



General Certificate of Education  
Advanced Level Examination  
June 2010

# Accounting

# ACCN3

## Unit 3 Further Aspects of Financial Accounting

Tuesday 15 June 2010 1.30 pm to 3.30 pm

**For this paper you must have:**

- a 12-page answer book.
- You may use a calculator.

**Time allowed**

- 2 hours

**Instructions**

- Use black ink or black 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 ACCN3.
- 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 your answer book. Cross through any work you do not want to be marked.

**Information**

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.  
Four of these marks will be awarded for:
  - using good English
  - organising information clearly
  - using specialist vocabulary where appropriate.

Answer **all** questions.

**Task 1****Total for this task: 13 marks**

Dave Nixon was unable to carry out a stocktake at his year end on 28 February 2010. However, he was able to physically count his inventory (stock) on 9 March 2010 and to value it at £11 025. Dave applies a mark-up of 50% on all the goods he sells.

The following transactions took place between 1 March 2010 and 9 March 2010 inclusive.

	£
Sales	3300
Purchases	1740
Sales returns	690
Purchases returns	150

Included in the inventory (stock) valuation were damaged goods at a cost of £300. These goods will need to be repaired at a cost of £40 and will then be sold for £320.

**REQUIRED**

**0 1** Calculate the value of inventory (stock) held at 28 February 2010. (13 marks)

## Task 2

Total for this task:

Jennifer Lucas suspects that a dishonest casual worker had stolen cash some weeks before the end of the financial year.

Jennifer did not keep a full set of accounting records. However, she is able to provide the following information for the year ended 31 March 2010.

## Summary of bank account

	£		£
Balance at 1 April 2009	1 798	Business expenses	212 430
Cash banked	359 026	Drawings	14 000
Receipts from credit customers	17 061	Payments to credit suppliers	148 639
		Balance at 31 March 2010	2 816
	377 885		377 885

Jennifer's till rolls showed that her takings for the year were £423 280. Before takings were banked Jennifer made the following cash payments.

	£
Wages	37 440
Rent	15 600
Cash purchases	3 480

She also withdrew £6864 cash for her own personal use.

Jennifer provides the following additional information.

	£
Cash in hand at 1 April 2009	634
Cash in hand at 31 March 2010	126

## REQUIRED

- 0 2** Calculate the amount of cash stolen. (7 marks)

Jennifer's insurance company has agreed to pay £1250 on 14 June 2010 as compensation for the stolen cash.

- 0 3** State how **all** the transactions arising from the theft of the cash will be shown in **all** the financial statements (final accounts). (5 marks)

Jennifer is now concerned that her accounting records are inadequate. She is considering introducing a system of double-entry bookkeeping.

- 0 4** Assess the impact on Jennifer's business of the introduction of a system of double-entry bookkeeping. (10 marks)  
(for quality of written communication: plus 2 marks)

Turn over ►

**Task 3****Total for this task:**

Bedi, Chaudry and Dhillon are in partnership, sharing profits and losses equally. From 1 January 2010, the partners have agreed to share profits and losses in the ratio 3 : 2 : 1 respectively.

The summarised balance sheet at 31 December 2009 was as follows.

	£	£
Non-current (fixed) assets		170 000
Current assets	30 000	
Current liabilities	<u>(20 000)</u>	<u>10 000</u>
		<u>180 000</u>
Capital accounts		
Bedi	70 000	
Chaudry	60 000	
Dhillon	<u>50 000</u>	
		<u>180 000</u>

With effect from 1 January 2010, the partners agreed the following valuations.

	£
Non-current (fixed) assets	130 000
Current assets	28 000
Goodwill	90 000

The partners have also agreed the following.

- A goodwill account will not be maintained in the books of account.
- The total capital of the partnership will be £150 000 and will reflect the new profit sharing ratios. Each partner will contribute or withdraw capital in order to achieve this requirement.

**REQUIRED**

- 0 | 5** Prepare detailed partners' capital accounts to show the changes that took place on 1 January 2010. (12 marks)
- 0 | 6** Prepare a summarised balance sheet at 1 January 2010 after the changes have taken place. (8 marks)

## Task 4

Total for this task:

The following information is given for Ncube and Aamer plc.

Extracts from the financial statements (final accounts) for the year ended 31 December 2009.

**Income statement (Trading and profit and loss account)**

	<b>£000</b>
Profit from operations	882
Debenture interest	(66)
Profit before taxation	<u>816</u>
Taxation	<u>(310)</u>
Profit for the year	<u><u>506</u></u>

**Statement of changes in equity**

	Share capital	Share premium	Retained earnings	Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January 2009	500	170	588	1258
Ordinary shares issued	200	150		350
Profit for the year			506	506
Dividends paid			(300)	(300)
Balance at 31 December 2009	<u><u>700</u></u>	<u><u>320</u></u>	<u><u>794</u></u>	<u><u>1814</u></u>

**Additional information**

- (1) Non-current (fixed) assets were sold for £200 000; the profit on the sale was £35 000. There were no additions to non-current (fixed) assets during the year.
- (2) Taxation paid during the year was £412 000.
- (3) Depreciation of non-current (fixed) assets charged to the income statement (trading and profit and loss account) was £135 000.
- (4) £60 000 debentures were redeemed at par on 30 June 2009.
- (5) The following changes took place during the year:

	<b>£000</b>
Increase in inventories (stock)	392
Increase in trade receivables (debtors)	149
Decrease in trade payables (creditors)	83

- (6) Cash and cash equivalents (bank and cash):

	<b>£000</b>
1 January 2009	113
31 December 2009	183

Task 4 continues on the next page

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**REQUIRED**

- 0 7** Prepare a statement of cash flows (cash flow statement) for the year ended 31 December 2009 in accordance with IAS 7. (17 marks)  
(for quality of presentation: plus 2 marks)
- 0 8** Discuss the benefits that a shareholder in Ncube and Aamer plc might gain from the publication of the statement of cash flows (cash flow statement). (14 marks)

**END OF QUESTIONS**

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