Centre Number			Candidate Number		
Surname					
Other Names					
Candidate Signature					



General Certificate of Education Advanced Subsidiary Examination June 2015

Accounting

ACCN1

Unit 1 Introduction to Financial Accounting

Tuesday 12 May 2015 9.00 am to 10.30 am

For this paper you must have:

a calculator

Time allowed

1 hour 30 minutes

Instructions

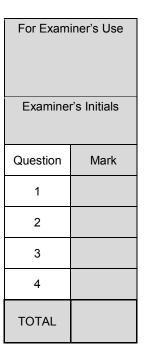
- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer all questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- All workings must be shown and clearly labelled; otherwise marks for 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.





Answer all questions in the spaces provided.

1 Total for this question: 15 marks

Richie Skipper started trading on 1 March 2015 catching and selling fish. He started his business with his own boat valued at £65 000, fishing equipment valued at £4 750 and £2 500 of his personal savings which he placed in a business bank account. He employs one other person, a fisherman called Ryan. Richie Skipper maintains a full set of accounting records.

1 (a) Prepare the entry in the general journal to open the books of Richie Skipper's business. (A narrative is not required.)

[3 marks]

General Journal

Account name	Dr £	Cr £

Additional Information

The following transactions took place in March 2015.

Item	Date	Details
1	5 March	Richie Skipper sold fish on credit to a customer for £195.
2	11 March	The customer returned fish costing £21.
3	14 March	Richie Skipper purchased a freezer on credit for £1 200.

1 **(b)** Identify the source document and the subsidiary book used for each of the above items.

[6 marks]

Item	Source document	Subsidiary book
1		
2		
3		



1	(c)	Identify an internal stakeholder of Richie Skipper's business and give one their interest in the financial statements.	reason for [3 marks]
		Internal stakeholder	
		Internal stakeholder's interest	
		Extra space	
1	(d)	Identify an external stakeholder of Richie Skipper's business and give one their interest in the financial statements.	reason for
		External stakeholder	
		External stakeholder's interest	
		Extra space	



Total for this question: 22 marks

Peter Austin is a sole trader selling hockey kits from a shop in the city centre.

An extract from the trial balance for Peter Austin at 31 March 2015

	Dr	Cr
Building insurance expense	1 750	
Electricity expense	1 725	
Property	175 400	
Property – provision for depreciation at 1 April 2014		55 000
Rent expense account	22 510	

The following errors were discovered after completion of the above trial balance. They have not yet been corrected.

- (1) A payment for buildings insurance of £400 has been entered into the property account.
- (2) The rent expense account has been understated by £200.
- (3) An electricity bill of £52, paid by cheque, has been omitted from the books.

Additional information at 31 March 2015:

- (i) Electricity charges of £1220 have accrued but have not yet been invoiced.
- (ii) An amount of £1260 included in the rent expense account was in respect of an annual rental charge to cover the twelve months ending 30 June 2015.
- (iii) Included in buildings insurance was a payment of £620 to cover Peter Austin's personal house insurance.
- (iv) Property is to be depreciated at 2.5% per annum using the straight-line method.



2	(a)	Calculate the total amount to be transferred to the income statement from the
		following expense accounts for Peter Austin for the year ended 31 March 2015.
		Show all workings.

[9 marks]

	Amount to transfer to the income statement
	(show all workings)
Electricity expense account	
Rent expense account	
Buildings insurance expense account	
Property depreciation expense account	
Workings	



				[2 mark
	Balance sheet section	Electricity expense account closing balance (√)	Rent expense account closing balance (✓)	
	Capital			
	Current assets			
	Current liabilities			-
	Non-current assets			
	Non-current liabilities			
(c)	epare an extract of Peter n-current asset section o		et at 31 March 2015 s	howing the

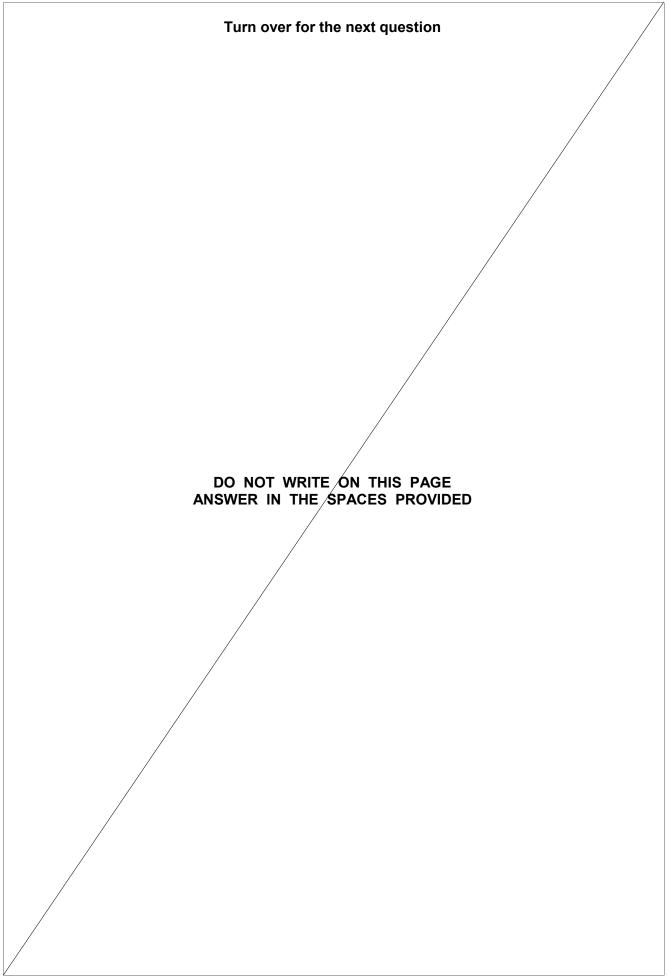


Extra space

2	(d)	Explain to Peter Austin why it is important to adjust the trial balance figures for accruals and prepayments when preparing the financial statements.
		[8 marks] [includes 2 marks for quality of written communication]
		Evtra anges
		Extra space









Total for this question: 27 marks

Lee Crosby has just completed his first year of trading selling cookery equipment. He attempted to prepare a balance sheet from his trial balance before seeking expert help as he was having difficulty getting the balance sheet totals to agree. The trial balance included a suspense account balance of £10 000. This amount has not been entered on the balance sheet.

Balance sheet for Lee Crosby for the year ended 31 March 2015

Capital at 1 April 2014 Shop fittings Drawings		_	136 175 38 000 71 201
Current liabilities			
Loan payable 2020	52 000		
Trade receivables	3 740		
Accrual of expenses	160		
Cash at bank	2 140		
		58 040	
Current assets			
Property	108 000		
Trade payables	4 220		
Prepayment of expenses	225	112 445	
			56 405
		_	190 971
Closing inventories			31 517
Cash in hand			155
Profit for the year		_	52 423
			84 095

Additional information at 31 March 2015

- (1) During the year cookery equipment purchased for resale, that had cost £3500, has been entered in error into the shop fittings account.
- (2) Lee believes the shop fittings will have an economic life of 5 years and have an estimated residual value of £2 000.
- (3) The property should be depreciated by 5% using the straight-line method.
- (4) Lee had withdrawn £75 in cash from the business for his own personal use. This transaction has not yet been accounted for.
- (5) A credit customer has ceased trading owing Lee £1040 that will never be received.
- (6) The wages account has been overstated by £10 000.
- (7) A credit supplier has issued a credit note of £55 for goods that have been damaged and this has not been entered into the books of account.



3	Prepare a corrected balance sheet at 31 March 2015 taking into account the additional information in points 1–7.			
	[27 marks]			
	[includes 2 marks for quality of written communication]			





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_		



Total for this question: 16 marks

Doreen has extracted a trial balance for her engineering business at 31 January 2015. The totals of the trial balance did not agree and a suspense account has been opened to enable the financial statements to be produced.

The following errors have now been discovered.

4

- (1) She has forgotten to record a cash payment to the cleaner for £95.
- (2) Her sales day book total was overstated by £650.
- (3) Petrol expenses of £450 have been entered into the car insurance account.
- (4) Doreen has treated as business expenses a family holiday costing £895.
- (5) Doreen paid a supplier, Craig, by cheque £645. The entries made for the cheque were to debit the bank account with £546 and credit Craig's account with £456.
- 4 (a) Prepare Doreen's suspense account to correct the errors. Show clearly the opening balance that would have been in the trial balance before the errors were corrected.

[7 marks]

Dr	Suspense account			
Details	£	Details	£	
Morkingo				
Workings				



Doreen has calculated her profit for the year as £26 500 before any errors were corrected.

4 (b) Calculate the amended profit for Doreen's business taking into account the errors above. Clearly state if there is no effect on profit.

[6 marks]

		£
Error	Original profit	26 500
1		
2		
3		
4		
5		
	Amended profit	

Three of the errors, 1–5, that Doreen discovered would not be revealed by completing a trial balance.

4 (c) Identify these three errors and state the type of error.

[3 marks]

16

Number of the error	Type of error

END OF QUESTIONS





