Centre No.					Pape	r Refer	ence			Surname	Initial(s)
Candidate No.			7	0	1	1	/	0	1	Signature	

Paper Reference(s)

7011/01

London Examinations GCE

Exam	iner's us	e only
Team L	eader's u	ise only

Question

1

2

3

4

5

6

Accounting Ordinary Level

Wednesday 14 May 2008 – Afternoon

Time: 3 hours

Materials required for examination	Items included with question papers
Nil	Source booklet

Instructions to Candidates

In the boxes above, write your centre number, candidate number, your surname, initial(s) and signature.

Answer BOTH questions in Section A and ALL questions in Section B.

All calculations must be shown.

Write your answers in the spaces provided in this question paper.

Do not return the insert with the question paper.

Information for Candidates

The marks for individual questions and the parts of questions are shown in round brackets: e.g. (2).

There are 6 questions in this question paper. The total mark for this paper is 200. There are 20 pages in this question paper. Any blank pages are indicated.

Calculators may be used.

The source material for use with questions 1 to 6 is in the enclosed source booklet.

Advice to Candidates

Write your answers neatly and in good English.

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Total



SECTION A

Answer BOTH questions in this section

Source material for use with question 1 can be found on pages 2 and 3 of the source booklet.

1. (a) Record the transactions as appropriate in the following books of original entry:

(i) purchases day book (ii) sales day book (iii) returns inwards day book (iv) general journal. Note 1: The day books in (i) to (iii) should be set out in three columns (Goods, VAT and Total). **Purchases Day Book** (i) (ii)Sales Day Book

)	Returns Inwards Day Book	
	General Journal	



3 n ove

balances to begin the next period. Cash Book					
Cash Book					

Leave blank (c) Prepare the following ledger accounts, including all relevant information: (i) Harmony account (ii) Superstrings account (iii) VAT account. Note 2: Other ledger accounts are not required. (i) **Harmony Account** (ii) **Superstrings Account VAT Account** (iii) **(12)**



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	(2)
(ii)	Which account should Carlos use in order to complete the double entry for the transaction on 20 April?
(ii)	Which account should Carlos use in order to complete the double entry for the transaction on 20 April?
(ii)	Which account should Carlos use in order to complete the double entry for the transaction on 20 April?
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(ii)	transaction on 20 April?
(ii)	transaction on 20 April?

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Turn over

(8)

Trading and Profit & Loss Account fo	or the year ended 31 December 2007

(c) Prepare the balance	sheet as at 31 December 2007, using the corrected figures where	Lea blai
relevant.	alance Sheet as at 31 December 2007	
Di	alance Sheet as at 51 December 2007	
	(16)	C
	(Total 48 marks)	
	TOTAL FOR SECTION A: 96 MARKS	

SECTION B

Answer ALL questions in this section

Source material for use with question 3 can be found on page 6 of the source booklet.

- **3.** (a) Prepare the following accounts for Scoupa Ltd for the year ended 31 March 2008:
 - (i) a manufacturing account showing the cost of raw materials consumed, prime cost and the manufacturing cost of finished goods.

Manufacturing Account for year ended 31 March 2008

(14)



	Trading A	ccount for y	ear ended 31	March 2008		
Explain b	riefly why a n	nanufacturing	g business dep	reciates its ed	quipment.	(6)
Explain b	riefly why a n	nanufacturing	g business dep	reciates its ed	quipment.	(6)
Explain b	riefly why a n	nanufacturing	g business dep	reciates its ed	quipment.	(6)
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Explain b	riefly why a r	nanufacturing	g business dep	reciates its ec	quipment.	(6)
Explain b	riefly why a n	manufacturing	g business dep	reciates its ec	quipment.	(6)
Explain b	riefly why a n	manufacturing	g business dep	reciates its ec	quipment.	(6)
Explain b	riefly why a r	nanufacturing	g business dep	reciates its ed	quipment.	(6)
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Explain b	riefly why a n	manufacturing	g business dep	reciates its ed	quipment.	(6)
Explain b	riefly why a r	nanufacturing	g business dep	reciates its ed	quipment.	(6)



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Leave blank Source material for use with question 4 can be found on page 7 of the source booklet. **4.** (a) Calculate the following for each business: (i) return on capital employed (ii) acid test ratio. **Return on Capital Employed Acid Test Ratio**

(8)



blank (b) Using relevant information, compare the liquidity of the two businesses. Give reasons for the differences you identify. **(8)**



13

Leave

sh is more important to a business than profit.'	
To what extent do you agree with this statement? Give reasons for your a	nswer.
	(10)

M 3 1 2 6 4 A 0 1 4 2 0

5.	(a)	(i)	With which accounting concept does the creation of a provision for doudebts comply?				
			(2				
		(ii)	Write up the bad debts account and the provision for doubtful debts account in Fazia's ledger on 31 March 2008.				
			Bad Debts Account				
			Provision for Doubtful Debts Account				



15

Leave blank (iii) Referring to relevant information, explain how Fazia will treat the change in the provision for doubtful debts in her profit and loss account for the year ended 31 March 2008 and in her balance sheet as at that date. **(8)**

the	year.
••••	
••••	
••••	
••••	(4)
	
(-1	Suggest one method which Fazia could use to encourage her debtors to hav their
(1)	
(1)	bills more quickly.
(1)	
(1)	
(i)	
(1)	
(1)	
(1)	
(1)	
(1)	bills more quickly.
	bills more quickly.
	Describe one disadvantage to Fazia which might arise from using the method you
	bills more quickly.
	Describe one disadvantage to Fazia which might arise from using the method you
	Describe one disadvantage to Fazia which might arise from using the method you
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	Describe one disadvantage to Fazia which might arise from using the method you



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Source material for use with question 6 can be found on page 9 of the source booklet.

6. (a) Draw up the balance sheet for Tropical Fruits Ltd as at 31 December 2007. Include the figure for the ordinary shares, which you have to calculate. Give complete details for all entries and show sub-totals for fixed assets, current assets, current liabilities, working capital and shareholders' funds.

Balance Sheet as at 31 December 2007

	Leave blank
(18)	



19

(b)	Explain the meaning of the terms in bold, in relation to debentures.	
	(4)	
	issued ordinary shares are described as £1 each, fully paid. Explain the meaning of the terms in bold, in relation to issued ordinary shares.	
	issued ordinary shares are described as £1 each, fully paid.	
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Leave