

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

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General Certificate of Education  
 January 2003  
 Advanced Subsidiary Examination



**ACCOUNTING** **ACC2**  
**Unit 2 Financial Accounting:**  
**Introduction to Published Accounts of Limited Companies**

Wednesday 15 January 2003 Afternoon Session

**No additional materials are required.**  
 You may use a calculator.

Time allowed: 1 hour

**Instructions**

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions in the spaces provided.
- All workings must be shown and clearly labelled; otherwise marks for method may be lost.
- Make and state any necessary assumptions.
- Do all rough work in this book. Cross through any work you do not want marked.

**Information**

- The maximum mark for this paper is 80. This includes up to 4 marks for the Quality of Written Communication.
- Mark allocations are shown in brackets.
- You will be assessed on your ability to use an appropriate form and style of writing, to organise relevant information clearly and coherently, and to use specialist vocabulary, where appropriate. The degree of legibility of your handwriting and the level of accuracy of your spelling, punctuation and grammar will also be taken into account.

For Examiner's Use			
Number	Mark	Number	Mark
1			
2			
3			
4			
5			
6			
Total (Column 1)	→		
Total (Column 2)	→		
Quality of Written Communication			
TOTAL			
Examiner's Initials			

Answer **all** questions in the spaces provided.

**1**

**Total for this question: 6 marks**

Paging Systems plc wishes to prepare a handout for new staff explaining some facts about limited companies.

**REQUIRED**

(a) Who owns Paging Systems plc?

.....  
(1 mark)

(b) Who is responsible for the day-to-day running of Paging Systems plc?

.....  
(1 mark)

(c) What is the meaning of limited liability?

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
(4 marks)

6

2

**Total for this question: 10 marks**

**REQUIRED**

The table below lists some items which can be found in a trial balance.

- (a) State from which ledger each account is taken and whether it will be a debit or credit entry in the trial balance.

An example has been given.

	<b>Account</b>	<b>Ledger</b>	<b>Debit/credit</b>
e.g.	<i>Business rates</i>	<i>General</i>	<i>Debit</i>
1	Trade debtor		
2	Sales		
3	Cash		

(6 marks)

- (b) Explain **two** benefits to the company of using computers for posting items to the ledgers.

Benefit 1 .....

.....

.....

Benefit 2 .....

.....

.....

(4 marks)

10

**TURN OVER FOR THE NEXT QUESTION**

**Turn over**

**3****Total for this question: 15 marks**

The following balances are taken from the books of James Cadwallader Ltd showing totals for the year ended 31 December 2002.

	£
Sales	67 945
Purchases	34 981
Returns inwards	2 945
Returns outwards	1 367
Carriage inwards	679
Carriage outwards	386
Stock at 1 January 2002	5 780
Stock at 31 December 2002	6 590
Wages	12 056
Other expenses	4 650



4

**Total for this question: 7 marks**

The directors of James Cadwallader Ltd were advised to draw up a trial balance.

**REQUIRED**

Does this technique show whether or not the bookkeeping was correct? Justify your answer.

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*(7 marks)*

7

**TURN OVER FOR THE NEXT QUESTION**

**Turn over** ▶

5

Total for this question: 19 marks

Mary Arbuthnot manages Mary’s Doll Shop Ltd and is preparing the balance sheet but has problems with allocating **four** items.

**REQUIRED**

Using the memorandum below, advise her as to which section/sub-heading of the balance sheet the items should appear under. Give detailed reasons for your choice.

**MEMORANDUM**

**Date** .....

**To** .....

**From** .....

**Subject** .....

*(headings: 1 mark)*

1. Cost of new delivery van

Section: .....

*(1 mark)*

Reasons: .....

.....  
.....  
.....  
.....  
.....

*(5 marks)*

2. Stock of dolls for resale

Section: .....

*(1 mark)*

Reasons: .....

.....  
.....

*(2 marks)*

3. Telephone bill due to be paid in one month's time

Section: ..... (1 mark)

Reasons: .....  
.....  
.....  
..... (3 marks)

4. Retained profits

Section: ..... (1 mark)

Reasons: .....  
.....  
.....  
..... (4 marks)

**TURN OVER FOR THE NEXT QUESTION**



6

**Total for this question: 19 marks**

Below is an extract from the published accounts of Matalan plc showing the cash flow statement.

□

The extract is not reproduced here due to third-party copyright constraints.□

□

The full copy of this paper can be obtained by ordering ACC2□  
from AQA Publications □  
Tel: 0161 953 1170□

**REQUIRED**

(a) Explain the following terms:

(i) equity dividends paid;

.....

.....

.....

.....

*(3 marks)*

(ii) cash flow from operating activities;

.....

.....

.....

.....

.....

.....

.....

*(4 marks)*

(iii) returns on investments.

.....  
.....  
.....  
.....

*(3 marks)*

(b) Explain the value of the information contained in the cash flow statement to:

(i) managers;

.....  
.....  
.....  
.....  
.....  
.....  
.....

*(3 marks)*

(ii) shareholders;

.....  
.....  
.....  
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.....  
.....  
.....

*(3 marks)*

(iii) debenture holders.

.....  
.....  
.....  
.....  
.....  
.....  
.....

*(3 marks)*

**END OF QUESTIONS**