

Write your name here

Surname

Other names

**Pearson Edexcel**  
**International**  
**Advanced Level**

Centre Number

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Candidate Number

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# Accounting



**International Advanced Subsidiary**  
**Paper 1: The Accounting System and Costing**

**Time: 3 hours**

Paper Reference

**WAC11/01**

**Mock 3**

Total Marks

## Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **both** questions in Section A and **three** questions from Section B.
- All calculations must be shown.
- Answer the questions in the spaces provided

## Information

- The total mark for this paper is 200.
- The marks for **each** question are shown in brackets  
– use this as a guide as to how much time to spend on each question.
- Calculators may be used.

## Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.

Q1) On 28 February 2007 the following balances were extracted from the books of Nottingham Manufacturing Ltd

	£
Stocks 1 March 2006	
Raw materials	42 500
Work in progress	38 300
Finished goods	52 500
Purchases of raw materials	620 000
Direct expenses	73 100
Indirect wages	41 000
Direct wages	153 200
Sales	1 500 000
Debtors	95 000
Sales returns	4 000
Loan interest	1 200
Rent and rates	20 000
Insurance	2 000
Office expenses	140 500
Premises at cost	130 000
Provision for depreciation – premises	26 000
Plant and equipment at cost	90 000
Provision for depreciation – plant and equipment	44 000
Provision for unrealised profit	2 500
Bad debts	1 100
Provision for doubtful debts	4 500
Loan (10% interest per annum)	24 000

Edu

Additional information.

(I) Stocks as at 28 February 2007:

Raw materials	£39 300
Work in progress	£37 550
Finished goods	£78 750

(II) The business transfers finished goods from the factory to the trading account at cost plus 5% profit on manufacturing. A provision is to be made for unrealised profit on the stock of finished goods at 28 February 2007 of £3 750.

(III) The loan was taken out on 1 March 2006.

(IV) Rent and rates are apportioned between the factory and the office on the basis of 4:1. Rent of £5 000 is outstanding.

(V) Insurance which includes a prepayment of £200, is apportioned between the factory and the office on the basis of 5:1.

(VI) Provision for depreciation is to be made as follows:

Premises 5% on cost to be apportioned 4:1 between the factory and the office.

Plant and equipment 20% on the written down value to be apportioned 7:1 between the factory and the office.

(VII) Provision for doubtful debts is to be provided at 5% of debtors.

## REQUIRED

- (a) A Manufacturing, Trading and Profit and Loss Account for the year ended 28 February 2007 38
- (b) A Provision for unrealized account. 5
- (c) Evaluate the usefulness of adding provision for unrealized profit in the business. 12

**(Total for Question 1 = 55 marks)**

Q2)The following trial balance for Hazard was prepared by an inexperienced bookkeeper on 31 August 2016. The trial balance was incorrectly drafted and further errors were discovered requiring correction by journal entries.

Hazard

**Trial balance at 31 August 2016**

	<b>Dr</b>	<b>Cr</b>
	<b>£</b>	<b>£</b>
Revenue		100 000
Purchases	52 000	
Returns outward	4 600	
Returns inward		7 500
Discount allowed	8 600	
Discount received	5 200	
Wages	33 900	
General expenses		14 350
Capital		20 000
Drawings		6 500
Bank overdraft	8 000	
Trade receivables		10 350
Trade payables	19 300	
Computers	35 000	
Computers – provision for depreciation	<u>          </u>	<u>15 200</u>
	<u>166 600</u>	<u>173 900</u>

**Required:**

- (a) Name and explain **three** types of error that would **not** be revealed by a trial balance. (6)
- (b) Redraft the trial balance placing the difference in a Suspense Account. (10)

The following errors were discovered requiring correction by journal entries:

- (1) Purchases of £6 300 had been recorded in the day book as £3 600
- (2) Discount received of £600 had been posted to the debit side of the Discount Allowed Account. The entry in the cash book was correct.
- 3) Drawings of £2 500 have been entered in the Wages Account.
- (4) A payment to Ning, a supplier, of £1 750, had been correctly entered in the Bank Account, but no entry had been made in the account of Ning.
- (5) A payment by cheque for general expenses of, £730, had the entries reversed in the books.
- (6) Sales of goods to Wei of, £850, had been recorded in the Revenue Account, but no entry had been made in the account of Wei.
- (7) In August, Hazard sold a computer for £2 000, which had cost £11 000. Payment was made by cheque. At the date of the disposal the accumulated depreciation was £7 800. No entries had been recorded in the books.

**Required:**

- (c) Prepare the:
  - (i) journal entries to correct the errors (1) to (7). Narratives are **not** required (19)
  - (ii) Suspense Account after the correction of all errors. (5)
- (d) Prepare the Computer Disposal Account including the end of period transfer. (4)
- (e) Evaluate the usefulness of preparing a trial balance at the end of an accounting period. (11)

**(Total for Question 2 = 55 marks)**

Q3) Tysan, Jack and Richard were in partnership, sharing profits and losses in the ratio 3:2:1 respectively. The partnership balance sheet at 31 May 2014 was as follows.

	£		£
<b>Non-current assets</b>			175 500
<b>Current assets</b>			
Inventory	27 550		
Trade receivables	24 540		
Bank	<u>6 675</u>	58 765	
<b>Current liabilities</b>			
Trade payables		<u>18 200</u>	
<b>Net current assets</b>			<u>40 565</u>
			<u><u>216 065</u></u>
<b>Capital accounts</b>			
Tysan		105 000	
Jack		70 000	
Richard		<u>35 000</u>	210 000
<b>Current accounts</b>			
Tysan		12 105	
Jack		8 060	
Richard		<u>(14 100)</u>	<u>6 065</u>
			<u><u>216 065</u></u>

The partners have agreed the following to take effect on 1 June 2014 on the retirement of Pritchard.

- (1) Richard will take a motor vehicle at the net book value of £2000. Remaining non-current assets are to be valued at £200 000.
- (2) Inventory with a cost price of £9000 is to be written down to a net realizable value of £5600.
- (3) A specific provision for doubtful debts is to be made for £7415 owed by an individual customer. In addition, a general provision for doubtful debts is to be made at 4% of the remaining trade receivables.
- (4) Goodwill is to be valued at £33 000 and will not remain in the books of account.

(5) Tysan and Jack will continue in partnership, sharing profits and losses in the ratio 3:2 respectively.

(6) Richard will transfer £10 000 to a loan account to be repaid in full in 2018. No loan interest will be charged on this amount.

(7) The remaining balance from combining both Pritchard's capital account and current account will be paid from the business bank account.

**Required**

- a) Prepare the partners' capital accounts at 1 June 2014 to show the retirement of Richard. 14
- b) Prepare the partnership balance sheet at 1 June 2014 after the retirement of Richard. 10
- c) Explain why goodwill is not normally recorded in the book of a business. 6

**(Total for Question 3 = 30 marks)**

Edbase

Q4) The following information is available from the books of Butler

	1 April 2014 £	31 March 2015 £
Commission received	850	920
General expenses	4 100	2 970
Rent	Nil balance	?
Provision for doubtful debts	2 700	?
Debtors	60 000	65 000

During the year ended 31 March 2015 the following amounts were received or paid (all transactions were through the bank account).

	£
Commission received	6 700
General expenses paid	9 240
Rent paid	24 500

The rent is due in equal monthly instalments. The payment for rent covered the period from 1 April 2014 until 31 May 2015.

The provision for doubtful debts is to be set using the same percentage of debtors as in the previous year.

#### REQUIRED

(a) The following ledger accounts, including in each case the transfer to the Profit and Loss Account for the year ended 31 March 2015 **and** the balance carried down to the next financial year. (Dates are **not** required.)

- |                                   |     |
|-----------------------------------|-----|
| (i) Commission Received           | [4] |
| (ii) General Expenses             | [4] |
| (iii) Rent                        | [5] |
| (iv) Provision for Doubtful Debts | [5] |

(b) Butler is considering producing the accounts without adjusting for accruals and prepayments. Discuss three reasons why it is considered essential for a business to make these adjustments.

[12]

**(Total for Question 4 = 30 marks)**

Q5) On the 1 June Year 5 Auris LLP held 200 units of Item X249 at a cost of £3.00 per unit.

During the month of June receipts and issues of Item X249 are as follows:

During the month of June receipts and issues of Item X249 are as follows:

		<b>Unit</b>	<b>Price</b>
4 June	Receipts	400	£3.06
8 June	Issues	500	
12 June	Receipts	200	£3.10
15 June	Issues	200	
22 June	Returns of units purchased on 4 June	50	
29 June	Receipts	300	£3.17
30 June	Issues	200	

a) Calculate the value of the closing inventory using FIFO

10

Auris Ltd are preparing a Job Cost Statement for a forthcoming contract. Two departments—Assembly and Finishing—work on this job. Details of the estimated costs are as follows.

Material costs – £212

Labour costs – £288

Total Labour hours – 20 – 12 in Assembly and 8 in Finishing

Total Machine hours – 15 – 5 in Assembly and 10 in Finishing

It is company policy to charge overheads as follows:

Assembly Department                      £3 per Labour Hour

Finishing Department                      £4 per Machine Hour

b) Prepare a job Quotation by using these information

12

c) Evaluate the use of (FIFO) as a method of valuing inventory.

8

**(Total for Question 5 = 30 marks)**

Q6) At 1 April 2016 the following information was extracted from the books of Moinul a sole trader.

Machinery at cost (purchased 1 January 2015)	27 000
Total depreciation of machinery to date	12 420
Motor vans at cost (purchased 1 January 2013)	12 000

During the financial year ended 31 March 2017 the following transactions took place.

<u>Purchases</u>		<u>Cost (£)</u>
1 July 2016	Machinery	36 000
1 October 2016	Motor vans	15 000

On 1 October 2016 the machinery, which had cost £27 000 when purchased on 1 January 2015, was sold for £8 100.

All payments and receipts were made by cheque.

Machinery is depreciated using the reducing balance method at a rate of 40% per annum with the rate being applied for each part of the year the machinery is owned.  
No allowance is made for any residual value.

Motor vans are depreciated using the straight line method at a rate of 20% per annum with the rate being applied for each part of the year the motor vans are owned.  
No allowance is made for any residual value.

- (a) Calculate the balance b/d in the Provision for Depreciation of Motor Vans account at 1 April 2016. [2]
- (b) The following accounts for the year ended 31 March 2017:
- (i) Machinery [2]
  - (ii) Motor vans [3]
  - (iii) Provision for Depreciation of Machinery [5]
  - (iv) Provision for Depreciation of Motor Vans [3]
  - (v) Disposal of machinery [4]
  - (vi) State whether the machinery was disposed of at a profit or a loss. [1]
- (c)\* Discuss the choice of depreciation method used for machinery and for motor vans. [10]

**(Total for Question 6 = 30 marks)**