

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
4	
TOTAL	



General Certificate of Education
Advanced Subsidiary Examination
June 2009

Accounting

ACCN2

Unit 2 Financial and Management Accounting

Tuesday 2 June 2009 9.00 am to 10.30 am

You will need no other materials.
You may use a calculator.

Time allowed

- 1 hour 30 minutes

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



J U N 0 9 A C C N 2 0 1

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

Total for this question: 10 marks

1

Fei owns a business selling football shirts to sports shops.

Included in the stock at the financial year end are 100 Hardchester Rovers shirts for last season. These shirts had cost £20 each and Fei had expected to sell them for £30 each.

Hardchester Rovers have introduced a new shirt for next season. Fei cannot sell last season's shirts to his usual customers. He believes that they could be sold directly to the public for £22 each. However, he will need to pay extra advertising costs totalling £300 in order to achieve the sales.

REQUIRED

1 (a) Calculate the value of last season's shirts to be included in closing stock.

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(4 marks)

1 (b) State **one** accounting concept that is applied to the valuation of stock.

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(1 mark)



Fei's trade debtors at 31 May 2009 were £38 750.
The provision for doubtful debts at 1 June 2008 was £2025.
He has been advised that he should adjust the provision for doubtful debts to 5% of trade debtors at 31 May 2009.

REQUIRED

- 1 (c) Calculate the provision for doubtful debts at 31 May 2009.

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(2 marks)

- 1 (d) Calculate the effect the change in provision will have on Fei's net profit for the year ended 31 May 2009.

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(3 marks)

10

Turn over for the next question

Turn over ►



Total for this question: 30 marks**3**

Angelbuild Ltd supplies building materials. The directors are proposing to purchase a computer system that will provide electronic recordings of sales and stock.

The directors have obtained the following estimated prices for the computer system.

Details	£	Terms
Computer hardware	30 000	A deposit of 25% payable in July, the remainder payable in September
Computer software	3 750	Payable in August
Set-up and training costs	4 750	Payable in August
Annual maintenance contract	3 000	The contract is paid in equal monthly instalments starting in August.

Additional information

(1)

Forecasts for:	June	July	August	September
	£	£	£	£
Sales	50 000	44 000	72 000	66 000
Purchases of materials	22 500	36 000	33 000	28 500
Operating expenses	10 500	11 500	12 750	11 250

- (2) Sales are made on the basis of 60% cash and 40% credit. Credit customers are expected to pay one month after the sale.
- (3) Purchases of materials will be paid one month after purchase.
- (4) Operating expenses will be paid in the month they are incurred.
- (5) Depreciation of fixed assets is estimated to be £1250 per month.
- (6) The directors intend to pay an interim dividend of £27 550 in August.
- (7) The directors have negotiated an overdraft facility of £20 000.
- (8) The bank balance at 30 June is estimated to be £400 overdrawn.



Turn over for the next question

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ANSWER IN THE SPACES PROVIDED**

Turn over ►



Total for this question: 30 marks

4 The capital and reserves section of the balance sheet of Carins Ltd at 1 May 2008 is shown below.

Capital and reserves	£
Ordinary shares of 10p each fully paid	700
Share premium	250
Revaluation reserve	35 000
Profit and loss account	<u>23 781</u>
	<u><u>59 731</u></u>

On 1 April 2009, the directors made a bonus issue of ordinary shares on the basis of 50 new shares for every existing share held. The directors intend to retain their reserves in their most distributable form.

REQUIRED

4 (a) Calculate the number of bonus shares issued.

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(5 marks)

The net profit of Carins Ltd for the year ended 30 April 2009 was £105 000.

The directors paid an interim dividend of 20p per share on 30 September 2008, based on the shares in issue at that date. They propose a final dividend of 20p per share based on the shares in issue at 30 April 2009.

The directors estimate that the corporation tax payable for the year ended 30 April 2009 will be £21 000.



Carins Ltd has a mortgage of £65 000 on its premises.

REQUIRED

4 (e) Calculate the gearing ratio at 1 May 2008 **and** 30 April 2009. State the formula used.

Formula

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Calculation

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(5 marks)

4 (f) Explain **one** reason why the gearing ratio has changed.

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(2 marks)

30

END OF QUESTIONS



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