

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS
AS GCE**

**F012/01/RB
ACCOUNTING**

**Accounting Applications
RESOURCE BOOKLET**

**TUESDAY 22 MAY 2012: Morning
DURATION: 2 hours
plus your additional time allowance**

MODIFIED ENLARGED

INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–4 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.

INSTRUCTION TO EXAMS OFFICER/INVIGILATOR

- Do not send this Resource Booklet for marking; it should be retained in the centre or recycled. Please contact OCR Copyright should you wish to re-use this document.

- 1 Charnock Athletic Club prepares its accounts annually on 30 April. It has provided the following information:

Balance Sheet as at 30 April 2011

	£	£
<u>Fixed Assets</u>		
Clubhouse		200 000
Equipment		<u>80 000</u>
		280 000
 <u>Current Assets</u>		
Bar stock	56 000	
Subscriptions in arrears	2 000	
Insurance prepaid	600	
Bank	<u>6 300</u>	
	64 900	
 <u>Current Liabilities</u>		
Creditors for bar supplies	4 800	
Bar staff salaries owing	300	
Subscriptions in advance	<u>1 400</u>	
	6 500	
		<u>58 400</u>
		<u><u>338 400</u></u>
 Accumulated Fund		<u><u>338 400</u></u>

**Details of receipts and payments for the period
1 May 2011 to 30 April 2012 are:**

	£
<u>Receipts</u>	
Bar sales	234 000
Subscriptions	78 000
Sale of equipment	600
Social events	3 400
<u>Payments</u>	
Bar purchases	186 300
Bar staff salaries	32 000
Equipment	5 100
Insurance	3 800
General expenses	66 200
Social events' expenses	1 500

**It has also provided the following information as at
30 April 2012.**

- (i) Closing bar stock amounted to £46 700.**
- (ii) Owing to bar suppliers £3 900.**
- (iii) Bar staff salaries owing £540.**
- (iv) Insurance prepaid £700.**
- (v) All subscriptions due on 30 April 2011 were
received during the year ended 30 April 2012.**
- (vi) At 30 April 2012 subscriptions of £500 were
owing, while subscriptions of £3 200 were paid in
advance.**

- (vii) On 1 May 2011 equipment with a net book value of £800 was sold.
- (viii) Depreciation is to be charged as follows:
- Clubhouse £5000 per annum.
 - Equipment 10% per annum using the reducing balance method.
- The club's policy is to provide a full year's depreciation in the year of purchase but none in the year of sale.
- (ix) Bar staff salaries are the only expense in the bar trading account.

REQUIRED

- (a) The Receipts and Payments Account for the year ended 30 April 2012. [4]
- (b) The Bar Trading Account for the year ended 30 April 2012. [4]
- (c)* The Income and Expenditure Account for the year ended 30 April 2012 AND a Balance Sheet as at 30 April 2012. [21]
- (d)* Assess the usefulness of each of the following accounting concepts when preparing an Income and Expenditure Statement:
- accruals
 - prudence
 - business entity
 - materiality [12]

Total marks [41]

BLANK PAGE

- 2 Felix is a sole trader. A Trial Balance was extracted for the year ended 30 April 2012. The trial balance did not agree. The Profit and Loss Account had, however, been prepared and a net profit of £168 400 had been calculated.**

The following errors have now been discovered.

- (i) The Sales Account had been overcast by £25 400.**
- (ii) A credit purchase from Gordon Ltd of £3 600 had been omitted from the books.**
- (iii) A cheque paid for wages of £1 100 had been correctly entered in the bank account but no other entry had been made.**
- (iv) A cheque for £5 200 from Harrison Ltd, a debtor, had been correctly entered in the bank account but had been entered in Harrison Ltd's account as £520.**
- (v) Discounts allowed of £700 had been posted to the credit side of the Discounts Received Account as £7 000.**
- (vi) A sale on credit to Ingham Ltd of £8 400 had been entered in the Sales Journal and in Ingham Ltd's account as £8 000.**

REQUIRED

- (a) Journal entries to correct the above errors (narratives are not required). [14]**
- (b) The corrected Suspense Account, showing the opening balance and the correcting entries. [6]**
- (c) A statement to show the revised net profit. [6]**
- (d) State and explain THREE errors which do NOT affect the agreement of a trial balance. [9]**

Total marks [35]

- 3 The manager of Rickesh Khaled Traders is reviewing the accounts for the year ended 31 March 2012 and is preparing the forecast for the year ended 31 March 2013. The following information is available for the two years:**

	31 March 2012 (actual) £	31 March 2013 (forecast) £
Opening stock	16 000	14 000
Closing stock	14 000	18 000
Sales	180 000	231 000
Gross Profit	60 000	66 000
General Expenses (excluding depreciation)	16 000	16 000
Depreciation	4 000	3 200
Capital employed	200 000	220 000
Mark up on cost	50%	40%

REQUIRED

- (a) The Trading and Profit and Loss Account for the year ended 31 March 2012. [4]**
- (b) The forecast Trading and Profit and Loss Account for the year ending 31 March 2013. [4]**
- (c) Calculate the following ratios (where appropriate to two decimal places) for the year ended 31 March 2012 and for the year ended 31 March 2013:**
- (i) gross profit as a percentage of sales. [2]**
 - (ii) net profit as a percentage of sales. [2]**
 - (iii) stock turnover. [2]**
 - (iv) return on capital employed. [2]**

- (d) The manager of Rickesh Khaled Traders has been set the objective of improving the profitability of the business for the year ending 31 March 2013.**

Analyse the changes between the two years based on the ratios calculated and the other information provided.

Assess whether or not Rickesh Khaled Traders has achieved its objective. [8]

Total marks [24]

- 4 Jasper King commenced business on 1 May 2010 and reported the following net profits during its first two years in business:

	£
1 May 2010 to 30 April 2011	124 000
1 May 2011 to 30 April 2012	136 000

During this period the following fixed assets were purchased on the dates shown:

Machinery

1 May 2010 to 30 April 2011:

		£
Machine 1	1 May	76 000
Machine 2	1 November	12 000

1 May 2011 to 30 April 2012:

Machine 3	1 January	48 000
-----------	-----------	--------

Shop Fittings

1 May 2010 to 30 April 2011:

Shop fitting 1	1 May	32 000
----------------	-------	--------

1 May 2011 to 30 April 2012:

Shop fitting 2	1 November	6 000
----------------	------------	-------

Jasper King has a policy to depreciate machinery at 25% per annum on cost (straight line method) and shop fittings at 20% per annum on cost (straight line method), with rates being charged for each month of ownership.

Jasper King is now considering changing to the reducing balance method, with the following rates applying to the balances at the end of each year:

Machinery 20%
Shop fittings 15%

A full year's depreciation would be charged irrespective of the date of purchase.

REQUIRED

- (a) Calculate the total depreciation for the years ended 30 April 2011 and 30 April 2012 using the original method (straight line) AND rates for:**
 - (i) Machinery [5]**
 - (ii) Shop Fittings [3]**
- (b) Calculate the total depreciation for the years ended 30 April 2011 and 30 April 2012 using the alternative method (reducing balance) AND rates for:**
 - (i) Machinery [5]**
 - (ii) Shop Fittings [3]**
- (c) A statement to show the net profit which would have been reported for each of the years ended 30 April 2011 AND 30 April 2012 if the reducing balance method had been used. [4]**

Total marks [20]

Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE.

OCR is part of the Cambridge Assessment Group; Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.