



General Certificate of Education Advanced Level Examination June 2011

Accounting

ACCN3

Unit 3 Further Aspects of Financial Accounting

Thursday 16 June 2011 9.00 am to 11.00 am

For this paper you must have:

- an AQA 12-page answer book
- 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.

6

Answ	ver all questions.		
sk 1		Total	for this task:
eony and Paul are in partnership, sharing he partnership balance sheet at 31 March			respectively.
	ony and Paul heet at 31 March	2011	
	£	£	£
Non-current (fixed) assets			180 000
Current assets			
Inventory (stock)	19 120		
Trade receivables (debtors)	12 640	31 760	
Current liabilities			
Bank overdraft	16 270		
Trade payables (creditors)	18 950	35 220	
Net current liabilities			(3 460)
			176 540
Capital accounts			
Leony		95 000	
Paul		75 000	170 000
Current accounts			
Leony		15 680	
Paul		(9 140)	6 540
			176 540

The partners agreed that the following should take effect on 1 April 2011.

- (1) Marco is to be introduced as a new partner with a capital investment of £40 000 paid into the bank.
- The profit sharing ratio for Leony, Paul and Marco is to be 4:3:2 respectively. (2)
- (3) Non-current (fixed) assets are to be re-valued at £160 000.
- Goodwill is to be valued at £54 000 and this will not be maintained in the books of account. (4)
- Paul should have a credit balance of £5000 on his current account. Sufficient funds are to (5) be transferred from his capital account on 1 April 2011 in order to achieve this.
- (6) Leony will transfer £25 000 from her capital account to a loan account.



0

Prepare the partnership capital accounts for Leony, Paul and Marco at 1 April 2011 after items (1) to (6) have been implemented. (12 marks)

(3 marks)

2 State the value of balance at bank and of non-current (long term) liabilities at 1 April 2011, after items (1) to (6) have been implemented.

	3 A. Data			
ask 2	2 Total for this task: Total for this task:			
30 A	directors of RayJen Ltd were unable to determine the value of closing inventory (stock) at pril 2011. However, a stocktake was carried out after the year end on 7 May 2011 when nory (stock) was valued at £25 400.	use con		
The	following transactions took place between 1 May and 7 May 2011.			
(1)	Goods with a total cost price of £2478 were returned to a supplier on 3 May 2011.	1		
(2)	Goods with a total selling price of £1608 were returned by a customer on 5 May 2011. These goods were originally sold at a mark-up of 20%.			
(3)	No other goods were either purchased or sold during the period.			
It was also discovered on 2 May 2011 that some inventory (stock) with a cost price of £9889 was damaged and can be sold for only £9537.				

0 3

Task 2

Calculate the value of closing inventory (stock) for RayJen Ltd at 30 April 2011.

(6 marks)



Identify the relevant IAS which deals with the preparation of a statement of cash flows and explain how inventory (stock) is treated. (3 marks)

The directors of RayJen Ltd are planning on purchasing a significant quantity of inventory (stock). However, the company is currently experiencing cash flow problems and the directors have been advised to consider financing the purchase of inventory (stock) by negotiating a debenture loan.

0 5 Advise the directors of RayJen Ltd whether a debenture loan would be appropriate to finance the inventory (stock) purchase. Justify your answer. (4 marks) (for quality of written communication: plus 2 marks)

Turn over for the next task

Total	for	this	task:	
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ask 3		Total for this	s task.
Lance does not keep full books of accorning the second sec		, however, been able to provide	the follo
(1) Bank account:			
Dr			Cr
	£		£
Receipts from trade receivables (debtors)	27 450	Balance b/d at 1 May 2010	3 185
Transfer from cash	23 890	Payments to trade payables (creditors)	39 670
Proceeds from sale of vehicle	1 800	Wages	6 250
Balance c/d at 30 April 2011	3 265	Rent and rates	7 300
	56 405		56 405
2) Assets and liabilities:			
	At 1 May 20	-	
	£	£	
Cash in hand	340	690	
Equipment at net book value	3 720	2 975	
Inventory (stock)	4 740	5 270	
Rates paid in advance	-	470	
Rent accrued	535	-	
Trade payables (creditors)	1 980	1 295	
Trade receivables (debtors)	2 640	3 120	
Vehicles at net book value	20 550	14 530	
) Cash sales for the year were £3	5 750. The fo	llowing cash payments were m	ade.
	£		
General expenses	520		
Purchases	2100		
Drawings	6700		

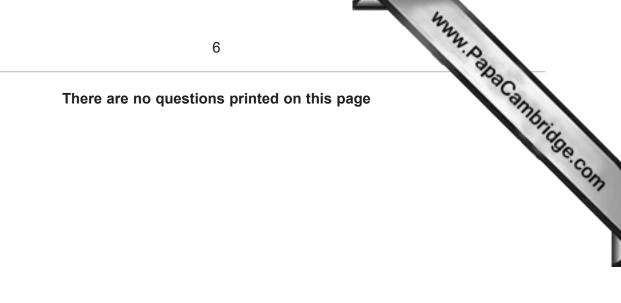
Lance suspects that a dishonest employee may have stolen some cash from the business.

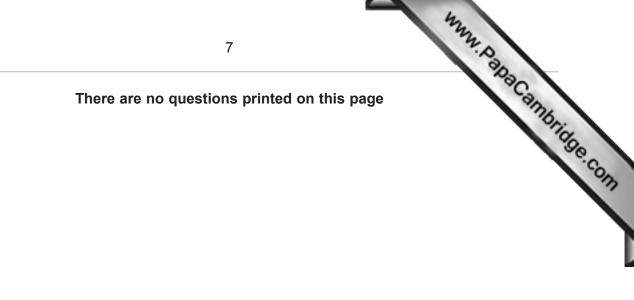
- (4) The vehicle sold for £1800 had a net book value of £2420. No vehicles were purchased during the year.
- No equipment was purchased or disposed of during the year. (5)
- All goods are sold with a 60% mark-up on cost price. (6)
- No record has been kept of the amount of goods taken by the owner for personal use. (7)

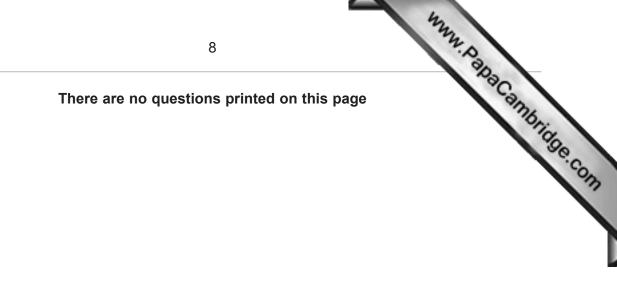
Prepare an income statement (trading and profit and loss account) for the year ended 0 6 30 April 2011. (A balance sheet is **not** required.) (26 marks)

SN	4		Тс	tal for this task:
	directors of Austen Ltd have April 2010.	provided the follow	wing extract from the	etal for this task. balance sheet at NBV £
		Cost	Depreciation	NBV
		£	£	£
	Property plant and equipme	ent:		
	Land and buildings	150 000	45 000	105 000
	Plant and machinery	90 000	39 375	50 625
	Fixtures and fittings	40 000	10 800	29 200
		280 000	95 175	184 825
	Plant and machinery were p Fixtures and fittings purchas £10 200. Fixtures and fittings were pu	sed on 1 May 200	7 for £15 000 were s	old during the year
•	following is an extract from th	ie company's stat	ement of accounting	policies.
	Land and buildings are depl	reciated using the	straight-line method	at 2% per annum.
)	Plant and machinery are de	preciated using th	e reducing balance n	nethod at 20% per
		reciated at 10% r	per annum on cost.	
	Fixtures and fittings are dep			

0 7	Explain the role of directors in the preparation of the financial statements for a limited company.	(4 marks)
0 8	Discuss the usefulness of published accounts to employees.	(4 marks)
09	Discuss the usefulness of published accounts to trade payables (creditors).	(4 marks)
1 0	Prepare a schedule of non-current (fixed) assets at 30 April 2011 (a total columnot required).	(20 marks)







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