

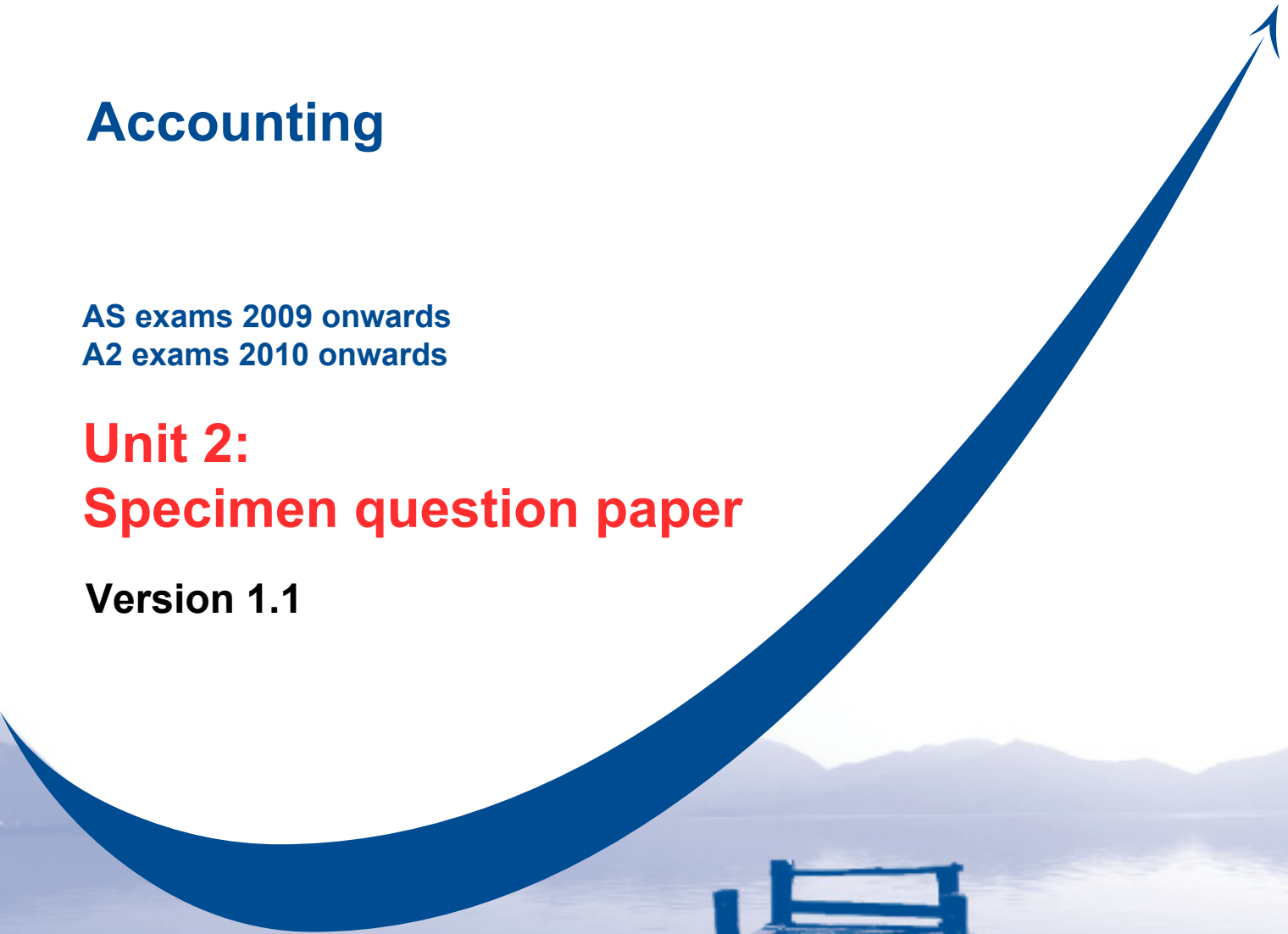
GCE
AS and A Level

Accounting

AS exams 2009 onwards
A2 exams 2010 onwards

Unit 2: **Specimen question paper**

Version 1.1



This page has been left blank

Surname					Other Names				
Centre Number					Candidate Number				
Candidate Signature									

For Examiner's use

General Certificate of Education
 Specimen Paper for examinations in 2009 and onwards
 Advanced Subsidiary Examination



ACCOUNTING

ACCN 2

Unit 2 Financial and Management Accounting

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

For Examiner's Use			
Question	Mark	Question	Mark
1		3	
2		4	
Total (Column 1)		→	
Total (Column 2)		→	
TOTAL			
Examiner's Initials			

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.
- Answer the 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 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.

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

1

Total for this question: 10 marks

The following information relates to the rent and rates account of Mohammed, a sole trader.

During the year £4400 was paid for rent. At the end of the year £400 was owed for rent. £1200 was paid for rates. £500 has been paid for rates for the next financial year.

REQUIRED

1(a) Calculate the amount to be included in the profit and loss account for rent and rates.

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

(3 marks)

1(b) This is an example of the application of the..... concept.
(1 mark)

Stock costing £500 has been damaged by a water leak. Mohammed has found a customer who is willing to buy the stock for £600 provided it is repaired and transported to their premises. It is estimated that the cost of the repairs would be £60 and the transport costs would be £80.

REQUIRED

1(c) Calculate the value of the damaged stock.

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

(5 marks)

1(d) This is an example of the application of the..... concept.

(1 mark)

10

Turn over for the next question

Turn over ►

2

Total for this question: 10 marks

The balance sheet of Sonia at 31 May 2007 showed:

Motor vehicles at cost	£18 500
Provision for depreciation for motor vehicles	£10 500

During the year Sonia sold a motor vehicle which had cost £8500 and had a net book value of £3000. She also purchased a new motor vehicle costing £8800.

Her policy is to depreciate all assets held at the year end using the reducing balance method at the rate of $33\frac{1}{3}\%$ per annum.

REQUIRED

Prepare the motor vehicles at cost account and the provision for depreciation of motor vehicles account at 31 May 2007. Balance the accounts on 31 May 2007 and bring down any balances.

Motor Vehicles at cost

Dr			Cr		
Date	Details	£	Date	Details	£

Provision for Depreciation – Motor Vehicles

Dr			Cr		
Date	Details	£	Date	Details	£

Workings

.....

.....

.....

.....

.....

(10 marks)

Turn over for the next question

<hr/> 10

Turn over ►

3

Total for this question: 30 marks

The following trial balance has been extracted from the books of account of Falcon Ltd at 31 March 2007 **after** the preparation of the profit and loss appropriation account.

	Dr	Cr
	£	£
Bank	1 058	
Debenture (2011 – 2013)		28 000
Fixtures and fittings – net book value	17 500	
Issued ordinary shares of £1 each fully paid		50 000
Premises – net book value	80 000	
Proposed dividends		2 500
Provision for corporation tax		5 400
Retained profits at 31 March 2007		19 832
Share premium account		5 000
Stock at 31 March 2007	14 560	
Trade creditors		7 842
Trade debtors	5 456	
	<u>118 574</u>	<u>118 574</u>

The following adjustments need to be made **before** the preparation of a balance sheet.

1. The directors have had the premises valued and wish to include the revaluation in the final accounts. The premises are to be valued at £200 000.
2. The directors made a rights issue of ordinary shares, at a premium of 20p, on the basis of 1 new share for every 2 shares held. The rights issue was fully subscribed.

Workings

.....

.....

.....

.....

.....

.....

.....

.....

3(b) Calculate the gearing ratio **before** and **after** making any necessary adjustments. State the formula used.

Formula

.....

.....

Before

After

.....

.....

.....

.....

(5 marks)

3(c) Assess the impact of the rights issue and the revaluation of the premises on the gearing of Falcon Ltd.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(5 marks)

4

Total for this question: 30 marks

The accountant of Hawk Ltd is preparing information for the next Directors’ meeting. She has calculated that the net profit for the next months will be: £36 000.

She has also prepared the cash budget for the five months July to November and provided the following information relating to December.

The cash from debtors figure is calculated on the following basis:

- 20% of cash from sales is received in the current month, with customers taking 2% cash discount;
- 60% is received in the month following the sale;
- 20% is received two months after the sale is made.

The forecast sales are:

October	November	December
£	£	£
30 000	50 000	60 000

The following payments are forecast for December:

payments to creditors	£12 500
operating expenses	£12 000
purchase of fixed assets	£19 510
repayment of loan	£20 000

REQUIRED

4(a) Make the entry for December in the cash budget on the next page.

Workings

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Turn over ►

	July	August	September	October	November	December
	£	£	£	£	£	£
Income						
Cash from debtors	20 000	24 000	28 500	32 500	38 500	
Expenditure						
Payments to creditors	10 000	11 000	14 000	18 000	24 500	
Operating expenses	12 000	12 000	12 000	12 000	12 000	
Purchase of fixed assets		8 500				
Repayment of loan						
	<u>22 000</u>	<u>31 500</u>	<u>26 000</u>	<u>30 000</u>	<u>36 500</u>	
Net cash flow	(2 000)	(7 500)	2 500	2 500	2 000	
Opening balance	<u>980</u>	<u>(1 020)</u>	<u>(8 520)</u>	<u>(6 020)</u>	<u>(3 520)</u>	<u>(1 520)</u>
Closing balance	<u>(1 020)</u>	<u>(8 520)</u>	<u>(6 020)</u>	<u>(3 520)</u>	<u>(1 520)</u>	
						<i>(9 marks)</i>

4(b) Calculate the total net cash outflow for the six months.

.....

.....

(2 marks)

4(d) Explain **two** benefits of using a spreadsheet to prepare a cash budget.

Benefit 1

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(3 marks)

Benefit 2

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(3 marks)

END OF QUESTIONS

30