

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
4	
TOTAL	



General Certificate of Education
Advanced Subsidiary Examination
June 2014

Accounting

ACCN1

Unit 1 Introduction to Financial Accounting

Wednesday 14 May 2014 1.30 pm to 3.00 pm

For this paper you must have:

- a calculator.

Time allowed

- 1 hour 30 minutes

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- All workings must be shown and clearly labelled; otherwise marks for method may be lost.
- Do all rough work in this 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 80.
Four of these marks will be awarded for:
 - using good English
 - organising information clearly
 - using specialist vocabulary where appropriate.



J U N 1 4 A C C N 1 0 1

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

1

Total for this question: 12 marks

James Faye owns a business selling car parts. The following transactions took place in April 2014.

Transaction	Date	Details	£
1	3 Apr	Purchased goods on credit from Paul Dyson	612
2	7 Apr	Sold goods on credit to Tom Dale	150
3	12 Apr	Paid cash sales into the bank	820
4	14 Apr	Tom Dale returned goods to James Faye	40
5	30 Apr	Tom Dale paid amount by credit transfer in full settlement of the balance outstanding at 1 April 2014	456

1 (a) Identify the source document and the subsidiary book used for each of the above **five** transactions.

[5 marks]

Transaction	Source document	Subsidiary book
1		
2		
3		
4		
5		



2

Total for this question: 12 marks

Harry Pearson has prepared the following purchases ledger control account for the month of March 2014.

Purchases Ledger Control Account

Dr		Cr	
Details	£	Details	
Bank	36 820	Balance b/d	38 220
Discount received	890	Purchases day book	52 940
Balance c/d	53 450		
	91 160		91 160
	91 160	Balance b/d	53 450

Harry has extracted a list of balances from the purchases ledger and found that they total £52 020. This does not agree with the balance on the control account. The following errors have been found.

- (1) A purchase invoice for £845 from a supplier had been recorded in the purchases day book but had not been posted to the supplier's purchases ledger account.
- (2) A cheque for £266 paid to a supplier had been returned unpaid by Harry's bank. The cheque was in full settlement of an invoice for £280. The returned cheque had been recorded in the supplier's purchases ledger account but had not been recorded in the control account.
- (3) A debit balance of £13 had been omitted from the list of purchases ledger balances.
- (4) A payment of £652 to a credit supplier had been entered in the supplier's purchases ledger account but had not been entered in the cash book.
- (5) A credit balance on a purchases ledger account had been overstated by £100.
- (6) A credit balance of £260 on a purchases ledger account had been offset against a debit balance on a sales ledger account. No entry had been made in either control account.
- (7) The balance of a supplier account outstanding of £66 was in dispute. Harry had written off the amount in the supplier's purchases ledger account. The write-off had not been recorded in the control account.



Turn over for the next question

**DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED**

Turn over ►



0 7

3

Total for this question: 31 marks

Samir Hadad owns a business selling electrical goods. The following balances were extracted from his books of account at 30 April 2014.

	£
Capital	50 200
Carriage inwards	1 050
Carriage outwards	950
Discounts allowed	3 150
Discounts received	2 940
Drawings	22 320
General expenses	28 150
Inventory at 1 May 2013	46 000
Plant and machinery at cost	14 300
Plant and machinery provision for depreciation	4 800
Purchases	84 000
Rent payable	44 000
Rent receivable	2 200
Returns inwards	620
Returns outwards	480
Revenue	190 000
Trade payables	21 480
Trade receivables	28 200
Bank overdraft (balancing figure)	?

Additional information

After extracting the balances, Samir discovered that two errors had been made in the records.

Error 1 A payment of £4000 for rent payable had been posted to general expenses.

Error 2 A payment of £2000 for new plant and machinery had been posted to purchases.



- 3 (a)** Prepare journal entries to correct the **two** errors shown on the opposite page.
(Narratives are not required.)

[2 marks]

Journal

Account	Dr (£)	Cr (£)

- 3 (b)** **Error 1** is an accounting error. Circle **one** of the following to identify the type of error:

Compensating
errorError of
commissionError of
omissionError of
principle

[1 mark]

- 3 (c)** **Error 2** is an accounting error. Circle **one** of the following to identify the type of error:

Compensating
errorError of
commissionError of
omissionError of
principle

[1 mark]

Question 3 continues on the next page

Turn over ►



This is a repeat of information given on page 8.

Samir Hadad owns a business selling electrical goods. The following balances were extracted from his books of account at 30 April 2014.

	£
Capital	50 200
Carriage inwards	1 050
Carriage outwards	950
Discounts allowed	3 150
Discounts received	2 940
Drawings	22 320
General expenses	28 150
Inventory at 1 May 2013	46 000
Plant and machinery at cost	14 300
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Returns inwards	620
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Revenue	190 000
Trade payables	21 480
Trade receivables	28 200
Bank overdraft (balancing figure)	?

Additional information

After extracting the balances, Samir discovered that two errors had been made in the records.

Error 1 A payment of £4000 for rent payable had been posted to general expenses.

Error 2 A payment of £2000 for new plant and machinery had been posted to purchases.



- 3 (d)** Prepare a trial balance at 30 April 2014 **after** taking account of the **two** errors on page 10. Complete the trial balance by calculating a figure for the bank overdraft.

[13 marks]

Trial balance of Samir Hadad at 30 April 2014

Account	Dr	Cr
Capital		
Carriage inwards		
Carriage outwards		
Discounts allowed		
Discounts received		
Drawings		
General expenses		
Inventory at 1 May 2013		
Plant and machinery at cost		
Plant and machinery provision for depreciation		
Purchases		
Rent payable		
Rent receivable		
Returns inwards		
Returns outwards		
Revenue		
Trade payables		
Trade receivables		
Bank overdraft (balancing figure)		
Totals		

Turn over ►



3 (e) State and explain **three** types of error that **will** affect the balancing of the trial balance.

[8 marks]

[includes 2 marks for quality of written communication]

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Extra space

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3 (f) Describe **one** benefit and **one** limitation of extracting a trial balance.

[4 marks]

Benefit

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Limitation

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3 (g) Identify **two** uses of the general journal.

[2 marks]

1

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2

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31

Turn over for the next question

Turn over ►



4

Total for this question: 25 marks

Jenny Palmer owns a business selling furniture. Jenny has prepared an income statement for the year ended 31 March 2014, but it contains errors.

Jenny Palmer
Income statement for the year ended 31 March 2014

	£	£
Revenue		315 200
Less: returns outwards		<u>(1 800)</u>
		313 400
Inventory at 31 March 2014	45 100	
Purchases	217 260	
Returns inwards	<u>(910)</u>	
	261 450	
Inventory at 1 April 2013	<u>(47 900)</u>	<u>(213 550)</u>
		99 850
Add: discount allowed		<u>860</u>
		100 710
Deduct: expenses		
Carriage outwards	1 490	
Carriage inwards	860	
Rent and rates	32 600	
Drawings	24 320	
Wages and salaries	18 920	
Equipment provision for depreciation 31 March 2014	9 210	
General expenses	<u>6 940</u>	<u>(94 340)</u>
Profit		<u><u>6 370</u></u>

Additional information

- (1) Equipment depreciation for the year ended 31 March 2014 had been entered in the books of account and amounted to £1890.
- (2) Inventory of £500 had been omitted from the stocktake at 31 March 2014.
- (3) A prepayment of £2400 at 31 March 2014 for rent and rates had been incorrectly treated as an accrual when preparing the income statement. The prepayment had also been treated as an accrual in the books of account.



Question 4 continues on the next page

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ANSWER IN THE SPACES PROVIDED**

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The following additional balances have been extracted from the books of account of Jenny Palmer at 31 March 2014.

	£
Accruals	2 800
Bank loan	6 000
Capital at 1 April 2013	49 150
Cash at bank	1 390
Equipment at cost	14 200
Prepayments	50
Trade payables	14 780
Trade receivables	29 350

Additional information

- (1) No adjustment has been made to any of these balances in respect of errors discovered in the income statement.
- (2) One half of the bank loan is repayable in the year ending 31 March 2015. The remainder is due for repayment after that date.
- (3) Jenny withdrew £4 500 from her business bank account as part of her drawings on 31 March 2014. This has not yet been entered in the books of account.



