

Candidate 1

Question 1(a)

For use with question 1 (a)

Statement of Financial Position on 31 December Year 3

	£	£	£
Property			100,000
Furniture and Fittings	20,000	8,000	14,000
Motor Vehicles	30,000	10,000	20,000
			<hr/>
			134,000
<u>Current Assets</u>			
Closing Balance		2,000	
Trade Receivable		15,000	
Cash and Cash Equivalents		11,000	
Receivables		150	
PBD		(400)	
		<hr/>	
			27,750
			<hr/>
			161,750
<u>Less Current Liabilities</u>			
Trade Payables		8,000	
VAT		4,000	
Payables		14,250	
		<hr/>	
			26,250
			<hr/>
			135,500
<u>Non Current Assets</u>			
Loan			25,000
			<hr/>
			160,500
<u>Add opening equity</u>			110,000
Profit for Year			23,000
Drawings			12,000
			<hr/>
			305,500

Question 1(b)-(e)

For use with questions 1 (b)–(e)

(b)

Error	Increase/Decrease/No effect	Amount (£)
1	Increase	36
2	No Effect	0
3	Decrease	100
4	Decrease	850
5	Decrease Decrease	150 150
6	Increase	64
7	Decrease No Effect	0
Total effect	Decrease Decrease	150 1000

(c) New Profit for the Year £77000

(d) Duty 1 To prepare Income Statements

Duty 2 To prepare Statement of financial position

(e) Reason 1 Wear and tear

Reason 2 It could depreciate over time due to it being old.

Question 2(a)-(b)

For use with question 2

$$2 \text{ ca) ci) } 10 + 36 = 46$$

$$\text{cii) } 80 - 46 = 34$$

$$\text{ciii) } 70,000$$

$$\text{civ) } \frac{70,000}{34} = 2,058$$

$$\text{cv) } 7942 \text{ units} \times 34 = 270,028$$

$$\text{cvi) } 7942 - 5000 = 2942 \times 34 = 100,028$$

$$\text{cvii) } \frac{70,000 - 50,000}{34} = 588$$

$$\text{cb) ci) } Sp = 100 - VC 68 = 32$$

$$\text{cii) } \frac{FC = 7,000}{32} = 218 \quad \text{difference of } 1,840$$

$$\text{ciii) } \frac{50,000 + 7,000}{32} = 1,781$$

Question 2(c)

For use with question 2

ci) ~~Non~~ Government Grant

cii) 2 advantages:

- ~~Not interest~~ large amount of money available to get
- doesn't have to be paid back

Disadvantages:

- Can only get one
- Need to have evidence on what you are using it for and if ~~liable to~~ liable to get it.

Question 3

Worksheet for question 3

Zheng Zhi Trial Balance as at 30 April Year 2		
	DR (£)	CR (£)
Wages and Salaries		36,850.
Trade Receivables		4,750.
Trade Payables	3,550	
Purchases	150,440.	
Sales Revenue		259,600.
Purchases Returns		7,860.
Sales Revenue Returns	9,900.	
Overdraft – Cash and Cash Equivalents	4,700.	
Provision for Bad Debts	350.	
Property	300,000	
Loan – Mortgage		150,000
Carriage In	1,100	
Carriage Out	850	
Drawings	6,700.	
Equity		97,780.
Discount Allowed	950	
Rent Received	1,150	1,150
Inventory	13,450.	
	E 483,080	E 557,990
	483,080.	

Question 4

For use with question 4

a) Week 1 = 56.5 hours worked.

$$\text{Time} = 40\text{h} \times £12 = 480$$

$$\text{Overtime} = 5 \times £6^{\text{OP}} = 30$$

$$11.5 \times 24 = 276.$$

b) Job Costing Statement - Job 4.) b).

	E.	E
Direct Expenses.		
Paint (13t x £25).		325.

Labour.

Time (40h x £12)	480.	
Time (40h x £12)	480.	
Overtime (5h x £6)	£30	
(11.5h x £24)	£276.	510

Add Overheads.

Labour hours (11.5 x £60.50)	£ 5.75.
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~~Add~~

Total Cost. 840.75.

Add Markup @40%. 336.30

1177.05.

Add VAT @20%. 235.41

Selling Price 1,412.46

Question 5

For use with question 5

(a) Inventory Record Card – Jemma Turner

Date	Receipts			Issues			Balance		
	Qty	CPU (€)	Value (€)	Qty	CPU (€)	Value (€)	Qty	CPU (€)	Value (€)
2 June	150	4.20	630				150	4.20	630
5 June				40	4.20	168	110	4.20	462
14 June	80	4.30	344				110 80	4.20 4.30	462 344
20 June				30 80	4.30	129	110 60	4.20 4.30	462 344 258
21 June	15	²⁰ 4.30 4.20	64.5 63				125 60	4.20 4.30	525 258
29 June				60 15	4.30 4.20	525 63	110	4.20	462

(b) Advantage She has money coming in at the end of the month from creditors

Disadvantage Buyer could become bankrupt and she would have lost money

(c) Reason because she bought on credit

(d) Treatment carriage out with is an expense.

Question 6

Account Name: Bank (Cash & Cash Equivalents)								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
1 Oct	Balance					2,500	00	Dr
10/10	Printer	550	00			3050	00	
18/10	Drawings	700	00			3750	00	
25/10	Champ Sports			1080	00	2670	00	

Account Name: VAT								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
1 Oct	Balance					600	00	Cr
5/10	Champ Sports			200	00	400	00	Cr
10/10	Printer	110	00			290	00	Cr

Account Name: <i>Purchases</i>								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
5/10	Champ Sports			1000	00	1000	00	Cr

Account Name: <i>Champ Sports</i>							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
5/10	Purchases + Vat	1200	00			1200	00
25/10	Bank	1080	00			2280	00
25/10	Discount			2280	00	0	00

Account Name: <i>Office World.</i>							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
10/10	Printer + VAT			660	00	660	00

Account Name: <i>Drawings</i>							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
18/10	Bank	700	00			700	00

Account Name: <i>Discount</i>							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
<i>25/10</i>	<i>Champ Spots</i>	<i>2280</i>	<i>00</i>			<i>2280</i>	<i>00</i>

Candidate 2

Question 1(a)

For use with question 1 (a)

STATEMENT OF FINANCIAL POSITION FOR PAMELA'S PASTRIES

NON CURRENT ASSETS	COST	DEP	NBV
PROPERTY	100000		100000
VEHICLES	30000	11500	18500
			<u>118500</u>
CURRENT ASSETS			
TRADE RECEIVABLES	15000		
LESS PBO	<u>450</u>		
		14550	
OTHER PAYABLES		250	
INVENTORY		2000	
DISCOUNT RECEIVED		2300	
CASH		<u>11000</u>	
		30100	
CURRENT LIABLS			
VAT	4000		
LOAN	<u>25000</u>		
		<u>29000</u>	
WORKING EQUITY			<u>1100</u>
CLOSING BALANCE			<u><u>117400</u></u>
FINANCED BY			
EQUITY		110000	
INVENTORY		2000	
DRAWINGS		<u>12000</u>	
CLOSING BALANCE			<u><u>100000</u></u>

Question 1(b)-(e)

For use with questions 1 (b)–(e)

(b)

Error	Increase/Decrease/No effect	Amount
1	Decrease	£36
2	Decrease	£5,000
3	NO Effect	—
4	Increase	£850
5	Decrease	£300
6	Decrease	£64
7	NO Effect	—
Total effect	Decrease	£7244

(c) New Profit for the Year £15756

(d) Duty 1 Create ledgers

Duty 2 Calculate profit of the year by creating an income statement

(e) Reason 1 Wear and tear

Reason 2 Older model

Question 2(a)-(b)

For use with question 2

2A C1) VARIABLE COST

RAW MATERIALS = £10

LABOUR $3 \times 12 = £36$

OVERHEADS $3 \times 8 = £24$

£70

CII) CONTRIBUTION = SP - VC

$£80 - £70 = £150$

CIII) FIXED COSTS = £40,000

+ £30,000

$£70,000 \times £10 =$

£700,000

CIIV) B.E.P = $\frac{FC}{C} = \frac{£700,000}{£150} = £4,666.66$

$\times £80$

= £373,333

CV) MOS $10,000 + 4,666.66$

$= 14,666.66 \times 80$

= £1,173,332.8

For use with question 2

$$\text{CVI) } 5000 \text{ UNITS} \times £80 = £400,000$$

$$\text{LESS FC } £700,000$$

$$\rightarrow £300,000$$

$$\text{CVII) } £50,000 \text{ PROFIT}$$

$$\div £150$$

$$= £333.33$$

$$\text{B) CI) NEW FC} = £630,000$$

$$\text{NEW MATERIALS} = £12$$

$$\text{NEW LABOUR} = £48$$

$$\text{OVERHEADS} = £24$$

$$£84$$

$$\text{NEW CONTRIBUTION} = £100 - £84 = £16$$

CII)

$$\text{CIII) } £50,000 \times £16 = 800,000$$

Question 2(c)

c.) Mortgage

cii.) Advantage - Can pay back over a long period of time.

Disadvantage - If not payed property could be repossessed.

Question 3

Worksheet for question 3

Zheng Zhi Trial Balance as at 30 April Year 2		
	DR (£)	CR (£)
Wages and Salaries	36,850	
Trade Receivables	4,750	
Trade Payables		3,550
Purchases	150,440	
Sales Revenue		259,600
Purchases Returns		7,860
Sales Revenue Returns	9,900	
Overdraft – Cash and Cash Equivalents	4,700	
Provision for Bad Debts	350	1,000
Property	300,000	
Loan – Mortgage		130,000
Carriage In	1,100	
Carriage Out	830	
Drawings	6,700	
Equity		97,780
Discount Allowed		930
Rent Received	1,130	
Inventory	13,430	
	£530,240	£519,740

Question 4(a)

a) basic wage

$$= 12 \times 40$$

$$= £52$$

Overtime

$$= 56.5 - 40 = 16.5$$

$$= 5 \times (12 + 6) = £90$$

$$= 11.5 \times (12 + 2) = £276$$

$$= £366$$

Bonus

$$= 60 - 56.5 = 3.5$$

$$= 3.5 \times \left(\frac{1}{3} \text{ of } 12\right)$$

$$= £14$$

Weekly Wage

$$= 52 + 366 + 14$$

$$= £432$$

Question 4(b)

For use with question 4

Job Costing Statement

	£	£
<u>Materials</u>		
Paint (13+25)		325
<u>Overhead</u>		
(56.5 + 0.50)		28.25
Prime cost		353.25
Profit mark up (40%)		141.30
		494.55
VAT (20%)		98.91
Total cost		<u>593.46</u>

Question 5

(a) Inventory Record Card – Jemma Turner

Date	Receipts			Issues			Balance		
	Qty	CPU (£)	Value (£)	Qty	CPU (£)	Value (£)	Qty	CPU (£)	Value (£)
2 Jun	150	4.20	630				150	4.20	630
5 Jun				40	4.20	168	110	4.20	462
19 Jun	80	4.30	344				110 80	4.20 4.30	462 344
20 Jun				30	4.30	129	110 110 50	4.20 4.20 4.30	462 462 215
21 Jun				15	4.20	63	95 80	4.20 4.30	399 344
29 Jun				75	4.30	322.50	95 5	4.20 4.30	399 21.50

(b) Advantage can offer a Trade discount to loyal customers

Disadvantage Don't get the money right away

(c) Reason encourage prompt payment

(d) Treatment Decrease profit of the year

Question 6

Account Name: Bank (Cash & Cash Equivalents)								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
1 Oct	Balance					2,500	00	Dr
18 OCT	PERSONAL USE			700	00	1,800	00	DR
25 OCT	CHAMP SPORTS			1080	00	720	00	DR

Account Name: VAT								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
1 Oct	Balance					600	00	Cr
5 OCT	CHAMP SPORTS	200	00			400	00	CR
10 OCT	OFFICE WORLD	100	00			300	00	CR
25 OCT	CHAMP SPORTS			12	00	288	00	CR

Account Name: PURCHASES A/C							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
5 OCT	CHAMP SPORTS	1000	00			1,000	00
10 OCT	OFFICE WORLD	550	00			1,550	00

DR

DR

Account Name: CHAMP SPORTS A/C								
Date	Details	Dr		Cr		Balance		
		£	p	£	p	£	p	
5 OCT	PURCHASES + VAT			1200	00	1200	00	CR
25 OCT	BANK	1080	00			120	00	CR
	VAT	12	00			108	00	CR
	DISCOUNT REC	108	00					

Account Name: BRIAN RANKIN A/C							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
5 OCT	PURCHASES	1,000	00			1000	00

DR

Account Name: OFFICE WORLD A/C							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
5 OCT	PURCHASE+VAT			660	00	660	00

CR

Account Name: PERSONAL USE A/C							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
18 OCT	BANK	700	00			700	00 DR

Account Name: DISCOUNT RECEIVED							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
25 OCT	CHAMP SPORTS	108	00			108	00 DR