debt due to Marie Costa relates to a purchase of £200 on 20 February 2013. The amount due was paid by cash on 2 March 2013.
- On 3 March 2013 Rita Mae bought new fixtures and fittings costing £2 000 from MM Furniture paying immediately by cheque. No discount was received.
- On 4 March 2013 Rita Mae bought stationery costing £22 paying by cash.

REQUIRED

- (a) The relevant entries for each of the transactions in Rita Mae's three column cash book. Total the discount columns and balance off the cash and bank accounts. [9]
- (b) Prepare and balance off the following ledger accounts:
- (i) Alan Baker [2]
 - (ii) Marie Costa [2]
 - (iii) discounts allowed [1]
 - (iv) discounts received. [1]
- (c) In relation to depreciation, explain each of the following terms:
- (i) residual (scrap) value [2]
 - (ii) obsolescence [3]
 - (iii) physical deterioration. [3]
- (d)* Rita Mae depreciates all her fixed assets using the straight line method as follows:
- | | |
|--------------------|---------------|
| Land and buildings | 10% per annum |
| Motor vehicles | 10% per annum |
- Evaluate the appropriateness of Rita Mae's depreciation methods for land and buildings **and** motor vehicles. [12]

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