

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

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General Certificate of Secondary Education
June 2004



ACCOUNTING
Foundation Tier
Paper 2

3122/2F

F

Tuesday 29 June 2004 1.30 pm to 3.30 pm

No additional materials are required.
You may use a calculator.

For Examiner's Use			
Number	Mark	Number	Mark
1			
2			
3			
4			
5			
Total (Column 1)	→		
Total (Column 2)	→		
Quality of Written Communication			
TOTAL			
Examiner's Initials			

Time allowed: 2 hours

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions in the spaces provided.
- Do all rough work in the answer book. Cross through any work you do not want marked.

Information

- The maximum mark for this paper is 126. In addition to the mark allocations indicated within the paper, you will be awarded up to 6 marks for your ability to organise and present information, ideas, descriptions and arguments clearly and logically. Account will be taken of your use of grammar, punctuation and spelling.
- Mark allocations are shown in brackets.

Advice

- In all calculations, show clearly how you work out your answer.

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

1

Total for this question: 30 marks

Marion Hall is an office supplies wholesaler. Information about some of the business's transactions for March 2004 is given below.

Purchases journal transactions for 6 March 2004

On this date, Marion Hall received two invoices from suppliers. The details were as follows.

Invoice number EBL234 from Executive Bags Ltd	£
4 executive brief cases model PEB02 at £70 each	280.00
8 laptop cases model LC090 at £30 each	240.00
	<u>520.00</u>
Less trade discount 30%	156.00
	<u>364.00</u>
Plus VAT	63.70
	<u><u>427.70</u></u>

Invoice number CTC900 from Beta Telephone Group	£
10 cordless telephones CT007 at £60 each	600.00
Plus VAT	105.00
	<u><u>705.00</u></u>

(a) Record the information from the two invoices in the purchases journal.

Date 2004	Supplier	Invoice No	Goods		VAT		Total	
			£	p	£	p	£	p

(6 marks)

Account of Jacqueline Lycett

Jacqueline Lycett is one of Marion Hall's customers. The following information relates to the account of this debtor.

March	1	Balance, amount owed to Marion Hall, £450
	17	Account settled by cheque
	23	Invoice sent to Jacqueline Lycett for goods £1600 plus VAT £280
	28	Credit note issued to Jacqueline Lycett for goods £120 plus VAT £21

The account was balanced on 31 March 2004.

- (b) Record the above information in the account of Jacqueline Lycett. Bring down the balance on the account at 1 April 2004.

J Lycett Account

Date 2004		£	Date 2004		£

(6 marks)

QUESTION 1 CONTINUES ON THE NEXT PAGE

Turn over ►

Marion Hall keeps her petty cash book using the imprest system, the imprest being £50. For the month of March 2004, her petty cash transactions were as follows.

March	1	Petty cash balance	17.10
	1	Petty cashier obtained cash to restore the imprest	32.90
	9	Bought stamps	8.10
	18	Bought petrol	20.00
	23	Paid bus fare	2.40
	26	Received cash for a personal telephone call	1.20
	28	Paid creditor D Austin	9.96
	30	Bought envelopes	6.70

- (c) Enter the above transactions in the petty cash book (opposite) and balance the petty cash book at 31 March, bringing down the balance on 1 April.

Ignore VAT.

(12 marks)

(d) Using the relevant information from part (c), complete the ledger accounts for *Postage and Stationery* and *Travelling Expenses*.

Postage and Stationery Account							
Date 2004		£	p	Date 2004		£	p

Travelling Expenses Account							
Date 2004		£	p	Date 2004		£	p

(4 marks)

(e) Identify **two** reasons why some businesses keep a petty cash book as well as a cash book.

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(2 marks)

TURN OVER FOR THE NEXT QUESTION

Turn over ►

2

Total for this question: 18 marks

S. Scott has prepared the following balance sheet which contains a number of errors.

S. Scott
Balance Sheet for the year ended 31 December 2003

	£		£
Premises	100 000	Capital	131 000
Net profit	27 000	Cash	1 000
Drawings	20 000	Motor vehicles	28 500
Stock at 31 December 2003	14 000	Creditors	7 000
Stock at 1 January 2003	8 000	Debtors	13 000
Bank overdraft	11 500		
	£180 500		£180 500

- (a) Prepare a balance sheet for S. Scott as at 31 December 2003, showing clearly sub-totals for the following.
- Fixed assets
 - Current assets
 - Current liabilities
 - Working capital (net current assets)
 - Capital

S. Scott			
Balance Sheet as at 31 December 2003			
	£	£	£
Fixed Assets			
Current Assets			
Less Current Liabilities			
Capital			

(14 marks)

(b) S. Scott made a net profit for the year but is overdrawn at the bank. Give **two** reasons why this could happen and briefly explain your answer.

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(4 marks)

18

TURN OVER FOR THE NEXT QUESTION

Turn over ►

3

Total for this question: 25 marks

The following list of balances appeared in the books of Lucinda Williams at 31 March 2004.

	£
Sales	570 000
Rent and rates	12 000
Carriage inwards	1 500
Carriage outwards	1 800
Discounts allowed	3 400
Discounts received	3 200
Returns inwards	17 000
Returns outwards	18 000
Motor expenses	42 000
Fixtures and fittings at cost	40 000
Stock at 1 April 2003	34 000
Heating and lighting	23 000
Wages and salaries	122 000
Sundry expenses	4 400
Bad debts	3 000
Purchases	330 000

The following additional information at 31 March 2004 was also available.

- Stock valued at cost £39 000
- Fixtures and fittings to be depreciated at 10% per annum on cost
- Motor expenses paid in advance £3 000
- Heating and lighting owing £2 600

- (b) Lucinda sold more goods on credit during the year ended 31 March 2004 than in previous years and is concerned that not all of her remaining debtors will pay her. She is worried that the net profit calculated for the year will be too high.

Advise Lucinda on how she should prepare her accounts in order to anticipate that some debtors might not pay her.

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(3 marks)



TURN OVER FOR THE NEXT QUESTION

Turn over ►

(c) Advise Neil of **two reasons** why the sales ledger control account balance and the total of the sales ledger accounts may not agree.

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(2 marks)

14

Turn over ►

5

Total for this question: 33 marks

Geraldine Nash has drawn up the following trial balance at 31 December 2003. Although the totals are the same, it contains a number of errors.

Trial Balance as at 31 December 2003

	£	£
Stock at 31 December 2003	42 600	
Sales		550 000
Purchases	310 000	
Capital	392 900	
Drawings	49 800	
Carriage inwards	1 400	
Carriage outwards		1 600
Discounts received	4 400	
Discounts allowed		4 800
Plant and machinery at cost		90 000
Fixtures and fittings at cost	54 000	
Premises		230 000
Debtors		41 000
Returns inwards	4 600	
Returns outwards		6 300
Motor expenses	27 000	
Insurance		8 000
Stock at 1 January 2003		35 000
Heat and power		17 000
Wages and salaries	80 000	
Creditors	34 200	
Bank balance not overdrawn		25 400
Cash	2 900	
Sundry expenses	5 300	
	<u>£1 009 100</u>	<u>£1 009 100</u>

(b) Advise Geraldine of **two** benefits that the preparation of a trial balance can give.

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(4 marks)

(c) What is the main limitation of the preparation of a trial balance?

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(2 marks)

(d) Identify and explain an error that shows the limitations of a trial balance.

Error

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Explanation

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(4 marks)

END OF QUESTIONS

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