

Surname						Other Names					
Centre Number						Candidate Number					
Candidate Signature											

General Certificate of Education  
 January 2005  
 Advanced Subsidiary Examination



**ACCOUNTING**  
**Unit 3 Financial Accounting:**  
**Determination of Income**

**ACC3**

Friday 14 January 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.

**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			
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: 4 marks****REQUIRED**

- (a) Daniel has included £720 sales to Bill Brown in October 2004 in the total sales for the year ended 31 December 2004. Bill has yet to pay for the goods.

This is an example of the ..... concept.

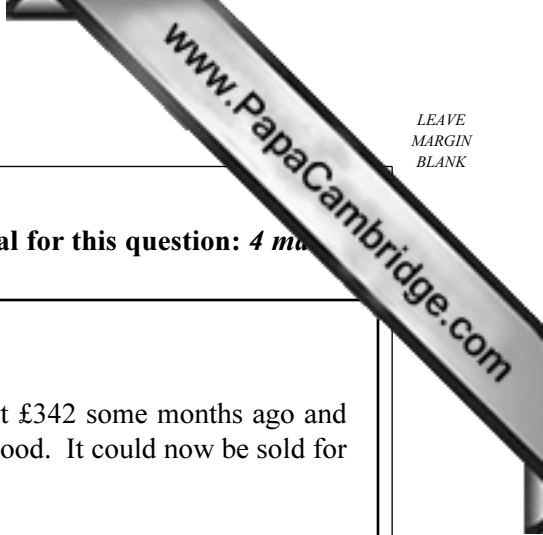
(2 marks)

- (b) Daniel owns a delivery van which belonged to his grandfather and has great sentimental value. He recently refused an offer of £4000 for it from a heritage museum. Daniel shows the van on his balance sheet at cost £650.

This is an example of the ..... concept.

(2 marks)

4



2

Total for this question: 4 marks

**REQUIRED**

As part of her closing stock, Martha has an electrical generator. It cost £342 some months ago and would normally sell for £600. The generator was damaged in a recent flood. It could now be sold for £400 after being repaired. The repairs will cost £120.

(a) Martha should value the generator at £.....  
(3 marks)

Workings .....  
.....  
.....  
.....

(b) In valuing the generator Martha should use the concept of .....  
(1 mark)

4

**TURN OVER FOR THE NEXT QUESTION**

Turn over ►

3

Total for this question: 21 marks

Thomas Salmon provides the following information for his business for the year ended 30 November 2004.

	<b>£</b>
Wages	26 320
Drawings	18 560
Bad debts	340
Rent and rates	4 630
Other expenses	21 435
Discount allowed	286
Discount received	119
Rent receivable	720
Gross profit for the year	68 772

**Additional information**

	<b>As at 1 December 2003</b>	<b>As at 30 November 2004</b>
	<b>£</b>	<b>£</b>
Provision for depreciation of fixed assets	27 000	30 000
Provision for doubtful debts	890	1 120

During the year ended 30 November 2004, a delivery van which had originally cost £8000 had been sold for £1900. The depreciation on the van was £6000.



4

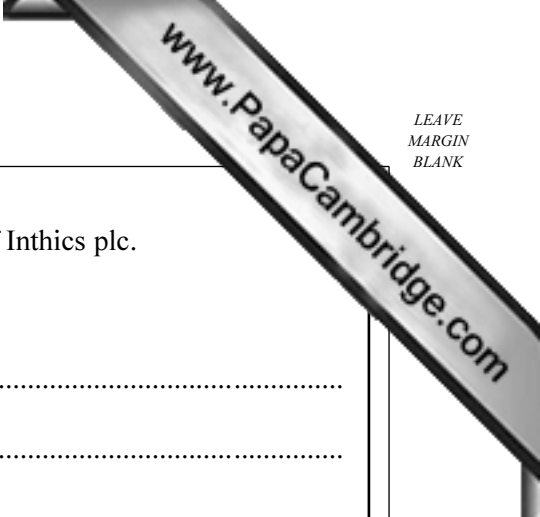
Total for this question: 47 marks

The following trial balance has been extracted from the books of Inthics plc **after** the preparation of the profit and loss account and the appropriation account.

**Trial balance as at 31 December 2004**

	£	£
Issued ordinary shares of £1 each		240 000
Fixed assets at cost	900 000	
Provision for depreciation of fixed assets		320 000
Trade debtors	22 000	
Trade creditors		7 000
Accrued expenses		11 000
Prepaid expenses	8 000	
Bank balance		7 620
Provision for corporation tax		9 700
Proposed dividends		18 000
Share premium account		120 000
General reserve		60 000
Profit and loss account		174 680
Closing stock at 31 December 2004	38 000	
	968 000	968 000





(b) Explain **each** of the following terms used in the **balance sheet** of Inthics plc.

(i) Accrued expenses

.....  
.....  
.....  
.....  
.....

*(3 marks)*

(ii) Share premium account

.....  
.....  
.....  
.....  
.....

*(3 marks)*

(iii) Profit and loss account

.....  
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.....  
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.....

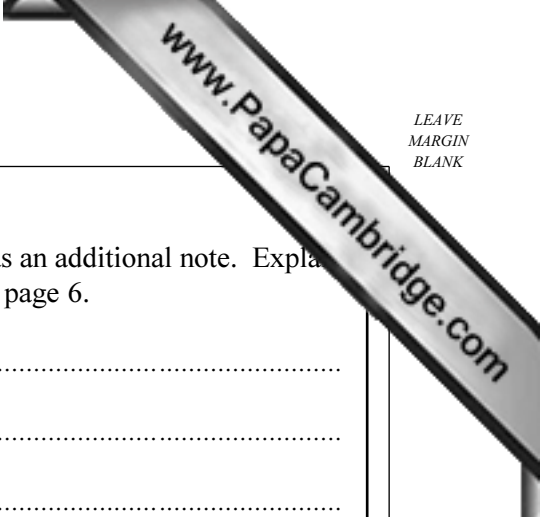
*(3 marks)*

(iv) Proposed dividends

.....  
.....  
.....  
.....  
.....

*(3 marks)*





(c) In most trial balances, closing stock is not included but is shown as an additional note. Explain why closing stock has been included in the trial balance given on page 6.

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.....

(4 marks)

**QUESTION 4 CONTINUES ON THE NEXT PAGE**

**Turn over** ▶



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