

# MyStudyBro - Revision Exercise Tool

This Revision Handout includes the Questions and Answers of a total of 5 exercises!

## Chapters:

### Accounting Concepts - Paper 1 (Pearson Edexcel)

Page 1	(4AC0) 2018 Summer
Page 3	(4AC0) 2018 Summer - Answer
Page 5	(4AC0) 2016 Winter Financial Statements
Page 8	(4AC0) 2016 Winter - Answer <b>Also Includes:</b> Financial Statements
Page 10	(4AC0) 2015 Summer Correction of Errors
Page 13	(4AC0) 2015 Summer - Answer <b>Also Includes:</b> Correction of Errors
Page 16	(4AC0) 2013 Winter Partnerships
Page 19	(4AC0) 2013 Winter - Answer <b>Also Includes:</b> Partnerships
Page 21	(4AC0) 2012 Winter Bad Debts and Provision Accruals and Prepayments
Page 23	(4AC0) 2012 Winter - Answer <b>Also Includes:</b> Bad Debts and Provision Accruals and Prepayments

14 On 31 December 2017 Dipesh provided the following information.

Date 2017	Transaction
January 1	Started in business by depositing £5 000 in a business bank account. In addition, he brought into the business a motor vehicle that was valued at £6 000
May 1	He withdrew stock from the business, £500 (selling price), for his own use. Stock is marked up by 25%.
October 1	He withdrew cash, £1 450, for personal use.
Profit for the year ended 31 December 2017 was £25 000	

- (a) Prepare the following accounts for the year ended 31 December 2017. Balance the accounts where appropriate on 31 December 2017 and bring the balance down to 1 January 2018.

(i)

### Capital Account

(7)

Date	Details	£	Date	Details	£

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(ii)

**Drawings Account**

(5)

Date	Details	£	Date	Details	£

- (b) State which accounting concept has **not** been complied with in **each** of the following situations.

(3)

Situation	Concept
The owner has charged the purchase of a stapler as a fixed asset.	
The owner has changed the method of depreciation of a fixed asset.	
The owner has charged the cost of a family holiday as a business expense.	

**(Total for Question 14 = 15 marks)**

Question Number	Answer	Mark																																				
14(a)(i)	<p><b>Award marks for figures on the correct side as shown.</b></p> <p><b>Award 1 mark for all correct dates and narratives</b></p> <p style="text-align: center;"><b>Capital Account</b></p> <table><tr><th>Date</th><th>Details</th><th>£</th><th>Date</th><th>Details</th><th>£</th></tr><tr><td>2017 Dec 31</td><td>Drawings</td><td>1 850 <b>W1 (2)</b></td><td>2017 Jan 1</td><td>Bank</td><td>5 000 <b>(1)</b></td></tr><tr><td></td><td>Balance c/d</td><td>34 150</td><td></td><td>Motor vehicle</td><td>6 000 <b>(1)</b></td></tr><tr><td></td><td></td><td></td><td>Dec 31</td><td>Income statement</td><td>25 000 <b>(1)</b></td></tr><tr><td></td><td></td><td><u>36 000</u></td><td></td><td></td><td><u>36 000</u></td></tr><tr><td></td><td></td><td></td><td>2018 Jan 1</td><td>Balance b/d</td><td>34 150 <b>(1of)</b></td></tr></table> <p><b>W1 400 (1) + 1450 (1) = 1850</b></p>	Date	Details	£	Date	Details	£	2017 Dec 31	Drawings	1 850 <b>W1 (2)</b>	2017 Jan 1	Bank	5 000 <b>(1)</b>		Balance c/d	34 150		Motor vehicle	6 000 <b>(1)</b>				Dec 31	Income statement	25 000 <b>(1)</b>			<u>36 000</u>			<u>36 000</u>				2018 Jan 1	Balance b/d	34 150 <b>(1of)</b>	(7)
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Question Number	Answer	Mark																																				
14 (a)(ii)	<p><b>Award marks for figures on the correct side as shown.</b></p> <p><b>Award 1 mark for all correct dates and narratives</b></p> <p style="text-align: center;"><b>Drawings Account</b></p> <table><tr><th>Date</th><th>Details</th><th>£</th><th>Date</th><th>Details</th><th>£</th></tr><tr><td>2017 May 1</td><td>Purchases</td><td>400 <b>W1(2)</b></td><td>2017 Dec 31</td><td>Capital</td><td>1 850 <b>(1of)</b></td></tr><tr><td>Oct 1</td><td>Cash (Bank)</td><td>1 450 <b>(1)</b></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td><u>1 850</u></td><td></td><td></td><td><u>1 850</u></td></tr></table> <p><b>W1 500 (1) x 80%(1) = 400</b></p>	Date	Details	£	Date	Details	£	2017 May 1	Purchases	400 <b>W1(2)</b>	2017 Dec 31	Capital	1 850 <b>(1of)</b>	Oct 1	Cash (Bank)	1 450 <b>(1)</b>						<u>1 850</u>			<u>1 850</u>	(5)												
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		<u>1 850</u>			<u>1 850</u>																																	

Question Number	Answer	Mark				
14 (b)	<p><b>Award 1 mark for each correct concept</b></p> <table><tr><td><b>Concept</b></td></tr><tr><td>Materiality <b>(1)</b></td></tr><tr><td>Consistency <b>(1)</b></td></tr><tr><td>Business entity/ entity <b>(1)</b></td></tr></table> <p>Accept any appropriate spelling</p>	<b>Concept</b>	Materiality <b>(1)</b>	Consistency <b>(1)</b>	Business entity/ entity <b>(1)</b>	<b>(3)</b>
<b>Concept</b>						
Materiality <b>(1)</b>						
Consistency <b>(1)</b>						
Business entity/ entity <b>(1)</b>						

Question Number	Answer	Mark
<b>15 (a)</b>	<p><b>Award up to 2 marks for advantages and up to 2 marks for disadvantages.</b></p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• additional capital</li> <li>• share the risk</li> <li>• share the workload</li> <li>• new ideas</li> <li>• additional skills</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• receiving less profit</li> <li>• delaying business decisions</li> <li>• possible conflicts</li> <li>• responsible for all debts</li> </ul> <p><b>Accept other appropriate responses</b></p>	<b>(4)</b>

- 12 On 31 December 2015 the following balances were extracted from the books of Pip, a sole trader.

Account	Balance
	£
Bad debts	3 200
Business rates	4 650
Carriage inwards	12 318
Carriage outwards	28 663
Fixtures and fittings – cost	20 000
General expenses	23 897
Insurance	4 322
Motor expenses	27 690
Motor vehicles – cost	30 000
Opening stock	45 000
Premises – cost	250 000
Provision for depreciation – fixtures and fittings	5 000
Provision for depreciation – motor vehicles	10 000
Purchases	324 897
Returns outwards	12 579
Sales	487 600

The following additional information at 31 December 2015 should be taken into account.

1. Stock was valued at £56 346.
2. The purchase of a new motor vehicle, £12 000, has been included in the motor expenses account.
3. Depreciation on fixed assets is to be provided for as follows:  
 fixtures and fittings 10% per annum using the straight line method  
 motor vehicles 25% using the reducing balance method  
 it is company policy to provide a full year's depreciation on all assets held at the year end.
4. On 31 December 2015 business rates, £500, were accrued and insurance, £322, was prepaid.
5. During the year Pip had withdrawn stock to the value of £3 290 for his own personal use.

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- (a) Prepare the trading and profit and loss account for the year ending 31 December 2015.

(20)

Pip

**Trading and profit and loss account for year ended 31 December 2015**

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(b) Making appropriate reference to the accounting concepts that you have used, explain your treatment of additional information (4) and (5).

(5)

(Total for Question 12 = 25 marks)





Question Number	Answer	Mark																																																																																																																													
12 (a)	<p style="text-align: center;">Pip Trading and profit and loss account For year ended 31 December 2015</p> <table><tr><td></td><td>£</td><td>£</td><td>£</td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Sales</td><td></td><td></td><td>487 600</td><td>(1)</td></tr><tr><td>Cost of sales</td><td></td><td></td><td></td><td></td></tr><tr><td>Opening stock</td><td></td><td>45 000</td><td></td><td></td></tr><tr><td>Purchases</td><td>324 897</td><td></td><td></td><td>(1)</td></tr><tr><td>Returns outwards</td><td>(12 579)</td><td></td><td></td><td>(1)</td></tr><tr><td>Stock drawings</td><td>(3 290)</td><td></td><td></td><td>(1)</td></tr><tr><td>Carriage inwards</td><td><u>12 318</u></td><td></td><td></td><td>(1)</td></tr><tr><td></td><td></td><td><u>321</u> <u>346</u></td><td></td><td></td></tr><tr><td></td><td></td><td>366 346</td><td></td><td></td></tr><tr><td>Closing stock</td><td></td><td><u>56</u> <u>346</u></td><td></td><td></td></tr><tr><td>Cost of goods sold</td><td></td><td></td><td><u>310</u> <u>000</u></td><td>(1 of)</td></tr><tr><td>Gross Profit</td><td></td><td></td><td>177 600</td><td>(1 of)</td></tr><tr><td>Running expenses</td><td></td><td></td><td></td><td></td></tr><tr><td>Bad debts</td><td></td><td>3 200</td><td></td><td>(1)</td></tr><tr><td>Business rates (4 650 + 500)</td><td></td><td>5 150</td><td></td><td>(2)</td></tr><tr><td>Carriage outwards</td><td></td><td>28 663</td><td></td><td>(1)</td></tr><tr><td>General expenses</td><td></td><td>23 897</td><td></td><td>(1)</td></tr><tr><td>Insurance (4 322 – 322)</td><td></td><td>4 000</td><td></td><td>(2)</td></tr><tr><td>Motor expenses (27 690 – 12 000)</td><td></td><td>15 690</td><td></td><td>(2)</td></tr><tr><td>Depreciation - FF</td><td></td><td>2 000</td><td></td><td>(1)</td></tr><tr><td>Depreciation – MV (30 000 + 12 000) (1) - 10 000 x 25% (1)</td><td></td><td>8 000</td><td></td><td>(2)</td></tr><tr><td></td><td></td><td></td><td><u>90 600</u></td><td></td></tr><tr><td>Net profit</td><td></td><td></td><td><u>87 000</u></td><td>( 1 of)</td></tr></table>		£	£	£							Sales			487 600	(1)	Cost of sales					Opening stock		45 000			Purchases	324 897			(1)	Returns outwards	(12 579)			(1)	Stock drawings	(3 290)			(1)	Carriage inwards	<u>12 318</u>			(1)			<u>321</u> <u>346</u>					366 346			Closing stock		<u>56</u> <u>346</u>			Cost of goods sold			<u>310</u> <u>000</u>	(1 of)	Gross Profit			177 600	(1 of)	Running expenses					Bad debts		3 200		(1)	Business rates (4 650 + 500)		5 150		(2)	Carriage outwards		28 663		(1)	General expenses		23 897		(1)	Insurance (4 322 – 322)		4 000		(2)	Motor expenses (27 690 – 12 000)		15 690		(2)	Depreciation - FF		2 000		(1)	Depreciation – MV (30 000 + 12 000) (1) - 10 000 x 25% (1)		8 000		(2)				<u>90 600</u>		Net profit			<u>87 000</u>	( 1 of)	(20)
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Question Number	Answer	Mark
12 (b)	<p>Award up to 2 marks for comments relative to the application of the accruals concept in respect of item 4.</p> <p>Award up to 2 marks for comments relative to the application of the business entity concept in respect of item 5.</p> <p>Award 1 mark for a concluding statement</p> <p>Sample answer</p> <p>It was necessary to adjust business rates and insurance in order to comply with the accruals concept (1). These adjustments ensure that the business' profits are not understated or overstated (1).</p> <p>It was necessary to adjust the purchases figure by the amount of stock withdrawn by the owner of the business in order to comply with the business entity concept (1). This adjustment ensures that the correct purchases figure is shown in the trading thus ensuring that a correct gross profit figure is shown (1).</p> <p>All of these adjustments also ensure that the balance sheet of the business shows a true and fair view of the business' assets and liabilities (1).</p>	<b>(5)</b>

Question Number	Answer	Mark
13 (a)	<p>Omission (1)</p> <p>Original entry (1)</p> <p>Commission (1)</p>	<b>(3)</b>

After an investigation by their accountant the following errors and omissions were discovered.

- 1 Rekha had withdrawn goods, costing £250, from the business for her own use. This sum had been debited to her drawings account but no other entry had been made.
  - 2 Ali had purchased some items of stationery, costing £86, out of his own personal money, for the business during the year. This transaction had not been recorded in the books of account.
  - 3 During the year a bad debt of £350, written off in the previous financial year, had been recovered. This had been debited in both the cash book and bad debts account.
  - 4 A debit balance of £3 500 shown in Rekhas's current account at the start of the year should have been transferred to her capital account. This transfer had not taken place.
- (a) Prepare the journal entries to correct these errors and omissions. Narratives are not required.

(9)

[illegible]

(b) Prepare the suspense account.

(5)

**Suspense account**

Date	Narrative	£	Date	Narrative	£

Complete the table by putting a cross in the correct box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

(c) Indicate the effect, if any, on the partnership's net profit following the correction of the errors and omissions.

(4)

Error and omission	Increase	Decrease	No effect
1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Rekha and Ali are concerned that their partnership profitability is decreasing and wish to investigate ways in which this could be improved.

(d) (i) State **one** way in which the gross profit margin could be improved.

(1)

(ii) State **one** way in which the net profit margin could be improved.

(1)



(e) Evaluate this statement, making reference to relevant accounting concepts.

(5)

**(Total for Question 14 = 25 marks)**



Question Number	Answer				Mark
14 (a)			Debit	Credit	(9)
			£	£	
		Suspense	250 (1)		
		Purchases		250 (1)	
		Stationery	86 (1)		
		Ali - Current account		86 (1)	
		Suspense	700 (1)		
		Bad debts recovered		350 (1)	
		Bad debts		350 (1)	
		Rekha – Capital account	3 500 (1)		
		Rekha – Current account		3 500 (1)	

Question Number	Answer	Mark																																										
14 (b)	<table><tr><th colspan="7">Suspense account</th></tr><tr><th>Date</th><th>Narrative</th><th>£</th><th>Date</th><th>Narrative</th><th>£</th><th></th></tr><tr><td>31 March</td><td>Purchases</td><td>250(1)</td><td></td><td>Balance b/f (1)</td><td>950(1)</td><td></td></tr><tr><td>31 March</td><td>Bad debts</td><td>350(1)</td><td></td><td></td><td></td><td></td></tr><tr><td>31 March</td><td>Bad debts recovered</td><td>350(1)</td><td></td><td></td><td></td><td></td></tr><tr><td>31 March</td><td></td><td><u>950</u></td><td></td><td></td><td><u>950</u></td><td></td></tr></table>	Suspense account							Date	Narrative	£	Date	Narrative	£		31 March	Purchases	250(1)		Balance b/f (1)	950(1)		31 March	Bad debts	350(1)					31 March	Bad debts recovered	350(1)					31 March		<u>950</u>			<u>950</u>		(5)
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31 March		<u>950</u>			<u>950</u>																																							

Question Number	Answer				Mark
14 (c)	<b>Error and omission</b>	<b>Increase</b>	<b>Decrease</b>	<b>No effect</b>	<b>(4)</b>
	1	✓ (1)			
	2		✓ (1)		
	3	✓ (1)			
	4			✓ (1)	

Question Number	Answer	Mark
14 (d i)	Increase the selling price of their products without any subsequent increase in the cost price (1) <b>OR</b> Decrease the cost of goods purchased without any subsequent decrease in the selling price. (1)	<b>(1)</b>

Question Number	Answer	Mark
14 (d ii)	Better control of overheads/ reduce expenses (1)	<b>(1)</b>

Question Number	Answer	Mark
14 (e)	Award (1) mark for confirming that this will increase her profits. Award (1) mark for stating how stock should be valued and (1) mark for identifying that this suggestion would be in contravention of the prudence concept. A further (1) mark for stating the effect on both profit and assets and (1) mark for an appropriate conclusion. <b>Sample Answer</b> Rekha is correct in her statement that valuing the closing stock at selling price will increase her profits as the cost of sales will be reduced (1). However, stock should be valued at the lower of cost or net realisable value (1) which is an application of the concept of prudence (1). By over valuing the stock both the profit and the assets will be over-valued (1). Hence Rekha should be advised that her suggestion is not appropriate (1).	<b>(5)</b>



- 14** Precious and Little are in partnership sharing profits and losses equally after paying the partners' interest on capital at 5% per annum and paying Little an annual salary of £10 000.

On 1 October 2011 the balances on the partners' capital accounts and current accounts were as follows:

	Capital account	Current account
Precious	£50 000	£13 200
Little	£35 000	£8 700 (Dr)

The profit for the year ended 30 September 2012 was £57 250.

- (a) Prepare the appropriation account of the partnership for the year ended 30 September 2012.

(6)

**Precious and Little  
Appropriation Account  
Year ended 30 September 2012**

[illegible]

During the year ended 30 September 2012 the partners withdrew the following monies:

	£
Precious	16 200
Little	21 000

- (b) Prepare Little's current account for the year ended 30 September 2012. Balance the account and bring the balance down to 1 October 2012.

(5)

**Current Account – Little**

Date	Narration	£	Date	Narration	£



- (c) Explain the meaning of each of the following accounting concepts, using an example to illustrate its application.

Accruals/Matching

(3)

Business entity

(3)

Going concern

(3)

**(Total for Question 14 = 20 marks)**



Question Number	Answer	Mark
13(c)	<p>Identification of the causes (1)  Short term remedies (2)  Long term remedies (2)</p> <p><b>Sample Answer</b></p> <p>The reduction in the capital of the business may be due to one of two factors, either the fact that the business is currently making a loss (1) or that the owner's drawings are too high in relation to profits earned (1). In the short term the owner needs to consider either increasing his prices (1) or reducing his overheads (1) In the long term the business owner may need to consider either investing more capital, or look for further external sources of finance such as may be gained through taking on a partner (1) or taking out a bank loan (1)</p> <p>(Max 5)</p>	(5)

Question Number	Answer	Mark																																												
14 (a)	<div><div><div>Precious and Little Appropriation Account Year ended 30 September 2012</div><table><tr><td></td><td>£</td><td>£</td><td>£</td></tr><tr><td>Net Profit</td><td></td><td></td><td>57250 (1)</td></tr><tr><td>Appropriations</td><td></td><td></td><td></td></tr><tr><td>Interest on capitals: Precious Little</td><td>2 500 (1) 1 750 (1)</td><td></td><td></td></tr><tr><td></td><td></td><td>4 250</td><td></td></tr><tr><td>Salary Little</td><td></td><td>10 000 (1)</td><td></td></tr><tr><td></td><td></td><td></td><td><u>14 250</u></td></tr><tr><td></td><td></td><td></td><td>43 000</td></tr><tr><td>Share of Profits: Precious</td><td></td><td>21 500 (1)</td><td></td></tr><tr><td>Little</td><td></td><td>21 500 (1)</td><td></td></tr><tr><td></td><td></td><td></td><td>43 000</td></tr></table></div></div> <div>(6)</div>		£	£	£	Net Profit			57250 (1)	Appropriations				Interest on capitals: Precious Little	2 500 (1) 1 750 (1)					4 250		Salary Little		10 000 (1)					<u>14 250</u>				43 000	Share of Profits: Precious		21 500 (1)		Little		21 500 (1)					43 000	
	£	£	£																																											
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Little		21 500 (1)																																												
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Question Number	Answer	Mark																																										
14 (b)	<table><tr><th colspan="6">Current account - Little</th></tr><tr><th>Dat e</th><th>Narrati on</th><th>£</th><th>Dat e</th><th>Narration</th><th>£</th></tr><tr><td>Oct 1</td><td>Balance b/f</td><td>8 700</td><td>Sep 30</td><td>Interest on capital</td><td>1 750 (1 of)</td></tr><tr><td>Sep 30</td><td>Drawin gs</td><td>21 000 (1 cf)</td><td>Sep 30</td><td>Salary</td><td>10 000 (1 cf)</td></tr><tr><td>Sep 30</td><td>Balance c/d</td><td>3 550</td><td>Sep 30</td><td>Share of profits</td><td>21 500 (1 of)</td></tr><tr><td></td><td></td><td><u>33 250</u></td><td></td><td></td><td><u>33 250</u></td></tr><tr><td></td><td></td><td></td><td>Oct 1</td><td>Balance b/d</td><td>3 550 (1 of)</td></tr></table>	Current account - Little						Dat e	Narrati on	£	Dat e	Narration	£	Oct 1	Balance b/f	8 700	Sep 30	Interest on capital	1 750 (1 of)	Sep 30	Drawin gs	21 000 (1 cf)	Sep 30	Salary	10 000 (1 cf)	Sep 30	Balance c/d	3 550	Sep 30	Share of profits	21 500 (1 of)			<u>33 250</u>			<u>33 250</u>				Oct 1	Balance b/d	3 550 (1 of)	(5)
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Question Number	Answer	Mark
14 (c)	<p>1 Accruals/Matching</p> <p>This concept states that the revenue of an accounting period must be matched against the costs of the same period (1) + a further (2) for an appropriate illustration such as payment of rent in advance/arrears. (3)</p> <p>2 Business entity</p> <p>This concept states that the business is treated as being completely separate from the owner of the business (1) + (2) for an appropriate illustration such as the owner treating personal expenditure as business expenditure, which is not allowed. (3)</p> <p>3 Going concern</p> <p>This concept states that it is to be assumed that the business will continue to operate for an indefinite period of time and that there is no intention to close down the business or reduce the size of the business by any significant amount (1) + (2) for an appropriate illustration such as valuing the fixed assets as if they are being sold. (3)</p>	<b>(9)</b>

13 Raj Patel had the following balance in his books on 20 November 2011.

Rent received £22 000 Cr

Raj's financial year ends on 30 November 2011 and during the final week of November his tenant paid a further £2 000 to cover the outstanding rent for November and a further £2 000 to cover the rent for December 2011.

- (a) Prepare the rent received account for the month of November, clearly showing any transfers to the profit and loss account. Balance the account on 30 November 2011 and bring the balance down to 1 December 2011.

(4)

**Rent Received Account**

Date	Narration	£	Date	Narration	£

- (b) Explain the accounting concept Raj has applied.

(3)

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On 30 November Sunil Khan owed the business £3 500. Raj was advised that Sunil was unable to pay his outstanding debt and it was agreed to write this off as a bad debt.

- (c) Prepare the account of Sunil Khan and the bad debts account for the month of November, clearly showing any transfers to the profit and loss account.

(5)

**Sunil Khan Account**

Date	Narration	£	Date	Narration	£

**Bad Debts Account**

Date	Narration	£	Date	Narration	£

- (d) Explain which accounting concept Raj has applied.

(3)

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**(Total for Question 13 = 15 marks)**

Question Number	Answer	Mark
12(c)	<p>Award up to 2 marks for advantages of this proposal, a further 2 marks for any disadvantages and a one mark for a conclusion or advice etc.</p> <p><b>Sample Answer</b></p> <p>If the partners decide to change their business structure to a limited liability company they will find that there are several advantages and disadvantages to this. Firstly both partners will become shareholders of the business and as such will have limited liability which means that the extent of their liability for business debts will be limited to the amount of money they have invested in the business (1). The partners may also become employees of this new business as directors and as such will receive a directors salary as opposed to just one of them receiving a salary as at present (1). They may be able to attract more investment from outside agencies such as banks who are more likely to lend money where the ownership of the business is wider (1).</p> <p>However they may find that they have less control over the day to day operations of the business as they may have other shareholders who have a say in the running of the business (1). There will also be a change to the way in which the accounts are prepared and to the type of taxation paid on the business profits (1). They will also have to ensure that they abide by all the legislation which relates to the management and administration of companies (1).</p> <p>Although there are many advantages to the partnership of this proposal, Hinge and Bracket will be well advised to seek professional advice before embarking on this change as they need to be aware of the disadvantages too (1).</p>	(5)

Question Number	Answer							Mark	
13(a)	Rent Received Account							(4)	
	Date	Narration		£	Date	Narration			£
	Nov 30	Profit and Loss (1)	(1of)	24000	Nov 20	Balance b/f			22 000
	Nov 30	Balance c/d		2 000	Nov 30	Cash Book	(1cf)		4 000
				26 000					26 000
					Dec 1	Balance b/d	(1of)		2 000

Question Number	Answer	Mark
13(b)	<p>Award 1 mark for identifying 'Accruals/Matching as the concept and a further 2 marks for stating that the rent in advance will be shown as income in next year's profit and loss account (1) and will be shown as a current liability on this year's balance sheet (1).</p>	(3)



Question Number	Answer							Mark
13(c)	Sunil Khan Account							(5)
	Date	Narration	£	Date	Narration		£	
	Nov 20	Balance b/f	3 500	Nov30	Bad Debts (1)	(1)	3 500	
	Bad Debts Account							
	Date	Narration		£	Date	Narration		
Nov 30	Sunil Khan	(1)	3 500	Nov 30	Profit and Loss(1)	(1)	3 500	

Question Number	Answer	Mark
13(d)	Award 1 mark for identifying 'Prudence' as the concept and a further 2 marks for stating that as the amount was irrecoverable the correct approach is to write it off in this years profit and loss account (1) and to reduce debtors in order not to overstate the value of the assets (1).	(3)

Question Number	Answer	Mark
14(a)	Award one mark for each correct answer up to three marks. Items could include bank charges, dishonoured cheques, standing order.	(3)

Question Number	Answer						Mark
14(b)	Cash Book (Bank Columns)						(4)
	Date	Narration	Bank ( £ )	Date	Narration	Bank ( £ )	
	Aug 31	Balance b/f	1 003 (1)	Aug 10	DD Council	125 (1)	
	Aug 21	CT - customer	200 (1)	Aug 31	Balance c/d	1 078	
			<u>1 203</u>			<u>1 203</u>	
	Sep 1	Balance b/d	1 078 (1 of)				