

2 hours

Candidates answer on the Question Paper. Additional Materials: Multi-column Accounting Paper.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for any diagrams or graphs.

Do not use staples, paper clips, highlighters, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

Answer all questions.

Question **5** should be answered on pages **18** and **19** of the answer booklet **or** on multi-column accounting paper. If you use multi-column accounting paper, attach your answer to Question **5** to this booklet. You may use a calculator.

	For Exam	iner's Use
Where layouts are to be completed, you may not need all the lines for your answer.	1	
The businesses mentioned in this Question Paper are fictitious.		
At the end of the examination, fasten all your work securely together.	2	
The number of marks is given in brackets [] at the end of each question or part question.	3	
	4	
	5	
	Total	

This document consists of 14 printed pages, 2 lined pages and 4 blank pages.



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1 Jason Moore had the following balances in his books on 31 October 2008:

	\$
Provision for doubtful debts	150
Capital	16 550
Drawings	8 000
Plant and equipment	18 000
Provision for depreciation of plant and equipment	3 000
Stock	4 000
Debtors	3 000
Creditors	2 000
Cash	1 500
Sales	40 000
Purchases	21 000
Sundry expenses	6 200

REQUIRED

(a) Extract the trial balance for Jason Moore at 31 October 2008.

Jason Moore Trial balance at 31 October 2008

[3]

	3 XXXXV. Pap	
(b)	State two uses of a trial balance.	For iner's
	3 State two uses of a trial balance. 1	hidge.com
	2	
	[2]	
(c)	State and explain three errors which do not affect a trial balance.	
	1	
	[2]	
	2	
	3	
	[2]	
On	investigation Jason identified the following errors in his books.	
1	\$3000 debited to plant and equipment should have been recorded as purchases.	
2	A payment to creditors of \$1000 in cash had not been recorded.	

REQUIRED

(d) Make journal entries to record the correction of the errors. Narratives are **not** required.

Dr	<u>C</u> r	
 Dr	Cr	•••••
 \$	\$	
 		•••••
 		•••••
		[4]
 		L 'J

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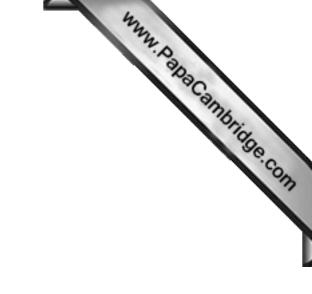
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Jason Moore's capital account at 31 October 2008 was as follows:

Capital account

		Dr \$	Cr \$	Balance \$
2007				
Nov 1	Balance b/d			16 550
2008				
Oct 31	Profit and loss		10 880	27 430
31	Drawings	8 000		19 430

(e) (i) Identify the above format of ledger accounts and state the benefit of this format compared with 'T' accounts.



Question 2 is on the next page

www.papaCambridge.com 2 Tina West, a trader, uses books of prime entry. She does not operate a full double system. The following information is extracted from her business records for the year en 31 October 2008:

φ
33 200
48 600
135 000
56 000
5 500
7 200

REQUIRED

(a) Calculate the total sales for the year ended 31 October 2008. Show all workings.

..... [7]

Tina West has a gross profit to sales ratio of 40% and net profit to sales ratio of 5%.

(b) Calculate Tina West's gross profit and net profit.

Gross profit	
	•••••
Net profit	
	 [2]

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www.papaCambridge.com 7 Tina West employs two part-time staff. Each works 50 weeks a year. One is employ 25 hours each week at \$6 per hour. The other works 30 hours each week at \$8 per hour (c) (i) Calculate the total wages Tina West pays the part-time staff during the year. [3] (ii) State one additional payroll cost Tina West would incur. [1] Both employees have asked for a 10% increase in pay. Tina can use the information in her final accounts when considering this request. (d) Explain three different ways in which the final accounts can help Tina decide about the pay rise. 1 2 3 [6]

[Total: 19]

- The treasurer of Avalon Social Club did not keep proper accounting records. The for 3 information was available at 31 October 2008:
- www.papaCambridge.com 1 Subscriptions paid in advance by members at 1 November 2007 amounted to \$210. The balance of subscriptions in arrears was \$130.

\$

1490

4970

130 (in arrears)

90 (in advance)

Receipts during the year ended 31 October 2008: 2

Subscriptions - for the year ended 31 October 2007
- for the year ended 31 October 2008
- for the year ended 31 October 2009
Sale of refreshments

3 Payments during the year ended 31 October 2008:

	\$
Purchase of refreshments	3630
Rent and rates	1400
Insurance	300
Sundry expenses	1300

Additional information:

	1 November 2007	31 October 2008
	\$	\$
Stock of refreshments	340	290
Balance at bank	740 Dr	790 Dr

All receipts and payments were made through the bank account.

REQUIRED

(a) Calculate the accumulated fund at 1 November 2007.

..... [2]

(b) Prepare the subscriptions account for the year ended 31 October 2008.

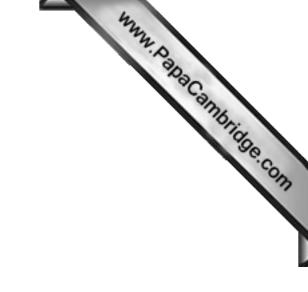
Avalon Social Club Subscriptions account

www.papacambridge.com [5] (c) Calculate the gross profit made on the sale of refreshments.

..... [2]

(d)	Prepare the income and expenditure account for	or the year ended 31 October 200
(4)		

	12
	10 10 10 10 10 10 10 10 10 10 10 10 10 1
(d)	Prepare the income and expenditure account for the year ended 31 October 200
	10 Prepare the income and expenditure account for the year ended 31 October 200 Avalon Social Club Income and Expenditure Account for the year ended 31 October 2008
	[4]
(e)	Explain how the matching/accruals concept should be used in calculating subscriptions for the year.
	[4]
	[Total: 17]



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Question 4 is on the next page

www.papaCambridge.com Agrippa Ltd had the following balances in its accounts after the calculation of net p 4 the year ended 31 October 2008:

	\$
Land and buildings at cost	100 000
Plant and equipment at cost	80 000
Provision for depreciation of plant and equipment	40 000
Stock	14 400
Debtors	10 000
Cash at bank (Dr)	5 000
Creditors	15 000
Called up share capital:	
5 % \$1 Preference shares	30 000
\$1 Ordinary shares	40 000
8% Debenture loan	20 000
General reserves	8 000
Profit and loss account for the year ended 1 November 2007	50 000
Net profit for the year ended 31 October 2008	7 000

Additional information:

- The directors have decided to transfer \$20 000 to the general reserves. 1
- 2 The directors agreed to pay the preference share dividend for the year. They also declared a final dividend of $2\frac{1}{2}$ % on ordinary shares. An interim dividend of $1\frac{1}{2}$ % on ordinary shares had been paid in April 2008.

REQUIRED

(a) Prepare the appropriation account for Agrippa Ltd for the year ended 31 October 2008.

Agrippa Ltd Appropriation Account for the year ended 31 October 2008

..... [7]

Agrippa Ltd Balance Sheet (extract) at 31 October 2008

	42
	13
(b)	Prepare the balance sheet extract for the capital and reserves of Agrippa Lte 31 October 2008.
	13 Prepare the balance sheet extract for the capital and reserves of Agrippa Lte 31 October 2008. Agrippa Ltd Balance Sheet (extract) at 31 October 2008
	[4]
(c)	Explain the difference between authorised and called-up share capital.
	[2]
(d)	Explain one difference between ordinary and preference shares.
	[2]
(e)	Explain one difference between preference shares and debentures.
	[2]

www.papacambridge.com A director has asked the company's accountant to value the closing stock in the accounts at market value of \$20 000 instead of cost price, \$14 400.

REQUIRED

(f) Explain why the accountant cannot ethically do this.

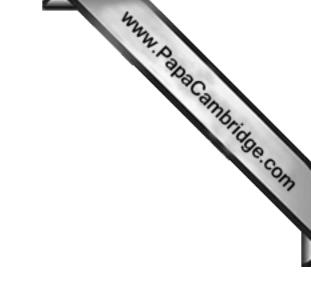
> [4]

Larger companies prepare their published accounts in accordance with International Accounting Standards (IASs).

REQUIRED

(g) Explain two reasons why International Accounting Standards are used.

[4]
[Total: 25]	



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Question 5 is on the next page

Answer Question 5 in this booklet or on separate sheets of paper.

www.papaCambridge.com 5 Samma Rashid is a manufacturer. The following balances were extracted from the book on 31 October 2008:

	\$
Stock at 1 November 2007	
Raw materials	26 700
Work in progress	7 900
Finished goods	2 450
Purchases of raw materials	213 200
Purchases of finished goods	15 800
Purchases returns of finished goods	900
Sales	525 300
Discounts received	5 100
Direct factory wages	145 300
Factory manager's salary	14 800
Indirect factory expenses	23 200
Office salaries	36 200
Office expenses	18 600
Distribution costs	23 400
Factory plant and machinery at cost	80 000
Office equipment at cost	24 000
Provision for depreciation of factory plant and machinery	36 000
Provision for depreciation of office equipment	15 360
Debtors	44 250
Provision for doubtful debts	800
Creditors	19 600
Drawings	11 600
Bank	3 600 Cr
Capital	80 740

Additional information:

1 Stock at 31 October 2008 was valued as follows:

	\$
Raw materials	30 640
Work in progress	8 200
Finished goods	2 150

2 At 31 October 2008:

> Direct factory wages, \$12 100, were accrued. Distribution costs, \$1860, were prepaid.

- Depreciation is to be charged on factory plant and machinery at 25% per annum using 3 the straight line method. The residual value of plant and machinery is estimated at \$8000.
- Depreciation is to be charged on office equipment at 40 % per annum using the 4 diminishing (reducing) balance method.

No purchases or sales of fixed assets took place within the year.

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	17	and the second
5	17 A cheque for \$4800 was received from a debtor on 31 October 2008 but has omitted, in error, from the above balances. This is to be entered in the books. The provision for doubtful debts is to be maintained at 2% of debtors.	Canne
6	The provision for doubtful debts is to be maintained at 2 % of debtors.	
RE	QUIRED	
(a)	Prepare the manufacturing account for the year ended 31 October 2008. Show clearly cost of raw materials consumed, prime cost and cost of production.	[11]
(b)	Prepare the trading and profit and loss accounts for the year ended 31 October 2008.	[14]
(c)	Prepare the balance sheet at 31 October 2008.	[15]
	[Tot	al: 40]
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