THIS IS A NEW SPECIFICATION

ADVANCED SUBSIDIARY GCE

ACCOUNTING

Accounting Principles

F011/RB

RESOURCE BOOKLET

Friday 21 May 2010
Morning

To be given to candidates at the start of the examination

Duration: 1 hour

OCE/13798

INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–2 is contained within this Resource Booklet.
- Do not hand this Resource Booklet in at the end of the examination. It is not needed by the Examiner.

INFORMATION FOR CANDIDATES

- This document consists of **8** pages. Any blank pages are indicated.

INSTRUCTION TO EXAMS OFFICER/INVIGILATOR

- Do not send this Resource Booklet for marking; it should be retained in the centre or destroyed.

Turn over

1* Sardar Patel, a sole trader, extracted the following Trial Balance from the business accounts at 30 April 2010.

	Dr £	Cr £
Sales		221 750
Sales returns	2 150	
Purchases	95 300	
Purchases returns		1 360
Carriage outwards	770	
Discounts allowed	2 910	
Discounts received		1 640
Rent received		7 320
Heat and light	3 720	
General expenses	55 720	
Motor expenses	6 110	
Salaries	29 720	
Bad debts	660	
Provision for doubtful debts		700
Drawings	23 770	
Loan interest	1 100	
10% Loan		12 000
Equipment	22 500	
Provision for depreciation of equipment		9 000
Motor vehicles	36 000	
Provision for depreciation of motor vehicles		23 040
Stock at 1 May 2009	7 400	
Debtors	36 800	
Creditors		15 200
Bank	7 380	
Capital		40 000
	332 010	332 010

The following information is also available.

(i) The closing stock as at 30 April 2010 was valued at £7 950.

(ii) At 30 April 2010 rent receivable accrued for the year amounted to £480; heat and light accrued was £270; whilst salaries of £600 had been prepaid.

(iii) During the year Sardar Patel had withdrawn goods costing £640 for personal use. This had not been recorded in the accounts.

(iv) New equipment costing £2 500 was purchased during the year but had been included in purchases in error. This is to be corrected.

(v) The 10% loan is a four year loan due to be repaid in full on 30 April 2012.

(vi) A cheque for £490 received from a debtor in full settlement of a debt of £500 has not yet been entered in the accounts.

(vii) Provision for doubtful debts is to be maintained at 2% of debtors.

(viii) Depreciation is to be provided for as follows.

Equipment	20% per annum using the straight line method. A full year's depreciation is provided on all equipment held at 30 April 2010, regardless of the date of purchase.
Motor vehicles	40% per annum using the reducing balance method.

REQUIRED

For Sardar Patel, the Trading and Profit and Loss Account for the year ended 30 April 2010 **and** the Balance Sheet as at 30 April 2010. **[46]**

Total marks [46]

2 Jo Parkes started business on 1 May 2008. On that date she purchased the following fixed assets at cost.

	Reference	£
Fixtures and fittings	F1	64 000
Motor vehicle	MV1	12 000

There were no other purchases or disposals of fixed assets during the first year of trading.

The provision for depreciation as at 1 May 2009 was:

	£
Fixtures and fittings	16 000
Motor vehicle	3 600

During the **second** year of trading the following transactions took place.

(i) Purchases

		Reference	£
1 May 2009	Fixtures and fittings	F2	10 000
1 November 2009	Motor vehicle	MV2	25 000

(ii) Disposals
31 October 2009 Motor vehicle (MV1) was sold for £2 600

(iii) All transactions took place through the bank account.

(iv) The following depreciation policy was applied in the business.

Fixtures and fittings 25% per annum using the straight line method.

Motor vehicles 30% per annum using the reducing balance method.

Depreciation is applied from the date an asset is purchased until it is sold.

From 1 May 2010 Jo Parkes has decided to classify any repair expenses on the motor vehicles as capital expenditure.

REQUIRED

(a) For Jo Parkes, prepare the following ledger accounts for the second year of trading – the year ended 30 April 2010. Where appropriate, show the closing entries to the final accounts at 30 April 2010.

Dates are not required.

(i) Fixtures and Fittings **[3]**

(ii) Provision for Depreciation of Fixtures and Fittings **[4]**

(iii) Motor Vehicles **[4]**

(iv) Provision for Depreciation of Motor Vehicles **[5]**

(v) Disposal of Motor Vehicles **[6]**

(b)* Evaluate the appropriateness of the methods used for depreciating the fixed assets in Jo Parkes' business. **[8]**

(c) Evaluate the effects on the final accounts of Jo Parkes' decision to classify repair expenses on motor vehicles as capital expenditure. **[4]**

Total marks [34]

BLANK PAGE

BLANK PAGE