

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

General Certificate of Education
 January 2007
 Advanced Subsidiary Examination



ACCOUNTING
Unit 1 Financial Accounting:
The Accounting Information System

ACC1

Thursday 11 January 2007 9.00 am to 10.00 am

You will need no other materials.
 You may use a calculator.

Time allowed: 1 hour

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- Answer the questions in the spaces provided.
- 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 this book. Cross through any work you do not want to be marked.

Information

- The maximum mark for this paper is 80.
 Four of these marks will be awarded for using good English, organising information clearly and using specialist vocabulary where appropriate.
- The marks for questions are shown in brackets.

For Examiner's Use			
Question	Mark	Question	Mark
1		3	
2		4	
Total (Column 1)		→	
Total (Column 2)		→	
Quality of Written Communication			
TOTAL			
Examiner's Initials			

Answer **all** questions in the spaces provided.

Total for this question: 26 marks

1

Bill Burgess runs a business selling mobile phones. A trial balance at 31 October 2006 has been prepared, but the following balances have not yet been included.

	£
Premises	10 400
Debtors	3 610
Creditors	1 870
Capital	10 000
Mortgage on premises (repayable 2025)	3 000
Drawings	14 400

REQUIRED

(a) Complete the trial balance below. Enter any difference as 'balance at bank'.

Trial Balance at 31 October 2006

Account	Debit £	Credit £
Sales		57 120
Purchases	18 340	
Stock at 1 November 2005	5 300	
Motor expenses	8 850	
Wages	12 460	
Motor vehicles	2 000	
Premises		
Debtors		
Creditors		
Capital		
Mortgage on premises (repayable 2025)		
Drawings		
Balance at bank		
Totals		

(7 marks)

- (b) Complete the table below to show under which balance sheet heading each of the following items should appear. Place a tick in the appropriate column. The first item has been completed as an example.

	Fixed Assets	Current Assets	Current Liabilities	Long-Term Liabilities	Capital
<i>Capital</i>					✓
Debtors					
Premises					
Mortgage on premises (repayable 2025)					
Drawings					
Bank overdraft					

(5 marks)

After the trial balance was completed, it was discovered that the payment of £4500 for the purchase of a motor vehicle had been debited to the motor expenses account.

REQUIRED

- (c) Identify the name of this type of error.

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(1 mark)

- (d) Explain why the trial balance should still balance.

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(2 marks)

Question 1 continues on the next page

Turn over ►



(e) Explain how the error would affect the net profit for the year.

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(3 marks)

After discovering the above error, Bill Burgess tells you that he is thinking of computerising his accounting records.

REQUIRED

(f) Write a memorandum to Bill advising him of **three** advantages and **one** disadvantage of computerising his accounting records.

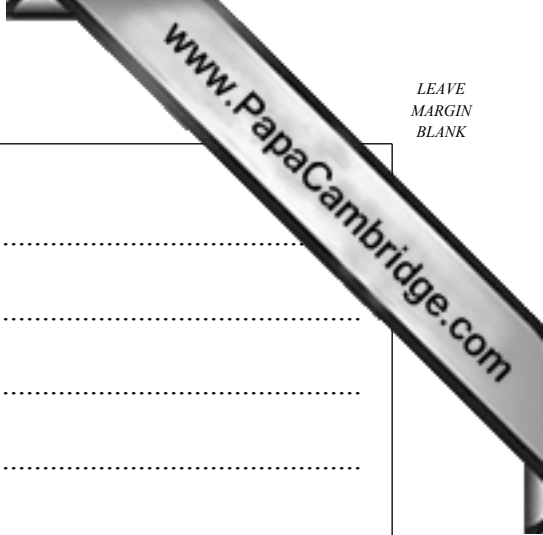
To: Bill Burgess

From: A. Student

Date: 11 January 2007

Re: Advantages and disadvantage of computerisation of accounting records

Advantage 1
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Advantage 2

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Advantage 3

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Disadvantage

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(8 marks)

26

Turn over for the next question

Turn over ▶

Total for this question: 12

2

Razia Alam runs a shop selling soft furnishings. The following list of balances has been extracted from her books of account at 31 December 2006.

	£
Carriage inwards	1 425
Carriage outwards	912
Drawings	6 400
Light and heat	1 246
Motor vehicle	2 000
General expenses	4 193
Postage and stationery	462
Purchases	31 840
Rent and rates	3 248
Returns inwards	1 678
Returns outwards	720
Sales	59 210
Shop assistant's wages	5 966
Stock at 1 January 2006	4 750

Additional information

Stock at 31 December 2006	5 800
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Total for this question: 11

3

The totals of Mike Cook's trial balance at 31 October 2006 did not agree. The totals were:

Debit	£84 359	Credit	£84 392
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On investigation, the following errors were discovered.

- (1) A cash payment of £112 for repairs had been debited to the repairs account twice.
- (2) A cheque payment of £178 for travel expenses had been credited to the travel expenses account.
- (3) Discount received of £120 was entered in the cash book, but had not been posted to the general ledger.
- (4) The wages account had been overcast by £100.
- (5) A cheque for £65 for petrol had been debited as £56 in the motor expenses account.

REQUIRED

- (a) Enter the trial balance difference in the suspense account below. Make any necessary entries to correct the errors.

Suspense Account			
Dr			Cr
Details	£	Details	£

(10 marks)

- (b) Identify the ledger in which this suspense account should be prepared.

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(1 mark)

11

Turn over for the next question**Turn over ▶**

Total for this question: 27

4

The following information has been extracted from the books of Delaney Paints for the month ended 30 November 2006.

	£
Sales ledger balances at 1 November 2006	23 261
Purchase ledger balances at 1 November 2006	14 908
Credit sales	14 720
Credit purchases	11 804
Returns outwards	533
Returns inwards	260
Discounts received	42
Discounts allowed	77
Payments to credit suppliers	9 643
Receipts from credit customers	15 106
Customer's cheque dishonoured	102
Contra (debit balance set off from the sales ledger to the purchase ledger)	55

Note: Delaney Paints maintain control accounts as part of their double entry system.

REQUIRED

- (a) Prepare a sales ledger control account and a purchase ledger control account. Balance each account at 30 November 2006 and bring down any balances.

Sales Ledger Control Account

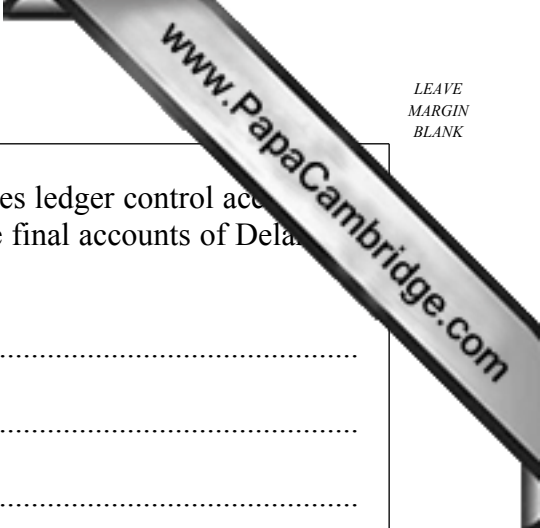
Dr			Cr		
Date	Details	£	Date	Details	£

Purchase Ledger Control Account

Dr			Cr		
Date	Details	£	Date	Details	£

(21 marks)

Turn over ►



- (b) Explain, with reasons, where the closing balances on the sales ledger control account and the purchase ledger control account would appear in the final accounts of Delta Paints.

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(6 marks)

27

END OF QUESTIONS