

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

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General Certificate of Education
 June 2005
 Advanced Subsidiary Examination



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

Wednesday 8 June 2005 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.
- **At the very start of the examination**, tear along the perforations on page 7 in order to detach the information you will need for **Question 3**.

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			
Total (Column 1)	→		
Total (Column 2)	→		
Quality of Written Communication			
TOTAL			
Examiner's Initials			

Answer **all** questions in the spaces provided.

1

Total for this question: 5 marks

The balance sheet of John Wilson Ltd is being prepared.

REQUIRED

Complete the following table by placing **one** tick in the appropriate column to show in which section of the balance sheet these items should be entered.

Item 1 has been completed as an example.

Item	Fixed assets	Current assets	Long-term liabilities	Current liabilities
1. Trade creditors				✓
2. Buildings				
3. Petty cash				
4. Bank overdraft				
5. Debentures				
6. Office furniture				

(5 marks)

5

2

Total for this question: 12 marks

To improve the speed and accuracy of the bookkeeping, the directors of John Wilson Ltd are considering buying a computer.

REQUIRED

(a) Explain why using a computer could improve the speed with which the bookkeeping is completed.

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(4 marks)

(b) Explain why using a computer could improve the accuracy of the bookkeeping.

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(4 marks)

(c) Explain **two** reasons why the accounting staff might welcome the introduction of a computing system.

Reason 1

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.....
.....

Reason 2

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(4 marks)

12

3

Total for this question: 26 marks

Tear page 7 out of this question paper. Information about John Wilson Ltd for April 2005 is given on page 7.

REQUIRED

- (a) Using the information from page 7, calculate the total amount for each of these accounts to be used in the trial balance at 30 April 2005. Show your workings.

Balance at 1 April	Workings	Amount at 30 April
Sales £36 496		
Purchases £15 478		
Returns inwards £978.46		
Returns outwards £479.36		
VAT (credit balance) £3 478.89		
Carriage inwards £356.68		

(16 marks)

NO QUESTIONS APPEAR ON THIS PAGE

Tear along the perforations to remove this page

INFORMATION FOR USE WITH QUESTION 3(a) ON PAGE 4

1. The ledger accounts of John Wilson Ltd show the following balances for the year to 1 April 2005. These figures have already been entered in the table on page 4.

	£
Sales	36 496.00
Purchases	15 478.00
Returns inwards	978.46
Returns outwards	479.36
VAT (credit balance)	3 478.89
Carriage inwards	356.68

2. The day books show the following totals for the month ended 30 April 2005.

	Goods £	VAT £	Total £
Sales day book	5 500.00	962.50	6 462.50
Purchases day book	3 600.00	630.00	4 230.00
Returns inwards day book	226.00	39.55	265.55
Returns outwards day book	146.00	25.55	171.55

3. The journal contains the following entry.

	Dr £	Cr £
Carriage inwards	156.78	
Purchases		156.78
Carriage inwards entered in the purchases account in error		

NO QUESTIONS APPEAR ON THIS PAGE

4

Total for this question: 10 marks

The totals of the trial balance of John Wilson Ltd at 31 March 2005 did not agree.
The totals were:

Debit £46 250 Credit £45 416

REQUIRED

(a) What steps should be taken to correct the trial balance?

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(5 marks)

(b) A clerk complains that he has wasted time preparing a trial balance, as it does not show all of the errors which might have been made. Using an example, explain clearly why all of the errors are not shown.

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(5 marks)

10

5

Total for this question: 23 marks

The following information has been extracted from the books of Fabrications plc at 30 April 2005, the end of the first year of trading. The net profit after tax for the year is £340 000.

The company has issued:

- 500 000 8% preference shares of 50p each fully paid;
- 2 million ordinary shares of £1 each fully paid.

They have issued £80 000 6% debentures.

Additional information

- (1) The buildings are currently valued at £400 000 and the directors have had these revalued at £550 000. The new value is to be included in the books immediately.
- (2) The directors have declared a final dividend on the preference shares and a dividend of 9p per share on the ordinary shares. There was no interim dividend paid.
- (3) Other balances at 30 April 2005 are:
 - trade creditors £76 000;
 - bank £6 700 (credit);
 - share premium £100 000.

REQUIRED

(a) Calculate the final dividends to be paid on:

(i) preference shares

Dividend £.....

Workings

..... (4 marks)

(ii) ordinary shares

Dividend £.....

Workings

..... (3 marks)

(b) Calculate the profit and loss account balance to be entered in the balance sheet at 30 April 2005.

Profit and loss account balance £

Workings

.....
(4 marks)

(c) Complete the following balance sheet sections at 30 April 2005, using the figures given and your calculations.

(i) Creditors due within one year

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(5 marks)

(ii) Creditors due after more than one year

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(1 mark)

QUESTION 5 CONTINUES ON THE NEXT PAGE

(iii) Capital and reserves

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(6 marks)

23

END OF QUESTIONS