



ADVANCED SUBSIDIARY GCE
ACCOUNTING
 Financial Accounting

F002

Candidates answer on the Answer Booklet

OCR Supplied Materials:

- 8 page Answer Booklet

Other Materials Required:

- Calculators may be used

Friday 9 January 2009
Afternoon

Duration: 1 hour 30 minutes



INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- You must show the calculations leading to your answers.
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The quality of your written communication will be taken into account when marking your answers to questions labelled with an asterisk (*).
- In these two questions/sub-questions, you will be assessed on the quality of your written communication. 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.
- The total number of marks for this paper is **100**.
- This document consists of **8** pages. Any blank pages are indicated.



**A calculator may
be used for this
paper**

- 1 The Purchases Ledger Control Account for Trimsaran Ltd for the year ended 30 September 2008 has been prepared from the following information.

	£
Debit balance b/d 1 October 2007	9 600
Credit balance b/d 1 October 2007	126 850

Totals for the year 1 October 2007 to 30 September 2008:

Cash purchases	265 000
Credit purchases	1 645 600
Cash paid to creditors	135 400
Cheques paid to creditors	1 297 500
Credit purchases returned	147 900
Contra sales ledger	37 680
Discounts received	33 250
Credit balance c/d at 30 September 2008	10 300

The Purchases Ledger Control Account balance did not agree with the total shown in the Schedule of Creditors of £150 100. The following errors were discovered.

- (i) A cheque for £43 500 paid to a creditor had been correctly posted to the Cash Book but omitted from the Purchases Ledger.
- (ii) Credit purchases of £16 270 were returned as unsuitable to Teifi Ltd, a supplier, on 30 September 2008. This transaction had been completely omitted from the books of Trimsaran Ltd.
- (iii) A credit purchase of £13 870 from Llanelli Supplies Ltd had been correctly recorded as a purchase of goods in the Purchases Journal but had not been posted to the Purchases Ledger.
- (iv) The discounts received column in the Cash Book had been overcast by £4 250.
- (v) A purchase return of £5 200 to Llanelli Supplies Ltd had been correctly posted to its account but the corresponding entry had been omitted from the Purchases Returns Journal.

REQUIRED

- (a) A corrected Purchases Ledger Control Account for the year ended 30 September 2008. [13]
- (b) A statement reconciling the total of the Schedule of Creditors with the corrected balance on the Purchases Ledger Control Account. [9]
- (c) State two reasons why the opening Purchase Ledger Control Account debit balance might have arisen. [2]

Total marks [24]

- 2 The Ashford Sailing Club prepares accounts annually on 30 September. The Receipts and Payments Account for the year ended 30 September 2008 is as follows.

	£		£
Balance b/d	11 650	Salaries – bar staff	10 600
Subscriptions received		Bar purchases	12 650
for the year 2006 – 2007	5 300	Premises – repairs & maintenance	29 250
2007 – 2008	20 600	Boat purchase	12 300
2008 – 2009	6 300	Annual dinner dance costs	1 850
Annual dinner dance receipts	3 400	Heat and light	2 700
Bar sales	18 900	Insurance	3 950
Balance c/d	7 150		
	<u>73 300</u>		<u>73 300</u>

The following additional information is available.

- (i) All subscriptions received were paid by cheque.
- (ii) All subscriptions are due on 1 October each year and are valid until 30 September the following year.
- (iii) All subscriptions due for the year ended 30 September 2007 but remaining unpaid on 30 September 2008 are to be treated as bad debts.
- (iv) Bar staff salaries are the only expense chargeable to the Bar Trading Account.
- (v) All fixed assets are depreciated using the reducing balance method. A full year's depreciation is charged on all assets in existence at 30 September each year, irrespective of the date of purchase. The annual rates of depreciation are premises 4% and boats 20%.
- (vi) The remaining assets and liabilities of the Club at the beginning and end of the year were:

	1 October 2007 £	30 September 2008 £
Premises (net)	325 000	?
Boats (net)	80 600	?
Bar stocks	2 470	5 050
Insurance prepaid	780	890
Subscriptions due and unpaid	6 900	7 200
Subscriptions paid in advance	6 100	6 300
Creditors – bar purchases	2 500	3 150
Accumulated fund	418 800	?

REQUIRED

- (a) The Bar Trading Account for the year ended 30 September 2008. [8]
- (b)* The Income and Expenditure Account for the year ended 30 September 2008 and the Balance Sheet as at 30 September 2008. [30]
- (c) Evaluate the financial position of the Ashford Sailing Club. [8]

Total marks [46]

- 3 Singh and Patel are both businessmen who each own and manage independent grocery stores. They have each calculated relevant ratios for the year ended 30 September 2007 as follows.

	Singh	Patel
Return on capital employed	33%	28%
Gross profit as a percentage of sales	55%	62%
Net profit as a percentage of sales	23%	19%
Current ratio	3.5:1	1.8:1
Liquid (acid test) ratio	0.9:1	1.2:1
Stock turnover	26 times	35 times

The following information is also available for the year ended 30 September 2008.

	Singh £000's	Patel £000's
Sales	1 500	1 800
Cost of sales	650	750
Net profit	300	330
Stock at 1 October 2007	38	22
Stock at 30 September 2008	40	18
Capital employed	800	750
Debtors	30	80
Bank	—	87
Bank overdraft	24	—
Creditors	43	96

Neither business has any other current assets or current liabilities.

REQUIRED

- (a) Calculate the following ratios (where appropriate to two decimal places) for **each** business for the year ended 30 September 2008:

- (i) return on capital employed; [2]
- (ii) gross profit as a percentage of sales; [2]
- (iii) net profit as a percentage of sales; [2]
- (iv) current ratio; [2]
- (v) liquid (acid test) ratio; [2]
- (vi) stock turnover. [2]

- (b) Referring to the data for both financial years:

- (i)* evaluate the performance of **each** business. [12]
- (ii) recommend and justify **one** action the owner of **each** business may need to take. [6]

Total marks [30]

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