



General Certificate of Education
Advanced Level Examination
June 2010

Accounting

ACCN3

Unit 3 Further Aspects of Financial Accounting

Tuesday 15 June 2010 1.30 pm to 3.30 pm

For this paper you must have:

- a 12-page answer book.
- You may use a calculator.

Time allowed

- 2 hours

Instructions

- Use black ink or black ball-point pen.
- Write the information required on the front of your answer book. The **Examining Body** for this paper is AQA. The **Paper Reference** is ACCN3.
- Answer **all** questions.
- 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 your answer 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 90.
Four of these marks will be awarded for:
 - using good English
 - organising information clearly
 - using specialist vocabulary where appropriate.

Answer **all** questions.

Task 1**Total for this task: 13 marks**

Dave Nixon was unable to carry out a stocktake at his year end on 28 February 2010. However, he was able to physically count his inventory (stock) on 9 March 2010 and to value it at £11 025. Dave applies a mark-up of 50% on all the goods he sells.

The following transactions took place between 1 March 2010 and 9 March 2010 inclusive.

	£
Sales	3300
Purchases	1740
Sales returns	690
Purchases returns	150

Included in the inventory (stock) valuation were damaged goods at a cost of £300. These goods will need to be repaired at a cost of £40 and will then be sold for £320.

REQUIRED

0 1 Calculate the value of inventory (stock) held at 28 February 2010. (13 marks)

Task 2**Total for this task: 24 marks**

Jennifer Lucas suspects that a dishonest casual worker had stolen cash some weeks before the end of the financial year.

Jennifer did not keep a full set of accounting records. However, she is able to provide the following information for the year ended 31 March 2010.

Summary of bank account

	£		£
Balance at 1 April 2009	1 798	Business expenses	212 430
Cash banked	359 026	Drawings	14 000
Receipts from credit customers	17 061	Payments to credit suppliers	148 639
		Balance at 31 March 2010	2 816
	<u>377 885</u>		<u>377 885</u>

Jennifer's till rolls showed that her takings for the year were £423 280. Before takings were banked Jennifer made the following cash payments.

	£
Wages	37 440
Rent	15 600
Cash purchases	3 480

She also withdrew £6864 cash for her own personal use.

Jennifer provides the following additional information.

	£
Cash in hand at 1 April 2009	634
Cash in hand at 31 March 2010	126

REQUIRED

- 0 2** Calculate the amount of cash stolen. (7 marks)

Jennifer's insurance company has agreed to pay £1250 on 14 June 2010 as compensation for the stolen cash.

- 0 3** State how **all** the transactions arising from the theft of the cash will be shown in **all** the financial statements (final accounts). (5 marks)

Jennifer is now concerned that her accounting records are inadequate. She is considering introducing a system of double-entry bookkeeping.

- 0 4** Assess the impact on Jennifer's business of the introduction of a system of double-entry bookkeeping. (10 marks)
(for quality of written communication: plus 2 marks)

Turn over ►

Task 3**Total for this task: 20 marks**

Bedi, Chaudry and Dhillon are in partnership, sharing profits and losses equally. From 1 January 2010, the partners have agreed to share profits and losses in the ratio 3 : 2 : 1 respectively.

The summarised balance sheet at 31 December 2009 was as follows.

	£	£
Non-current (fixed) assets		170 000
Current assets	30 000	
Current liabilities	<u>(20 000)</u>	<u>10 000</u>
		<u>180 000</u>
Capital accounts		
Bedi	70 000	
Chaudry	60 000	
Dhillon	<u>50 000</u>	
		<u>180 000</u>

With effect from 1 January 2010, the partners agreed the following valuations.

	£
Non-current (fixed) assets	130 000
Current assets	28 000
Goodwill	90 000

The partners have also agreed the following.

- A goodwill account will not be maintained in the books of account.
- The total capital of the partnership will be £150 000 and will reflect the new profit sharing ratios. Each partner will contribute or withdraw capital in order to achieve this requirement.

REQUIRED

- 0 | 5** Prepare detailed partners' capital accounts to show the changes that took place on 1 January 2010. *(12 marks)*
- 0 | 6** Prepare a summarised balance sheet at 1 January 2010 after the changes have taken place. *(8 marks)*

Task 4

Total for this task: 33 marks

The following information is given for Ncube and Aamer plc.

Extracts from the financial statements (final accounts) for the year ended 31 December 2009.

Income statement (Trading and profit and loss account)

	£000
Profit from operations	882
Debenture interest	(66)
Profit before taxation	<u>816</u>
Taxation	(310)
Profit for the year	<u><u>506</u></u>

Statement of changes in equity

	Share capital	Share premium	Retained earnings	Total
	£000	£000	£000	£000
Balance at 1 January 2009	500	170	588	1258
Ordinary shares issued	200	150		350
Profit for the year			506	506
Dividends paid			(300)	(300)
Balance at 31 December 2009	<u><u>700</u></u>	<u><u>320</u></u>	<u><u>794</u></u>	<u><u>1814</u></u>

Additional information

- (1) Non-current (fixed) assets were sold for £200 000; the profit on the sale was £35 000. There were no additions to non-current (fixed) assets during the year.
- (2) Taxation paid during the year was £412 000.
- (3) Depreciation of non-current (fixed) assets charged to the income statement (trading and profit and loss account) was £135 000.
- (4) £60 000 debentures were redeemed at par on 30 June 2009.
- (5) The following changes took place during the year:

	£000
Increase in inventories (stock)	392
Increase in trade receivables (debtors)	149
Decrease in trade payables (creditors)	83

- (6) Cash and cash equivalents (bank and cash):

	£000
1 January 2009	113
31 December 2009	183

Task 4 continues on the next page

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REQUIRED

- 0 7** Prepare a statement of cash flows (cash flow statement) for the year ended 31 December 2009 in accordance with IAS 7. *(17 marks)*
(for quality of presentation: plus 2 marks)
- 0 8** Discuss the benefits that a shareholder in Ncube and Aamer plc might gain from the publication of the statement of cash flows (cash flow statement). *(14 marks)*

END OF QUESTIONS

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