



Please write clearly in block capitals.

Centre number

--	--	--	--	--

Candidate number

--	--	--	--

Surname

---

Forename(s)

---

Candidate signature

---

# AS ACCOUNTING

## Unit 2 Financial and Management Accounting

---

Friday 20 May 2016

Afternoon

Time allowed: 1 hour 30 minutes

### Materials

For this paper you must have:

- A calculator

### 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. Do not write outside the box around each page or on blank pages.
- All workings must be shown and clearly labelled; otherwise marks for method may be lost.
- 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 good English
  - using good English
  - organising information clearly
  - using specialist vocabulary where appropriate.



J U N 1 6 A C C N 2 0 1

IB/G/Jun16/E2

**ACCN2**

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

**1****Total for this question: 16 marks**

Dave is the sole shareholder of Dave's Gym Ltd. The company's income is in the form of membership fees received from customers.

Income has been falling due to increased competition. Dave has decided that to be competitive he needs to install new 'state of the art' computerised gym equipment. He intends to install the new equipment in June 2016.

The cost of the equipment is £240 000. The equipment has a useful life of 5 years. The business policy is to depreciate gym equipment using the straight-line method on a month by month basis.

Dave prepared a cash budget and forecast income statement for the month of June. The income statement showed a loss of £4500 for the month, this included the depreciation on the new equipment. The cash budget showed a large overdraft which meant that the purchase could not be afforded.

Dave is proposing to rent the equipment and to amend the membership scheme. He has provided you with the following information.

There are 225 members who each pay a subscription of £30 per month.

Dave will introduce a new annual membership. A member will pay a fee of £300 for the year in advance. The forecast is that this will attract an additional 50 members who will start paying on 1 June.

The rental of the new gym equipment will cost £6200 a month; this will be paid on the first of each month starting on 1 June 2016.

If Dave purchases the equipment then it would be automatically covered by the manufacturer's guarantee. However, as Dave is renting the equipment he will have to take out a maintenance contract costing £2400 a year. This will be paid in full on 1 June 2016.

Operating expenses of £6500 per month are paid in the month they are incurred. These will not change if the equipment is bought or rented.

The balance in the bank at 31 May 2016 is expected to be £880 overdrawn.





Workings

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---





2

Total for this question 23 marks

Extracts from the balance sheet of Apar dew plc at 30 April 2015 are shown below.

<b>Non-current liability</b>	<b>£</b>
5% Debenture 2026-28	27 532 000
<b>Equity</b>	<b>£</b>
Ordinary shares of 25p each	6 000 000
Share premium	800 000
Retained earnings	2 850 000
	<u>9 650 000</u>

During the year ended 30 April 2016 the directors authorised the following.

- (1) On 30 September 2015 an interim dividend of 4p per share was paid on all shares in issue at that date.
- (2) On 30 November 2015 there was a rights issue of shares. The shares were offered on the basis of 1 new share for every 2 existing shares at an issue price of 30p per share. The issue was fully subscribed.
- (3) On 30 April 2016 a final dividend of 3p per share was paid on all shares in issue at that date.

The profit for the year ended 30 April 2016 after tax was £2 920 000.

2 (a) Prepare the statement of changes in equity for the year ended 30 April 2016.

**[13 marks]**

**[includes 1 mark for quality of presentation]**

Workings \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**Statement of changes in equity for the year ended 30 April 2016**

	<b>Issued share capital £</b>	<b>Share premium £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 May 2015	6 000 000	800 000	2 850 000	9 650 000

**Question 2 continues on the next page**



2 (b) Calculate the gearing ratio at 30 April 2016. State the formula used.

[3 marks]

---

---

---

---

---

---

---

---

---

---

2 (c) Explain to the directors of Apar dew plc the implications for the company of the gearing ratio at 30 April 2016.

[7 marks]

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---





Extra space

23

**Turn over for the next question**



3

**Total for this question: 21 marks**

Nour is a sole trader. Her bookkeeper is in the process of completing the books of account and preparing the financial statements for the year ended 30 April 2016.

There are three accounts that need to be completed.

- Provision for doubtful debts
- Provision for depreciation
- Interest receivable

The bookkeeper provides the following information relating to these accounts.

Balances at 1 May 2015.

	£
Provision for doubtful debts	1 580
Provision for depreciation	21 000
Interest receivable in arrears	90

Balances at 30 April 2016.

	£
Trade receivables	45 000
Non-current assets at cost	82 500
Interest receivable in arrears	100

During the year ended 30 April 2016:  
interest received totalled £1190  
there were no purchases or sales of non-current assets.

The provision for doubtful debts is to be maintained at 2.5% of trade receivables.

The depreciation policy is to depreciate all non-current assets owned at the end of the year using the reducing-balance method at the rate of 30% per annum.

**3 (a)** Prepare the following accounts for the year ended 30 April 2016. (Show clearly the transfer to the income statement.)

- Provision for doubtful debts
- Provision for depreciation
- Interest receivable.

**[11 marks]**

Dr	<b>Provision for doubtful debts account</b>				Cr
Date	Details	£	Date	Details	£



Workings \_\_\_\_\_

---

---

---

---

---

---

---

---

---

---

**Dr** **Provision for depreciation account** **Cr**

Date	Details	£	Date	Details	£

Workings \_\_\_\_\_

---

---

---

---

---

---

---

---

---

---



Turn over ►

Dr	Interest receivable account				Cr
Date	Details	£	Date	Details	£

Workings \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The following information relates to the rent receivable for part of the business property.	
	£
Rent received in advance at 30 April 2015	2 600
Rent received during the year ended 30 April 2016	28 400
Rent received in advance at 30 April 2016	2 400

**3 (b)** Tick **one** box to show which of the following amounts would be included in the income statement for rent receivable for the year ended 30 April 2016. Tick **one** box only.

[1 marks]

£	✓
28 200	<input type="checkbox"/>
28 400	<input type="checkbox"/>
28 600	<input type="checkbox"/>
33 400	<input type="checkbox"/>



The closing inventory at 30 April 2016 was valued at £38 750. Included in this figure were some items that had been damaged. The selling price of these items was £4250. The cost price was £2150. In order to sell these items they will need to be repaired at a cost of £800 and they could then be sold for £2600.

- 3 (c)** Tick **one** box to show which of the following amounts, for the damaged items, would be included in the closing inventory at 30 April 2016.  
Tick **one** box only.

[1 marks]

£	✓
350	
1 800	
2 600	
3 450	

Sundry expenses totalled £2892, included in this were:

- Nour's health club subscription of £588;
- mobile phone bills totalling £420, half of this was for Nour's personal use.

- 3 (d)** Tick **one** box to show which of the following amounts for sundry expenses should be included in the income statement for the year ended 30 April 2016.  
Tick one box only.

[1 marks]

£	✓
1 884	
2 094	
2 472	
2 892	



- 3 (e)** Tick one box to show which of the following concepts is being applied in the calculation of the sundry expenses to be included in the income statement. Tick **one** box only.

[1 marks]

	✓
Business entity	
Cost	
Going concern	
Realisation	

At 30 April 2016 the bank balance was £1850 overdrawn.

- 3 (f)** Prepare the current assets section of the balance sheet at 30 April 2016. You should use all the relevant information from **all** parts of the question 3(a) to 3(d).

[6 marks]

---



---



---



---



---



---



---



---



---



---



4

Total for this question: 20 marks

Compo Ltd operates a computerised accounting system that includes inventory control. The following information has been taken from the computerised records at 30 April 2016.

	£
Sales	160 000
Cost of sales	90 000
Inventory at 1 May 2015	17 145
Inventory at 30 April 2016	18 855

4 (a) Calculate the rate of inventory turnover. State the formula used.

[2 marks]

---

---

---

---

---

---

---

---

---

---

Question 4 continues on the next page



A physical stocktake was undertaken on 30 April 2016. The inventory valuation given by the physical stocktake did not agree with the computerised valuation of £18 855. The physical stocktake valuation has been checked and it is correct.

The accountant has investigated and identified the following:

- (1) Goods that had cost £4650 had been sold for £8000. This transaction had been entered into the computer system as a sale of goods cost price £4560.
- (2) An invoice for the purchase of goods that had cost £878 had not been entered into the computer system.
- (3) Goods that had cost £155 with a selling price of £400 had been stolen. This had not been entered into the computer system.
- (4) Goods that had cost £256 had been returned by a customer. These had been entered in the computer system as a purchase return.

**4 (b)** Calculate the value of the physical stocktake.

**[6 marks]**

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---





The directors are concerned that the inventory turnover is too low and needs to be improved. They have discussed the possibility of increasing sales by spending more on advertising. However, they have rejected this idea as they feel that they cannot afford the extra expense.

**4 (c)** Suggest two other strategies that the directors could adopt to improve the inventory turnover. Explain any problems your strategies might cause for the business. **[12 marks]**  
**[includes 2 marks for quality of written communication]**

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



Turn over ►



**There are no questions printed on this page**

**DO NOT WRITE ON THIS PAGE  
ANSWER IN THE SPACES PROVIDED**



**There are no questions printed on this page**

**DO NOT WRITE ON THIS PAGE  
ANSWER IN THE SPACES PROVIDED**

**Copyright Information**

For confidentiality purposes, from the November 2015 examination series, acknowledgements of third party copyright material will be published in a separate booklet rather than including them on the examination paper or support materials. This booklet is published after each examination series and is available for free download from [www.aqa.org.uk](http://www.aqa.org.uk) after the live examination series.

Permission to reproduce all copyright material has been applied for. In some cases, efforts to contact copyright-holders may have been unsuccessful and AQA will be happy to rectify any omissions of acknowledgements. If you have any queries please contact the Copyright Team, AQA, Stag Hill House, Guildford, GU2 7XJ.

Copyright © 2016 AQA and its licensors. All rights reserved.

