



ADVANCED SUBSIDIARY GCE

ACCOUNTING

Accounting Principles

RESOURCE BOOKLET

To be given to candidates at the start of the examination

F011/RB

**Friday 9 January 2009
Afternoon**

Duration: 1 hour



INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–2 is contained within this Resource Booklet.
- Do not hand this Resource Booklet in at the end of the examination. It is not needed by the Examiner.

INFORMATION FOR CANDIDATES

- This document consists of 4 pages. Any blank pages are indicated.

- 1* On 30 November 2008 the following information was available from the books of Bev Hallahan, a sole trader.

	Dr	Cr
	£	£
Sales		132 000
Sales returns	960	
Purchases returns		740
Purchases	66 000	
Discounts allowed	820	
Discounts received		450
Debtors	18 000	
Creditors		10 000
Bank	3 200	
Stock	6 800	
Carriage inwards	380	
Carriage outwards	790	
Rent	8 310	
Salaries	18 200	
General expenses	7 100	
Repairs and maintenance	1 500	
Bad debts	250	
Provision for doubtful debts		320
10% Loan		12 000
Loan interest	1 000	
Shop fittings	20 000	
Provision for depreciation of shop fittings		4 000
Motor vehicles	18 000	
Provision for depreciation of motor vehicles		6 000
Drawings	12 200	
Capital		18 000
	183 510	183 510

The following information is also available.

- (i) The closing stock as at 30 November 2008 was valued at £5 400.
- (ii) At 30 November 2008, repairs and maintenance owing amounted to £240; whilst rent prepaid amounted to £440.
- (iii) At 30 November 2008, two months interest is due on the loan. The loan is repayable in full during the year ending 30 November 2009.
- (iv) Bev Hallahan is owed commission of £2 750 for the year ended 30 November 2008.
- (v) Jack Buckworth, a debtor included in the debtors balance above, has recently been declared bankrupt. His debt of £300 is to be written off as a bad debt in the accounts for the year ended 30 November 2008.
- (vi) The provision for doubtful debts is to be adjusted to 2% of the remaining debtors.

- (vii) Shop fittings at a cost price of £3 000 were purchased on 1 April 2008. This was the only item of shop fittings purchased during the year and is included in the balance for shop fittings. There were no disposals during the year.
- (viii) Depreciation is to be provided as follows:
- | | |
|----------------|---|
| Shop fittings | 10% per annum on cost using the straight line method. The rate charged for each proportion of the year the asset is held. |
| Motor vehicles | 25% by the reducing balance method. There were no additions or disposals during the year. |

REQUIRED

The Trading and Profit and Loss Account of Bev Hallahan for the year ended 30 November 2008 and the Balance Sheet as at 30 November 2008. [44]

Total marks [44]

- 2 The following details relate to the fixed assets of Wetherby Traders for the year ended 31 December 2008.

- (i) Fixed assets at cost as at 1 January 2008:

	£
Machinery	860 000
Motor vehicles	1 200 000
Office equipment	220 000

- (ii) Provision for depreciation as at 1 January 2008:

	£
Machinery	345 000
Motor vehicles	480 000
Office equipment	66 000

- (iii) On 1 July 2008 machinery costing £82 000 was purchased and payment made by cheque.
- (iv) On 1 December 2008 machinery costing £36 000 was purchased on credit from Rock Machinery Ltd.
- (v) On 30 June 2008 motor vehicles which originally cost £30 000 and with a net book value of £12 000 at the date of sale, were sold at a profit of £800. The disposal receipt was paid into the bank account.
- (vi) No purchases of motor vehicles took place during the year ended 31 December 2008.
- (vii) Depreciation policy:
- | | |
|----------------|--|
| Machinery | 20% per annum on cost, straight line method. The rate being charged for each proportion of the year the machinery is owned. No disposals of machinery took place during the year ended 31 December 2008. All machinery held at 31 December 2008 had been purchased since 2005. |
| Motor vehicles | 25% per annum on cost, straight line method. The rate being charged for each proportion of the year the motor vehicle is owned. All motor vehicles held at 31 December 2008 had been purchased since 2005. |

Office equipment 10% per annum on cost, straight line method. No purchases or disposals of office equipment took place during the year ended 31 December 2008. All office equipment held at 31 December 2008 had been purchased since 2004.

REQUIRED

- (a) The following ledger accounts of Wetherby Traders for the year ended 31 December 2008, where appropriate showing the balance carried down to the next financial year. Dates are not required.
- | | |
|---|-----|
| (i) Machinery. | [4] |
| (ii) Provision for Depreciation of Machinery. | [6] |
| (iii) Motor Vehicles. | [3] |
| (iv) Provision for Depreciation of Motor Vehicles. | [6] |
| (v) Disposal of Motor Vehicles. | [4] |
| (vi) Office Equipment. | [2] |
| (vii) Provision for Depreciation of Office Equipment. | [3] |
- (b)* Evaluate the depreciation policies of Wetherby Traders. [8]

Total marks [36]