

General Certificate of Education January 2007 Advanced Level Examination

ACCOUNTING Unit 5 Further Aspects of Financial Accounting

Friday 19 January 2007 1.30 pm to 2.45 pm

For this paper you must have:

• an answer book for Accounting.

You may use a calculator.

Time allowed: 1 hour 15 minutes

Instructions

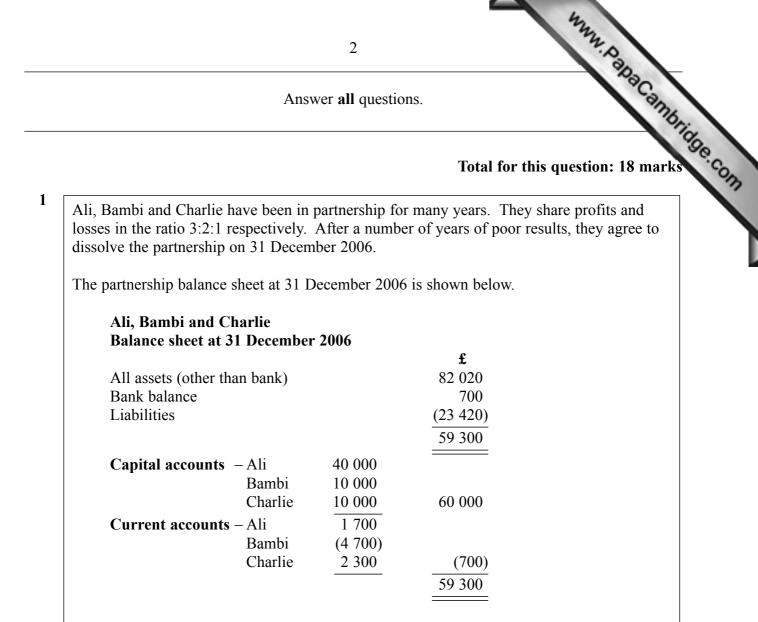
- Use blue or black ink or ball-point pen.
- Write the information required on the front of your answer book. The *Examining Body* for this paper is AQA. The *Paper Reference* is ACC5.
- Answer all questions.
- All workings must be shown and clearly labelled; otherwise marks for method may be lost.
- Make and state any necessary assumptions.
- Do all rough work in the answer book. Cross through any work you do not want to be marked.

Information

• The maximum mark for this paper is 105.

Five of these marks will be awarded for using good English, organising information clearly and using specialist vocabulary where appropriate.

- The marks for questions are shown in brackets.
- Question 3 is the synoptic question which assesses your understanding of the relationship between the different aspects of Accounting.



Daphne agreed to purchase the business for £40 000 cash. All assets and liabilities, other than the bank balance, were taken over by Daphne. The dissolution took place and was completed on 1 January 2007. Bambi was unable to meet any liability to the partnership out of his personal funds.

REQUIRED

(a)	Calculate the profit or loss on dissolution.	(5 marks)
(b)	Prepare detailed capital accounts to close the partnership books of account.	(13 marks)

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			Total	for this question: Camb	
2	the c	treasurer of the Padds Cricket Club suppl club's receipts and payments account for t ies received for subscriptions.	-		
			£		
ľ		Annual subscriptions	14 220		
		Life membership subscriptions	4 050		
	Additional information				
	(1)	At	1 October 2005 £	At 30 September 2006 £	
ļ		Annual subscriptions outstanding	300	480	
		Annual subscriptions received in advance		120	
	(2)	Half of the annual subscriptions outstan off and membership cancelled.	ding at 30 Septemb	per 2006 are to be written	
	(3)	The balance of the life membership fund	d at 1 October 2005	5 stood at £8550.	
	(4)	The club treasurer transfers $\frac{1}{8}$ of the bala club's income and expenditure account.	ance of the fund at	each year end to the	

REQUIRED

(a)	Prepare an annual subscriptions account.	(8 marks)
(b)	Prepare a life membership fund account.	(4 marks)
(c)	Evaluate the effect of the life membership fund on the club's liquidity.	(12 marks)

Turn over for the next question

Total for this question:

3 Martin and Nasser are in partnership. Their partnership agreement provides that:

- Nasser be credited with a partnership salary of £3000 per annum
- partners be credited with interest on capital of 6% per annum
- interest on drawings be charged
- residual profits and losses be shared in the ratio of 3:2 respectively.

The partners have never kept a full set of accounting records. However, they are able to provide the following information.

Cash book summary

	£		£
Balance 1 January 2006	2 178	Wages	63 156
Cash sales	332 467	Purchase of machine	8 800
Cash received from debtors	44 049	General expenses	56 676
Rent received	7 000	Payments to creditors	195 911
Balance 31 December 2006	989	Drawings – Martin	35 660
		Nasser	26 480
	386 683		386 683
		Balance 1 January 2007	989

Additional information

	At 1 January 2006 £	At 31 December 2006 £
Fixed capital accounts – Martin	100 000 Cr	100 000 Cr
Nasser	70 000 Cr	70 000 Cr
Current accounts – Martin	3 210 Cr	?
Nasser	1 304 Cr	?
Machinery at valuation	147 000	145 000
Vehicle at valuation	16 000	8 000
Stock	14 003	13 471
Debtors	317	183
Creditors	4 872	5 163
Wages accrued	612	938
Rent receivable owing	500	_
Rent receivable paid in advance	-	500

During the year, an old machine that cost $\pounds 10\,000$ was traded for $\pounds 3200$ in part exchange for a new machine costing $\pounds 12\,000$. The old machine had been depreciated by $\pounds 6000$ over its lifetime.

Interest on drawings for the year amounted to - Mar	tin £230
Nas	ser £100

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REC	QUIRED	VaCanny
Prep	are the following:	onida
(a)	a total debtors' account for the year ended 31 December 2006;	(4 marks)
(b)	a total creditors' account for the year ended 31 December 2006;	(4 marks)
(c)	a trading and profit and loss account for the year ended 31 December 2006;	(25 marks)
(d)	a profit and loss appropriation account for the year ended 31 December 2006;	(7 marks)
(e)	partners' current accounts at 31 December 2006.	(8 marks)

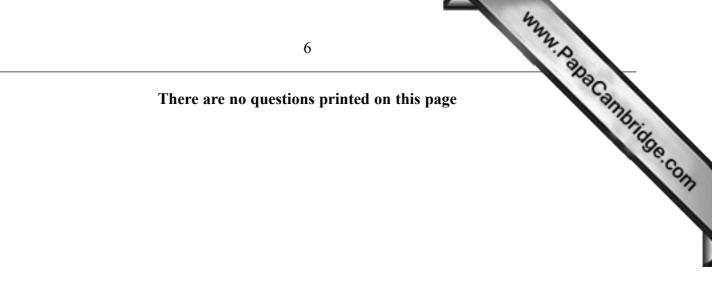
Many partnerships maintain separate capital and current accounts.

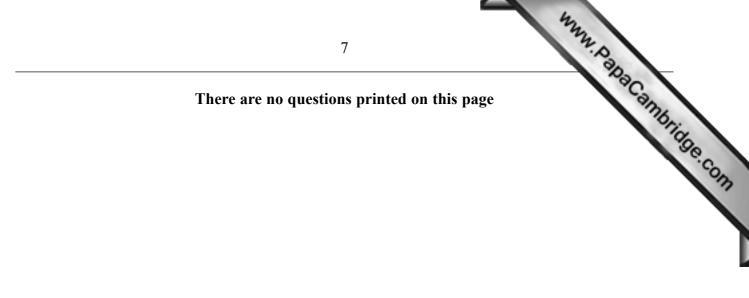
REQUIRED

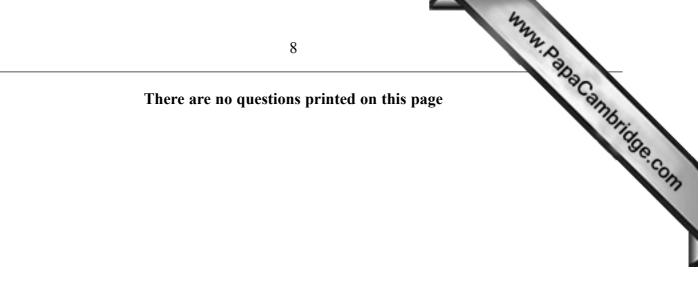
(f) Evaluate the extent to which a partnership is likely to benefit from this practice.

(10 marks)

END OF QUESTIONS







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