

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  
January 2010

# Accounting

# ACCN2

## Unit 2 Financial and Management Accounting

Wednesday 20 January 2010 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 A N 1 0 A C C N 2 0 1

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

**Total for this question: 10 marks**

- 1** Mushtaq is a sole trader. The following information was extracted from his ledger accounts at 1 December 2008:

	£
motor vehicles at cost	38 000
provision for depreciation	18 000

During the year ended 30 November 2009, Mushtaq sold a vehicle for £4800. This vehicle had originally cost £9000 and had been depreciated by £5000.

Mushtaq also purchased a new vehicle costing £14 000.

His policy is to depreciate all vehicles at the rate of  $33\frac{1}{3}\%$  per annum using the reducing balance method.

**REQUIRED**

- 1** (a) Calculate the profit or loss on the sale of the vehicle.

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*(3 marks)*









**Total for this question: 31 marks****3**

TeeGreen Ltd owns and operates a number of golf shops. The trainee accountant has prepared a draft profit and loss account for the year ended 31 December 2009. She is unsure of the treatment of the following.

- (1) T Ickem Certified Accountants audit the accounts and give tax advice. The fees for the year ended 31 December 2009 are estimated to be £5000. This has not been included in the draft accounts.
- (2) TeeGreen Ltd has recently received golf clubs on a sale or return basis. The directors have not decided whether these golf clubs will be purchased. The total cost price of the clubs is £10 000. The golf clubs have been included in the year end stock-take and valued at the cost price.
- (3) Part of one shop is rented out to a bicycle repair business. TeeGreen Ltd is owed rent of £2000 at 31 December 2009. This has not been included in the draft final accounts.
- (4) TeeGreen Ltd purchased new fixtures and fittings costing £27 500 during the year. These have been included in fixed assets and have been depreciated at a rate of 10% per annum using the straight-line method. The suppliers charged £750 for delivery of the fixtures and fittings and this has been added to carriage inwards.
- (5) Included in the closing stock were golf bags at a cost price of £2000. They would normally sell for £4000. However, they have been damaged and can only be sold for £1500.



**REQUIRED**

- 3 (a) Complete the table below. For each item, state a relevant accounting concept and the effect any adjustment would have on the net profit.  
The first item has been completed for you.

Item	Effect on profit	Concept
(1) <i>Audit and tax fees</i>	<i>(5000)</i>	<i>Accruals</i>
(2) Golf clubs on sale or return		
(3) Rent		
(4) Fixtures and fittings		
(5) Stock		

*(11 marks)**Workings*

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**Question 3 continues on the next page**

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**Total for this question: 30 marks**

4 The directors of Clim Ping Ltd are concerned that, despite making a net profit of £358 650, the business has a large overdraft. The following information has been extracted from the final accounts at 31 December 2009.

	<b>£</b>	
Closing stock	225 040	
Trade debtors	365 400	
Bank overdraft	277 750	
Trade creditors	154 600	

**REQUIRED**

4 (a) (i) Calculate the net current asset ratio (current ratio). State the formula used.

Formula

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Calculation

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*(4 marks)*



4 (a) (ii) Calculate the liquid capital ratio (acid test ratio). State the formula used.

Formula

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Calculation

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*(4 marks)*

**Question 4 continues on the next page**

**Turn over ►**







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(8 marks)

<b>30</b>

**END OF QUESTIONS**



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