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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
January 2011

Accounting ACCN1

Unit 1 Introduction to Financial Accounting

Monday 17 January 2011 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.
- Make and state any necessary assumptions.
- Do all rough work in this book. Cross through any work you do not want to be marked.
- If you need extra space for your answer(s), use the lined page at the end of this book. Write the question number against your answer(s).

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.

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

1 **Total for this question: 16 marks**

Faz Ahmed sells furniture. Two of his recent business transactions are:

Item 1: The payment of rent by direct debit.

Item 2: The return of goods to a supplier. The goods had previously been purchased on credit.

1 (a) Complete the following table by entering the appropriate details in the spaces provided.

Item	Source document	Account to be debited	Account to be credited
1			
2			

(6 marks)

The following transactions took place between Faz Ahmed and Phil Jenkins, a credit customer, during November 2010.

1 November	Balance brought forward £3295.
6 November	Goods returned by Phil Jenkins £196.
15 November	Cheque received £1365; discount allowed £72.
21 November	Sold goods on credit £819.
22 November	Cheque returned unpaid by Phil Jenkins' bank £1365.
30 November	Contra with Phil Jenkins' purchases ledger account £1406.

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1 (b) Complete the sales ledger account of Phil Jenkins in the books of Faz Ahmed. Balance the account at 30 November 2010.

Dr **Phil Jenkins** **Cr**

Date	Details	£	Date	Details	£

(10 marks)

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2 **Total for this question: 1**

Luke Foster has received a bank statement for his business account dated 26 November 2010. His cash book showed a debit balance of £912. This did not agree with the closing balance on his bank statement.

The following entries appear on the bank statement but have not been entered in the cash book.

(1) Bank charges of £40.

(2) A direct debit payment of £236 to AB Finance.

(3) A credit transfer receipt of £395 from Malumba Ltd.

(4) A cheque received from R Wright, returned unpaid by the customer's bank. The cheque for £45 had been debited in Luke Foster's cash book on 18 November 2010.

Luke also discovered that a cheque for £56 paid to P Brown on 20 November 2010 appeared on the bank statement correctly, but was entered in the cash book as £65.

The following entries appear in the cash book but do not yet appear on the bank statement.

(1) A cheque for £79 paid to J Blake on 24 November 2010.

(2) Takings of £310 banked on 26 November 2010.

2 (a) Make the necessary entries in the cash book of Luke Foster and bring down the balance at 26 November 2010.

Dr **Cash book (bank columns)** **Cr**

Details	£	Details	£

(7 marks)

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2 (b) Prepare a bank reconciliation statement at 26 November 2010.

Bank reconciliation statement at 26 November 2010

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(4 marks)

2 (c) Explain **three** benefits to Luke Foster of reconciling his cash book and bank statement balances.

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(6 marks)

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3 **Total for this question: 3**

Brian Murphy sells computer equipment. The following balances have been extracted from his books of account at 31 October 2010.

	£
Bank loan account (repayable July 2011)	5 400
Bank overdraft	2 820
Capital account at 1 November 2009	35 850
Carriage inwards	640
Discounts allowed	410
Discounts received	830
Drawings	22 440
General expenses	12 580
Inventory (Stock) at 1 November 2009	52 980
Motor expenses	3 480
Motor vehicles – cost	28 340
– provision for depreciation at 1 November 2009	14 560
Purchases	182 050
Rent and rates	17 620
Returns inwards	580
Revenue (Sales)	326 940
Trade payables (creditors)	19 680
Trade receivables (debtors)	22 860
Wages and salaries	62 100

Additional information

(1) Inventory (stock) at 31 October 2010 was valued at £48 250.

(2) Annual rates of £4020 have been paid for the year ending 31 March 2011.

(3) The motor vehicle is to be depreciated using the straight-line method over six years. The estimated residual value of the motor vehicle at the end of the sixth year is £6500.

(4) On 31 October 2010 Brian Murphy transferred £5000 from his personal savings into the business bank account. This transaction has not yet been accounted for.

(5) A bad debt of £190 was to be written off at 31 October 2010.

(6) Wages and salaries of £1310 for the week ended 31 October 2010 have not yet been paid.

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3 (a) Prepare an income statement (trading and profit and loss account) for Brian Mu
the year ended 31 October 2010.

(16 marks)
(for quality of presentation: plus 1 mark)

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Question 3 continues on the next page

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ANSWER IN THE SPACES PROVIDED

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Use this information when answering question **3(b)**. This is the **same** information as on pa
but it has been reprinted here for your convenience.

Brian Murphy sells computer equipment. The following balances have been extracted from his books of account at 31 October 2010.

	£
Bank loan account (repayable July 2011)	5 400
Bank overdraft	2 820
Capital account at 1 November 2009	35 850
Carriage inwards	640
Discounts allowed	410
Discounts received	830
Drawings	22 440
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Additional information

(1) Inventory (stock) at 31 October 2010 was valued at £48 250.

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(4) On 31 October 2010 Brian Murphy transferred £5000 from his personal savings into the business bank account. This transaction has not yet been accounted for.

(5) A bad debt of £190 was to be written off at 31 October 2010.

(6) Wages and salaries of £1310 for the week ended 31 October 2010 have not yet been paid.

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3 (b) Prepare a balance sheet for Brian Murphy at 31 October 2010.

Brian Murphy Balance Sheet at 31 October 2010

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(15 marks)
(for quality of presentation: plus 1 mark)

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4 **Total for this question: 1**

4 (a) Define the following terms.

4 (a) (i) Non-current (fixed) assets

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(2 marks)

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4 (a) (ii) Current assets

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(2 marks)

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4 (b) Assess the usefulness of the trial balance as a means of checking the accuracy ledgers.

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(8 marks)

(for quality of written communication: plus 2 marks)

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END OF QUESTIONS

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Question number	Write the question numbers in the left-hand margin

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