

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

For Examiner's Use

General Certificate of Education
 June 2008
 Advanced Subsidiary Examination



ACCOUNTING
Unit 3 Financial Accounting:
Determination of Income

ACC3

Monday 2 June 2008 1.30 pm to 2.30 pm

<p>You will need no other materials. You may use a calculator.</p>
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Time allowed: 1 hour

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Answers written in margins or on blank pages will not be marked.
- 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 to be marked.

Information

- The maximum mark for this paper is 80.
 Four of these marks will be awarded for using good English, organising information clearly and using specialist vocabulary where appropriate.
- The marks for questions are shown in brackets.

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Question	Mark	Question	Mark
1		3	
2			
Total (Column 1)		→	
Total (Column 2)		→	
Quality of Written Communication			
TOTAL			
Examiner's Initials			



Use this information when answering Question 1(a).

The following trial balance has been extracted from the books of account of Senisub Ltd at 31 December 2007.

	£	£
Ordinary shares of 50 pence each fully paid		400 000
8% Preference shares of £1 each fully paid		250 000
6% Debentures (2023)		100 000
Profit and loss account at 1 January 2007		471 000
Net profit for the year ended 31 December 2007		310 000
Fixed assets at net book value	700 000	
Current assets	933 000	
Trade creditors		112 000
Interim preference share dividend paid	10 000	
	<u>1 643 000</u>	<u>1 643 000</u>

Additional information

The directors wish to make provision for the following:

- (1) corporation tax of £65 000;
- (2) a final dividend to preference shareholders;
- (3) a final dividend to ordinary shareholders of 6 pence per share (no interim dividend was paid to ordinary shareholders);
- (4) the creation of a general reserve of £27 000.

Turn over ►



Use this information when answering Question 1(b).

This is the **same** information as on page 3 but it has been re-printed here for your convenience.

The following trial balance has been extracted from the books of account of Senisub Ltd at 31 December 2007.

	£	£
Ordinary shares of 50 pence each fully paid		400 000
8% Preference shares of £1 each fully paid		250 000
6% Debentures (2023)		100 000
Profit and loss account at 1 January 2007		471 000
Net profit for the year ended 31 December 2007		310 000
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Total for this question: 11 marks**2**

Leon Chin sells one type of machine. He purchases the machines for £200 each and sells them for £300 each.

At the year end, 31 March 2008, he valued his stock of machines as follows:

	£
30 machines valued at cost ($30 \times £200$)	6000
5 machines valued at selling price less 10% ($5 \times £270$)	1350 (see note 1)
1 machine valued at cost less repair costs	<u>160</u> (see note 2)
	<u><u>7510</u></u>

Note 1: Hampshire County Council had agreed to purchase 5 machines at £270 each. The sale took place on 24 April 2008.

Note 2: A machine had been damaged and was repaired at a cost of £40. It can only be sold for £150.

REQUIRED

- 2** (a) Calculate the value of stock held at 31 March 2008.

The value of stock held was £.....

Workings

.....

.....

.....

.....

.....

(6 marks)

- 2** (b) Identify **one** concept that is used in the valuation of stock.

A concept used in the valuation of stock is

(1 mark)



Leon had calculated his gross profit for the year ended 31 March 2008 to be £112 760 based on his stock valuation of £7510.

REQUIRED

2 (c) Calculate the correct gross profit for the year ended 31 March 2008.

Draft gross profit £112 760

Corrected gross profit is £.....

Workings

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

(4 marks)

11

Turn over for the next question

Turn over ▶



Total for this question: 45 marks**3**

Alec Smart is trying to impress his boss. He has prepared the following manufacturing account. All the figures are correct but some additional items of information have not yet been taken into account.

Manufacturing account at 31 March 2008

	£	£
Stocks of raw materials at 31 March 2008		8 420
Purchases of raw materials		<u>42 790</u>
		51 210
Stocks of raw materials at 1 April 2007		<u>9 380</u>
Prime cost		60 590
Wages	170 000	
Royalties	<u>5 000</u>	<u>175 000</u>
		235 590
Less overheads		
Indirect costs		<u>84 600</u>
		150 990
Less increase in work in progress over the year		<u>400</u>
Net loss for the year		<u><u>150 590</u></u>

Additional information at 31 March 2008 not yet taken into account

- (1) Wages owing amounted to £4800.
- (2) Wages are apportioned $\frac{3}{4}$ direct wages and $\frac{1}{4}$ supervisory wages.
- (3) Royalties paid in advance amounted to £500.
- (4) Factory machinery cost £200 000 and is to be depreciated at 10% per annum using the straight-line method.
- (5) Goods are transferred to the trading account at cost plus 20%.



Stocks of finished goods at 1 April 2007 valued at cost plus 20% were £17 640.
Stocks of finished goods at 31 March 2008 valued at cost plus 20% were £18 600.

REQUIRED

- 3 (b) Calculate the amount of the provision for unrealised profit to be entered in the profit and loss account for the year ended 31 March 2008. Indicate whether the amount will increase or decrease the net profit for the year.

The amount to be entered in the profit and loss account is £..... (7 marks)

State whether this amount will increase or decrease the net profit (1 mark)

Workings

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There are no questions printed on this page

**DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED**

