

OCR

Oxford Cambridge and RSA

Tuesday 16 May 2017 – Afternoon

AS GCE ACCOUNTING

F011/01/RB Accounting Principles

RESOURCE BOOKLET

To be given to candidates at the start of the examination

Duration: 1 hour



INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–2 is contained within this Resource Booklet.

INFORMATION FOR CANDIDATES

- Your Quality of Written Communication will be assessed in the two questions/sub-questions marked with an asterisk (*).
- In one of these questions, the focus will be on your ability to present numerical information legibly and in an appropriate accounting format. In the other, you will be assessed on the legibility and style of writing, the clarity and coherence of your arguments and the accuracy of your spelling, punctuation and grammar.
- This document consists of **4** pages. Any blank pages are indicated.

INSTRUCTION TO EXAMS OFFICER/INVIGILATOR

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- 1 On 31 March 2017 the following information was available from the books of Moelwyn, a sole trader.

| | Dr | Cr |
|----------------------------------------------|-----------|-----------|
| | £ | £ |
| Capital | | 95 300 |
| Sales | | 825 000 |
| Purchases | 362 500 | |
| Bad debts | 17 750 | |
| Debtors | 103 125 | |
| Provision for doubtful debts | | 9 500 |
| Salaries | 134 450 | |
| 9% loan | | 54 000 |
| Loan interest | 3 645 | |
| Motor expenses | 16 340 | |
| Commission received | | 13 290 |
| Creditors | | 97 300 |
| Electricity | 29 142 | |
| Insurance | 21 600 | |
| Rent received | | 42 750 |
| Carriage outwards | 6 440 | |
| Bank | 99 818 | |
| General expenses | 16 460 | |
| Drawings | 42 290 | |
| Stock | 38 140 | |
| Sales returns | 27 260 | |
| Purchases returns | | 18 620 |
| Land & buildings | 272 000 | |
| Provision for depreciation land & buildings | | 97 920 |
| Motor vehicles | 98 000 | |
| Provision for depreciation of motor vehicles | | 35 280 |
| | 1 288 960 | 1 288 960 |

The following information is available:

- (i) The closing stock at 31 March 2017 was valued at £44 390.
- (ii) Moelwyn had withdrawn stock at a cost price of £7 300 from the business for his personal use. This transaction has not been recorded in the accounts.
- (iii) Carriage inwards of £5 650 had been included in general expenses.
- (iv) Moelwyn wishes to provide a specific provision for doubtful debts of £8 475 plus a general provision of 6% of debtors remaining in the books at the financial year end.
- (v) One quarter's rent received is outstanding as at 31 March 2017. There has been no increase in rent received during the financial year and no rent received was outstanding at the start of the financial year.

(vi) At 31 March 2017 the following were owing:

| | |
|---------------------|--------|
| Electricity | £9 714 |
| Insurance | £1 800 |
| General expenses | £3 250 |
| Commission received | £710 |

(vii) The loan was taken out, in full, on 1 April 2014. 25% of the loan is repayable by 31 December 2017 and the remaining balance by 31 December 2020.

(viii) Depreciation for the year ended 31 March 2017:

| | |
|--------------------|---------|
| Land and buildings | £10 880 |
| Motor vehicles | £12 544 |

REQUIRED

(a)* The Trading and Profit and Loss Account for the year ended 31 March 2017 **and** the Balance Sheet as at 31 March 2017. **[43]**

2 At 1 April 2016 the following information was extracted from the books of Idris a sole trader.

| | |
|----------------------------------------------|--------|
| Machinery at cost (purchased 1 January 2015) | 27 000 |
| Total depreciation of machinery to date | 12 420 |

| | |
|-----------------------------------------------|--------|
| Motor vans at cost (purchased 1 January 2013) | 12 000 |
|-----------------------------------------------|--------|

During the financial year ended 31 March 2017 the following transactions took place.

| <u>Purchases</u> | | <u>Cost (£)</u> |
|------------------|------------|-----------------|
| 1 July 2016 | Machinery | 36 000 |
| 1 October 2016 | Motor vans | 15 000 |

On 1 October 2016 the machinery, which had cost £27 000 when purchased on 1 January 2015, was sold for £8 100.

All payments and receipts were made by cheque.

Machinery is depreciated using the reducing balance method at a rate of 40% per annum with the rate being applied for each part of the year the machinery is owned.

No allowance is made for any residual value.

Motor vans are depreciated using the straight line method at a rate of 20% per annum with the rate being applied for each part of the year the motor vans are owned.

No allowance is made for any residual value.

REQUIRED

- 2 (a) Calculate the balance b/d in the Provision for Depreciation of Motor Vans account at 1 April 2016. [1]
- (b) The following accounts for the year ended 31 March 2017:
- (i) Machinery [2]
 - (ii) Motor vans [1]
 - (iii) Provision for Depreciation of Machinery [5]
 - (iv) Provision for Depreciation of Motor Vans [3]
 - (v) Disposal of machinery [4]
 - (vi) State whether the machinery was disposed of at a profit or a loss. [1]
- (c)* Discuss the choice of depreciation method used for machinery and for motor vans. [10]
- (d) Discuss how the following concepts apply to fixed asset values and depreciation:
- (i) Going concern [5]
 - (ii) Accruals/Matching [5]

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