

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

Examiner's Initials	
Question	Mark
1	
2	
3	
4	
TOTAL	



General Certificate of Education
Advanced Subsidiary Examination
January 2009

Accounting

ACCN1

Unit 1 Introduction to Financial Accounting

Friday 9 January 2009 1.30 pm to 3.00 pm

You will need no other materials.
You may use 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. Answers written in margins or on blank pages will not be marked.
- 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 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, and
 - using specialist vocabulary where appropriate.



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

Total for this question: 10 marks

- 1 Eifion Jones owns a business repairing motor vehicles. The following transactions took place in December 2008.

REQUIRED

- 1 (a) Identify the source document for each of the following transactions. An example is given.

Transaction	Source document
Parts from a supplier purchased on credit	<i>Purchases invoice</i>
Eifion returned parts to a supplier which had previously been purchased on credit	
Cash deposited by Eifion into the business bank account	
Payment from a customer by credit transfer	
Work done for a customer to be paid next month	

(4 marks)

- 1 (b) Complete the table by entering the appropriate details in the spaces provided. An example has been given.

Transaction	Account to be debited	Account to be credited
Workshop equipment purchased from Apex on credit for £22 000	<i>Fixed assets – workshop equipment</i>	<i>Apex – creditor’s account</i>
£50 000 paid into the business bank account from Eifion’s savings		
£312 repairs to a customer’s car to be paid in January		
Paid rent of £2000 by standing order		

(6 marks)

10



Total for this question: 15

2

Karen Lamb owns a business selling books. She operates a manual accounting system. The sales ledger control account for the month ended 30 November 2008 does not agree with the total of the debit balances extracted from the sales ledger.

The following errors have been discovered.

- (1) The balance brought down in the sales ledger control account should have been £13 560.
- (2) Discount allowed of £140 had been completely omitted from the books of account.
- (3) A bad debt of £50 had been written off, but had not been entered in the sales ledger control account.
- (4) Discount received of £205 had been posted to the credit side of both the sales ledger control account and the purchases ledger control account.
- (5) The sales returns day book had been overcast by £200.
- (6) A debit balance of £85 in the sales ledger had been entered as a contra item in the purchases ledger. No entry had been made in the sales ledger control account.
- (7) A cheque from a customer for £415 had been dishonoured. This had not been entered in the sales ledger control account.

REQUIRED

- 2 (a) Correct the sales ledger control account and balance the account.

Sales ledger control account

Dr			Cr		
Date	Details	£	Date	Details	£
30 Nov	Balance b/d	13 650			

(8 marks)

Turn over ►

2 (b) State **three** benefits of preparing a sales ledger control account.

Benefit 1
.....
.....
(1 mark)

Benefit 2
.....
.....
(1 mark)

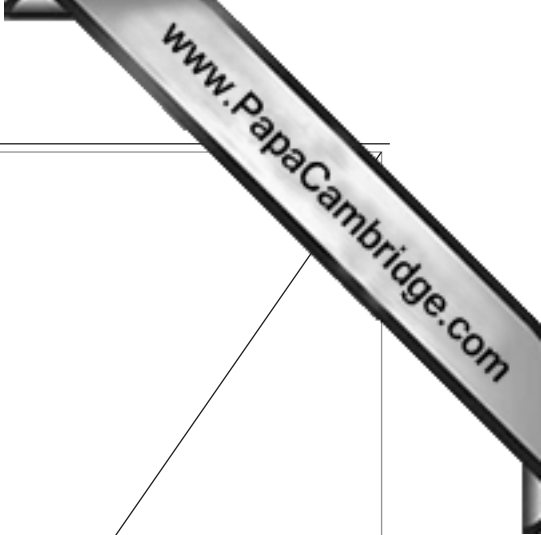
Benefit 3
.....
.....
(1 mark)

2 (c) State and explain **two** errors in the sales ledger that would **not** be identified by preparing a sales ledger control account.

Error 1
.....
.....
.....
.....
.....
.....
(2 marks)

Error 2
.....
.....
.....
.....
.....
.....
(2 marks)





Turn over for the next question

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

Turn over ▶



Use this information when answering Question 3(a).

Liam O'Brien owns a business selling musical instruments. The following trial balance has been extracted from the books of account at 31 October 2008.

	Dr £	Cr £
Bank balance		19 281
Capital account at 1 November 2007		61 489
Carriage inwards	480	
Carriage outwards	2 110	
Discounts	664	811
Drawings	28 650	
Fixtures and fittings – at cost	62 200	
Fixtures and fittings – provision for depreciation		27 990
General expenses	8 594	
Purchases and sales	129 745	206 543
Rent and rates	10 926	
Returns	375	619
Stock at 1 November 2007	48 560	
Trade debtors and trade creditors	11 285	16 407
Wages and salaries	29 551	
	333 140	333 140

Additional information not yet recorded in the accounts at 31 October 2008

- (1) Stock at 31 October 2008 was valued at £55 350.
- (2) Wages owing amounted to £830.
- (3) General expenses paid in advance amounted to £180.
- (4) Depreciation is to be provided on fixtures and fittings at 15% per annum using the straight-line method.

Turn over ►



Use this information when answering Questions 3(b) and 3(c).

This is the **same** information as on page 7 but it has been repeated here for your convenience.

Liam O'Brien owns a business selling musical instruments. The following trial balance has been extracted from the books of account at 31 October 2008.

	Dr £	Cr £
Bank balance		19 281
Capital account at 1 November 2007		61 489
Carriage inwards	480	
Carriage outwards	2 110	
Discounts	664	811
Drawings	28 650	
Fixtures and fittings – at cost	62 200	
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REQUIRED

- 3 (b) Prepare an extract from the balance sheet at 31 October 2008 showing the capital section **only**.

Liam O'Brien
Balance sheet extract at 31 October 2008

CAPITAL

.....

.....

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(3 marks)

- 3 (c) Prepare an extract from the balance sheet at 31 October 2008 showing the current assets section **only**.

Liam O'Brien
Balance sheet extract at 31 October 2008

CURRENT ASSETS

.....

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.....

(4 marks)

Question 3 continues on the next page

Turn over ▶



Liam O'Brien has asked you about stakeholders who may have an interest in the financial statements of his business.

REQUIRED

- 3 (d) Write a memorandum to Liam O'Brien advising him of **three** types of stakeholder who may have an interest in the financial statements of his business. State **one** interest that each may have.

Memorandum

To

From

Date

Subject

Stakeholder 1

Interest

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.....

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Stakeholder 2

Interest

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.....

Stakeholder 3

Interest

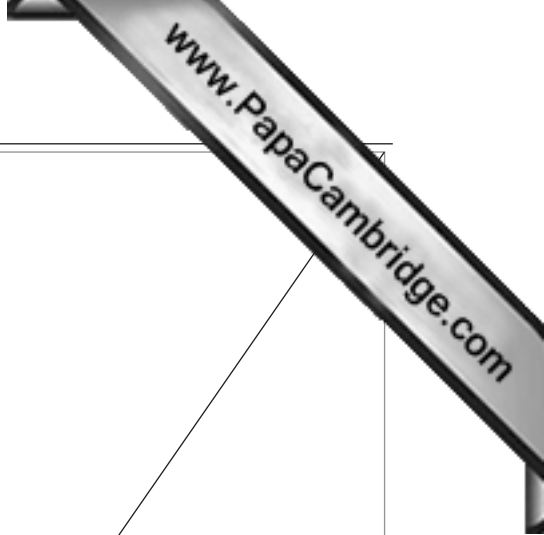
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(6 marks)
(for quality of written communication: plus 2 marks)





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Total for this question: 10

4

The balances in Paul Ashton's three column cash book at 3 December 2008 were as follows.

	£
Cash in hand	367
Bank overdraft	2414

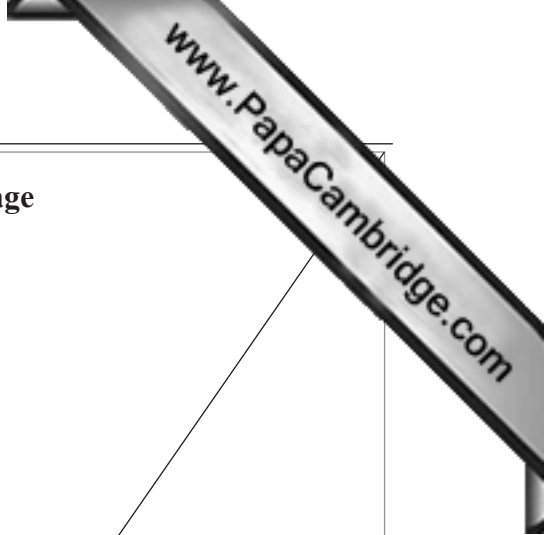
The following transactions took place.

- 3 Dec Paid rent by cheque £1550.
- 4 Dec Cash sales £240.
- 5 Dec Banked £340 cash from the till.
- 5 Dec Received a cheque of £3745 from Mills in full settlement of a debt of £3855.
- 8 Dec Paid insurance by direct debit £48.
- 8 Dec Paid Collins by cheque £285 after deducting 5% cash discount.
- 10 Dec Withdrew £1000 cash from the bank for business use.
- 10 Dec Paid wages £942 in cash.

REQUIRED

- 4 Enter the above transactions in the cash book on page 13 and balance the cash book at 10 December 2008.

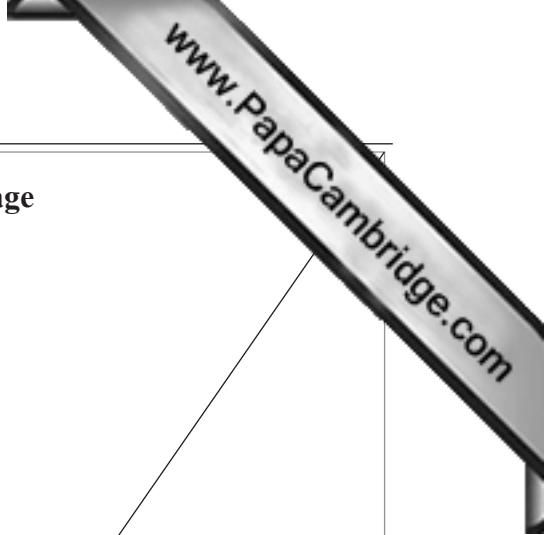




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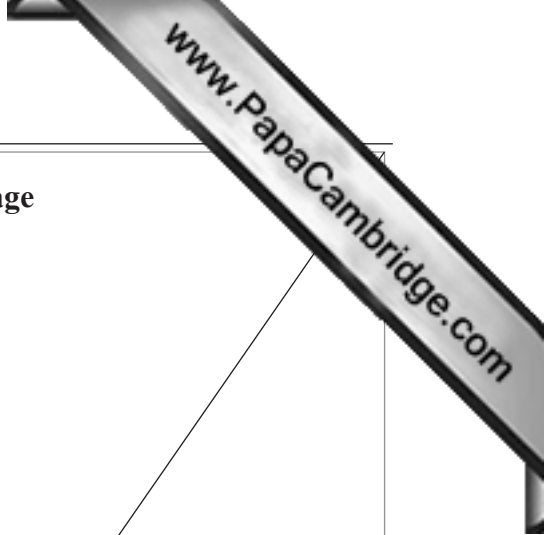




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