Centre Number			Candidate Number		
Surname					
Other Names					
Candidate Signature					



General Certificate of Education Advanced Subsidiary Examination June 2009

Accounting

ACCN2

Unit 2 Financial and Management Accounting

Tuesday 2 June 2009 9.00 am to 10.30 am

You will need no other mate	erials.
You may use a calculator	

Time allowed

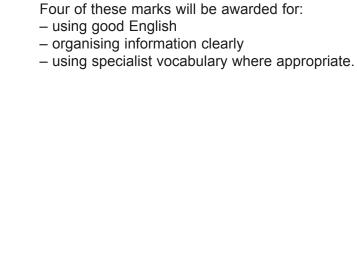
1 hour 30 minutes

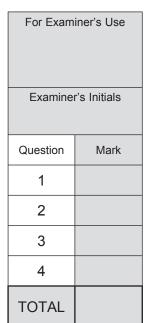
Instructions

- 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. Answers written in margins or on blank pages will not be marked.
- 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 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.





Answer all questions in the spaces provided.

Total for this question: 10 marks

1 Fei owns a business selling football shirts to sports shops.

Included in the stock at the financial year end are 100 Hardchester Rovers shirts for last season. These shirts had cost £20 each and Fei had expected to sell them for £30 each.

Hardchester Rovers have introduced a new shirt for next season. Fei cannot sell last season's shirts to his usual customers. He believes that they could be sold directly to the public for £22 each. However, he will need to pay extra advertising costs totalling £300 in order to achieve the sales.

REQUIRED

1	(a)	Calculate the value of last season's shirts to be included in closing stock.
		(4 marks)
1	(b)	State one accounting concept that is applied to the valuation of stock.
		(1 mark)



Fei's trade debtors at 31 May 2009 were £38 750.

The provision for doubtful debts at 1 June 2008 was £2025.

He has been advised that he should adjust the provision for doubtful debts to 5% of trade debtors at 31 May 2009.

REQ	UIRI	ED
1	(c)	Calculate the provision for doubtful debts at 31 May 2009.
		(2 marks)
1	(d)	Calculate the effect the change in provision will have on Fei's net profit for the year ended 31 May 2009.
		(3 marks)

Turn over for the next question

Turn over ▶



Total for this question: 10 marks

Jemima and Jim are proposing to start a new business together which requires capital of £50 000. Jemima and Jim can contribute £10 000 each.

There is a good chance of making significant profits, but there is also a chance that the business could fail. A friend has advised that they form a private limited company.

REQUI	RED
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Discuss two reasons why Jemima and Jim should not form a private limited company.



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			(for q	uality of wr	itten commu	nication: plu	(8 marks) s 2 marks)
		Turn	over for the	e next quest	ion		

Turn over ▶



Total for this question: 30 marks

3

Angelbuild Ltd supplies building materials. The directors are proposing to purchase a computer system that will provide electronic recordings of sales and stock.

The directors have obtained the following estimated prices for the computer system.

Details	£	Terms
Computer hardware	30 000	A deposit of 25% payable in July, the remainder payable in September
Computer software	3 750	Payable in August
Set-up and training costs	4 750	Payable in August
Annual maintenance contract	3 000	The contract is paid in equal monthly instalments starting in August.

Additional information

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(1)	Forecasts for:	June	July	August	September	
		£	£	£	£	
	Sales	50 000	44 000	72 000	66 000	
	Purchases of materials	22 500	36 000	33 000	28 500	
	Operating expenses	10 500	11 500	12 750	11 250	

- (2) Sales are made on the basis of 60% cash and 40% credit. Credit customers are expected to pay one month after the sale.
- (3) Purchases of materials will be paid one month after purchase.
- (4) Operating expenses will be paid in the month they are incurred.
- (5) Depreciation of fixed assets is estimated to be £1250 per month.
- (6) The directors intend to pay an interim dividend of £27 550 in August.
- (7) The directors have negotiated an overdraft facility of £20 000.
- (8) The bank balance at 30 June is estimated to be £400 overdrawn.



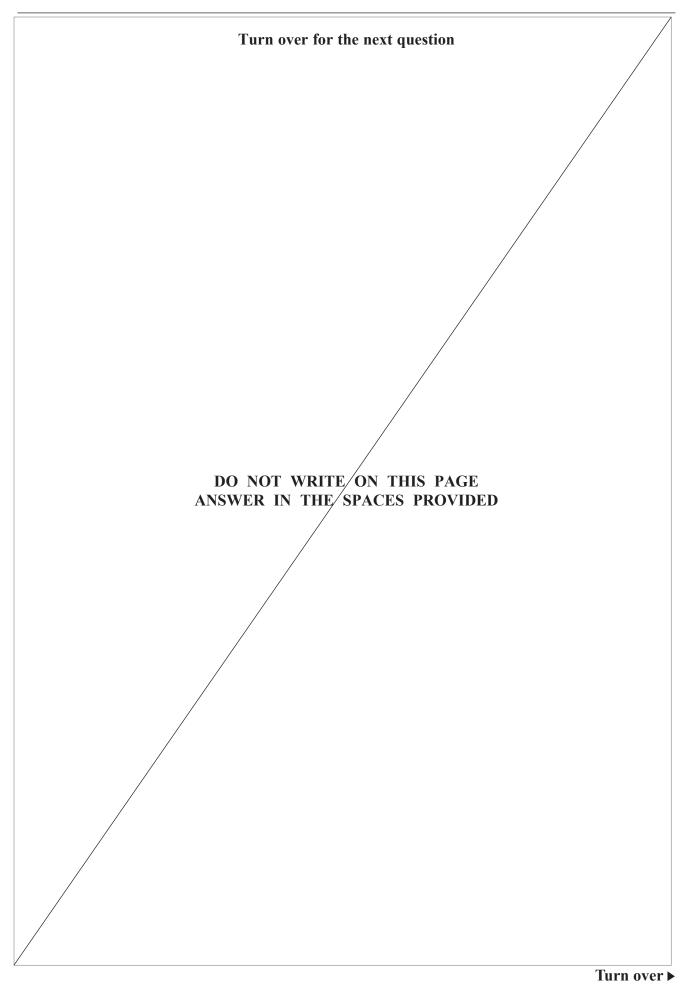
REQ	REQUIRED					
3	(a)	Prepare a cash budget for each of the three months, July, August and September, assuming the directors purchase the computer system.				
		(20 marks)				

Turn over ▶



3	(b)	Advise the directors whether or not they need to arrange additional finance to purchase the computer system. Justify your advice.
		the computer system. Vastry your auxiles.
		(4 marks)
2		
3	(c)	Discuss two disadvantages to Angelbuild Ltd, other than the cost of installation, of a computerised system of stock control.
		(6 marks)







Total for this question: 30 marks

The capital and reserves section of the balance sheet of Carins Ltd at 1 May 2008 is shown below.

Capital and reserves	£
Ordinary shares of 10p each fully paid	700
Share premium	250
Revaluation reserve	35 000
Profit and loss account	23 781
	59 731

On 1 April 2009, the directors made a bonus issue of ordinary shares on the basis of 50 new shares for every existing share held. The directors intend to retain their reserves in their most distributable form.

REQUIRED

4 (a)	(a)	Calculate the number of bonus shares issued.					
		(5 marks)					

The net profit of Carins Ltd for the year ended 30 April 2009 was £105 000.

The directors paid an interim dividend of 20p per share on 30 September 2008, based on the shares in issue at that date. They propose a final dividend of 20p per share based on the shares in issue at 30 April 2009.

The directors estimate that the corporation tax payable for the year ended 30 April 2009 will be £21 000.



EQUIRED		
1	(b)	Calculate the total proposed final dividend.
		(2 marks
1	(c)	Prepare a profit and loss appropriation account for the year ended 30 April 2009.
		(6 marks
		(for quality of presentation: plus 2 marks

Turn over ▶



Capital and reserves	£
W.J.	
Workings	
Workings	(
Workings	



Carins	Ltd	has	a mortgage	of £65	000	on its	premises.
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QUIRI	SD STORY			
(e)	Calculate the gearing ratio at 1 May 2008 and 30 April 2009. State the formula used.			
	Formula			
	Calculation			
	(5 mark			
(f)	Explain one reason why the gearing ratio has changed.			
	(2 mark			

END OF QUESTIONS













