

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS  
AS GCE**

**F011/01/RB**

**ACCOUNTING**

**Accounting Principles**

**RESOURCE BOOKLET**

**TO BE GIVEN TO CANDIDATES AT THE START OF  
THE EXAMINATION**

**TUESDAY 17 MAY 2016: Afternoon**

**DURATION: 1 hour  
plus your additional time allowance**

**MODIFIED ENLARGED**

**READ INSTRUCTIONS OVERLEAF**

## **INSTRUCTIONS TO CANDIDATES**

**The information required to answer questions 1–2 is contained within this Resource Booklet.**

## **INFORMATION FOR CANDIDATES**

**Your Quality of Written Communication will be assessed in the two questions/sub-questions marked with an asterisk (\*).**

**In one of these questions, the focus will be on your ability to present numerical information legibly and in an appropriate accounting format. In the other, you will be assessed on the legibility and style of writing, the clarity and coherence of your arguments and the accuracy of your spelling, punctuation and grammar.**

**Any blank pages are indicated.**

## **INSTRUCTION TO EXAMS OFFICER/INVIGILATOR**

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- 1 On 31 March 2016 the following information was available from the accounts of Tegwen, a sole trader.

|                              | Dr      | Cr      |
|------------------------------|---------|---------|
|                              | £       | £       |
| Capital                      |         | 48 500  |
| Sales                        |         | 335 465 |
| Purchases                    | 147 000 |         |
| Electricity                  | 12 750  |         |
| Bad debts                    | 3 540   |         |
| Debtors                      | 34 220  |         |
| Provision for doubtful debts |         | 1 450   |
| 7% loan                      |         | 28 000  |
| Loan interest                | 1 470   |         |
| Motor expenses               | 8 740   |         |
| Commission received          |         | 3 290   |
| Creditors                    |         | 19 730  |
| Salaries                     | 49 500  |         |
| Insurance                    | 12 900  |         |
| Rent                         | 38 500  |         |
| Carriage inwards             | 3 470   |         |
| Bank                         | 13 680  |         |
| General expenses             | 6 360   |         |

|   | <b>Dr</b><br><b>£</b> | <b>Cr</b><br><b>£</b>      |
|---|-----------------------|----------------------------|
| <b>Drawings</b>                                     | <b>32 470</b>         |                            |
| <b>Stock</b>  | <b>29 140</b>         |                            |
| <b>Sales returns</b>                                | <b>4 230</b>          |                            |
| <b>Purchases returns</b>                            |                       | <b>3 170</b>               |
| <b>Equipment</b>                                    | <b>22 456</b>         |                            |
| <b>Provision for depreciation of equipment</b>      |                       | <b>8 421</b>               |
| <b>Motor vehicles</b>                               | <b>50 000</b>         |                            |
| <b>Provision for depreciation of motor vehicles</b> |                       | <b>22 400</b>              |
|   | <hr/> <b>470 426</b>  | <hr/> <b>470 426</b> <hr/> |

**The following information is available:**

- (i) The closing stock at 31 March 2016 was valued at £32 770.**
- (ii) Tegwen had withdrawn stock at a cost price of £5200 from the business for her personal use. This transaction has not been recorded in the accounts.**
- (iii) Motor expenses of £1850 had been included in purchases.**
- (iv) On 1 February 2016 Tegwen purchased a car that cost £10 400, for her private use only. This transaction was recorded in the motor vehicles account.**
- (v) Tegwen's policy is to maintain a provision for doubtful debts of 5% of debtors remaining in the books at the financial year end.**
- (vi) The total salaries for the year ended 31 March 2016 amounted to £54 000. There were no salaries owing or prepaid at the start of the financial year.**
- (vii) One month's rent is outstanding as at 31 March 2016. There has been no increase in rent during the financial year and no rent was outstanding at the start of the financial year.**
- (viii) As at 31 March 2016 general expenses of £745 and commission received of £1510 were owing.**

- (ix) The insurance total of £12 900 shown in the Trial Balance includes a payment of £4000 made in February 2016. This payment relates to the period 1 February 2016 to 30 June 2016.**
- (x) The loan was taken out in full on 1 April 2012. 40% of the loan is repayable by 30 September 2016 and the remaining balance by 31 March 2018.**
- (xi) Equipment is depreciated at a rate of 12.5% per annum using the straight line method. Motor vehicles are depreciated at a rate of 25% per annum using the reducing balance method. A full year's depreciation is charged on fixed assets remaining in the books at the financial year end.**

## **REQUIRED**

- (a)\* The Trading and Profit and Loss Account for the year ended 31 March 2016 AND the Balance Sheet as at 31 March 2016. [45]**
- (b) Explain the following TWO concepts. For each concept, give one example of its application from (a).**
- (i) Business entity [3]**
  - (ii) Going concern [3]**



**2 The following information is available for Cerys, a sole trader, for the year ended 31 March 2016.**

- (i) Rent is paid quarterly in advance with due dates being 1 May, 1 August, 1 November and 1 February each year. As at 1 April 2015 rent was prepaid by £1500. A 10% price increase in rent came into effect on 1 October 2015 and this increase was included in the quarterly payment made on 1 August 2015. During the financial year ended 31 March 2016 all payments were made by cheque on the due dates for the exact amounts owing. All months are treated as being of the same length.**
- (ii) Cerys allows her debtors a 3% cash discount providing they settle within 28 days of sale. During the year ended 31 March 2016 Cerys recorded transactions relating to Elin, a debtor, as follows:**

|                        | <b><u>Sales to Elin</u></b> | <b><u>Date cheque received</u></b>         |
|------------------------|-----------------------------|--|
|                        | <b>£</b>                    |  |
| <b>15 August 2015</b>  | <b>1 850</b>                | <b>30 September 2015</b>                   |
| <b>8 November 2015</b> | <b>3 400</b>                | <b>30 November 2015</b>                    |
| <b>12 March 2016</b>   | <b>1 400</b>                | <b>No cheque received by 31 March 2016</b> |

**In addition to the above Cerys received a cheque from Elin for £1 050 on 15 April 2015, that related to a sale made six weeks earlier.**

## **REQUIRED**

- (a) The following ledger accounts in the books of Cerys for the year ended 31 March 2016. Include in EACH case the balance carried down to the next financial year. Dates are not required.**

**(i) Rent [9]**

**(ii) Elin (debtor) [6]**

- (b)\* Differentiate between and explain how EACH of the following is treated in the Trading and Profit and Loss Account.**

**Discounts received**

**Discounts allowed**

**Trade discount [14]**

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