

Surname						Other Names					
Centre Number						Candidate Number					
Candidate Signature											

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General Certificate of Education
 January 2004
 Advanced Subsidiary Examination



ACCOUNTING **ACC2**
Unit 2: Financial Accounting:
Introduction to Published Accounts of Limited Companies

Wednesday 14 January 2004 Afternoon Session

No additional materials are required.
 You may use a calculator.

Time allowed: 1 hour

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions in the spaces provided.
- 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 marked.

Information

- The maximum mark for this paper is 80. This includes up to 4 marks for the Quality of Written Communication.
- Mark allocations are shown in brackets.
- You will be assessed on your ability to use an appropriate form and style of writing, to organise relevant information clearly and coherently, and to use specialist vocabulary, where appropriate. The degree of legibility of your handwriting and the level of accuracy of your spelling, punctuation and grammar will also be taken into account.

For Examiner's Use			
Number	Mark	Number	Mark
1			
2			
3			
4			
5			
6			
Total (Column 1)		→	
Total (Column 2)		→	
Quality of Written Communication			
TOTAL			
Examiner's Initials			

(b) Prepare the capital and reserves section of the balance sheet.

Positive Advertising plc balance sheet extract as at 31 December 2003

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(5 marks)

(c) Prepare the current liabilities section of the balance sheet.

Positive Advertising plc balance sheet extract as at 31 December 2003

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(4 marks)

When preparing a balance sheet it is important to distinguish between long-term and current liabilities.

(d) Give **one** example of a long-term liability.

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(1 mark)

(e) Explain why it is important to distinguish between long-term and current liabilities.

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(4 marks)

2

Total for this question: 13 marks

The following balances were extracted from the ledgers of The Agricultural Supplies plc for the month of December 2003.

	£
Carriage outwards	450
Purchases	12 467
Rent and rates	1 300
Returns inwards	596
Returns outwards	367
Sales	26 579
Stock at 1 December	4 502
Stock at 31 December	3 692
Sundry expenses	3 200
Wages	5 600

3

Total for this question: 15 marks

REQUIRED

- (a) Complete the following table to show on which side of a trial balance the items would be entered.

An example has been given.

ITEM	DEBIT or CREDIT
<i>Debtors</i>	<i>Debit</i>
Sales	
Bank overdraft	
Motor vehicles	
Carriage out	
Creditors	

(5 marks)

- (b) Even where a trial balance is drawn up using a computer there can be similar errors to a manual system.

Describe **two** such errors.

Error 1

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(3 marks)

Error 2

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(3 marks)

(c) Describe briefly **two** uses of a trial balance.

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(4 marks)

15

TURN OVER FOR THE NEXT QUESTION

5

Total for this question: 12 marks

In the books of Jones and Simpson Ltd the following errors have been discovered after preparing the draft accounts for the year ended 31 October 2003.

- 1. The purchase of a machine costing £4000 has been included in the total for purchases.
- 2. Returns inwards of £640 have been omitted completely from the accounts.
- 3. The sales day book was undercast by £7800.
- 4. The wages were incorrectly stated as £89 000. The correct figure was £98 000.

The draft profit calculated was £67 000.

REQUIRED

- (a) Calculate the corrected net profit for the year ended 31 October 2003.

Jones and Simpson Ltd
Corrected Net Profit for the year ended 31 October 2003

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(6 marks)

(b) State any changes, as a result of these corrections, which will have to be made to the balance sheet. Identify **each** sub-heading, item and amount involved.

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(6 marks)

12

6

Total for this question: 6 marks

REQUIRED

Both directors and auditors have duties with regard to the accounts of limited companies. Explain what their duties are.

(a) Directors' duties are:

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(3 marks)

(b) Auditors' duties are:

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(3 marks)

6

END OF QUESTIONS