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| 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
June 2010

Accounting

ACCN1

Unit 1 Introduction to Financial Accounting

Friday 21 May 2010 9.00 am to 10.30 am

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. 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 pages 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.



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

1

Total for this question: 18 marks

Mark Bentley used £20 000 from his personal savings to start a new business. For additional finance, he obtained a £20 000 bank loan.

REQUIRED

1 (a) Explain **two** reasons why Mark should keep accounting records.

Reason 1

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(3 marks)

Reason 2

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(3 marks)

(for quality of written communication: plus 1 mark)



1 (b) Identify **three** external stakeholders in Mark's business. State the interest they have in the accounting records.

Stakeholder 1

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(2 marks)

Stakeholder 2

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(2 marks)

Stakeholder 3

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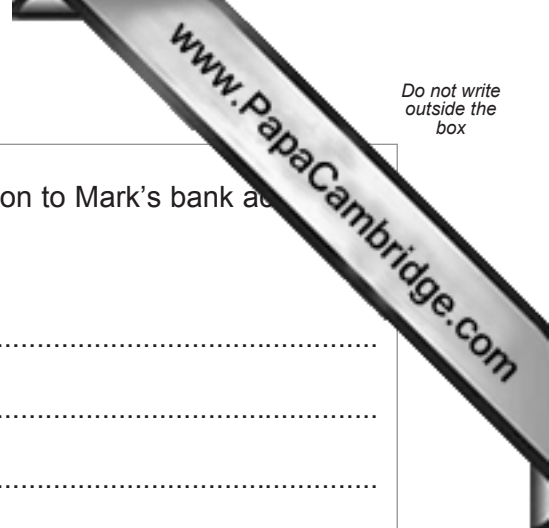
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(2 marks)

(for quality of written communication: plus 1 mark)

Turn over ►





1 (c) Explain the meaning of each of the following terms in relation to Mark's bank account

1 (c) (i) Direct debit

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(2 marks)

1 (c) (ii) Standing order

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(2 marks)

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| |
| 18 |



Do not write
outside the
box

Turn over for the next question

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

Turn over ►



2

Total for this question: 11

The following information has been extracted from the books of Samina Miah for the month of May 2010.

| | £ |
|---|--------|
| Purchases ledger balances at 1 May 2010 | 26 128 |
| Purchase day book total | 57 107 |
| Cash purchases | 8 841 |
| Payments to trade payables (creditors) | 61 340 |
| Receipts from trade receivables (debtors) | 42 003 |
| Returns inwards | 1 425 |
| Returns outwards | 1 949 |
| Discounts allowed | 1 270 |
| Discounts received | 2 445 |
| Debit balance on sales ledger offset against purchases ledger | 846 |
| Cheque paid to a trade creditor, cancelled on 31 May 2010 | 1 560 |

REQUIRED

2 (a) Prepare a purchases ledger control account for the month of May 2010.

| Dr | | Purchases Ledger Control Account | | | | Cr |
|------|---------|----------------------------------|------|---------|---|----|
| Date | Details | £ | Date | Details | £ | |
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(8 marks)





2 (b) Explain how the purchases ledger control account can be used to verify the balance of the purchases ledger.

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(2 marks)

2 (c) Explain **one** limitation of the purchases ledger control account and give **one** example.

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(4 marks)

14

Turn over ▶



Use this information when answering Question 3(a).

Aaron Stein owns a business selling garden furniture. He has prepared the following draft income statement (trading and profit and loss account) for the year ended 30 April 2010.

| | £ |
|---------------------------|---------------|
| Sales | 214 600 |
| Cost of sales | (124 800) |
| Gross profit for the year | 89 800 |
| Expenses | (53 800) |
| Profit for the year | <u>36 000</u> |

After completion of the draft income statement (trading and profit and loss account), the following balances remain in the books of account.

| | £ |
|--|--------|
| Accruals | 410 |
| Bank overdraft | 1 120 |
| Capital at 1 May 2009 | 15 720 |
| Drawings | 26 850 |
| Inventory (stock) at 30 April 2010 | 20 640 |
| Loan (repayable 31 December 2010) | 4 500 |
| Motor vehicles – cost at 1 May 2009 | 18 400 |
| – provision for depreciation at 1 May 2009 | 7 360 |
| Prepaid expenses | 600 |
| Trade payables (creditors) | 6 490 |
| Trade receivables (debtors) | 5 110 |

Aaron has been told that the following items have not yet been accounted for.

- (1) Wages owing at 30 April 2010 amounted to £1210.
- (2) Rates paid in advance at 30 April 2010 amounted to £1600.
- (3) Depreciation is to be provided on motor vehicles at 20% per annum using the straight-line method.
- (4) The value of inventory (stock) at 30 April 2010 has been overstated by £3000.
- (5) A loan repayment of £500 appeared on the bank statement on 30 April 2010, but has not been recorded in the accounting records.
- (6) A cheque for £1200 received from a trade debtor on 30 April 2010 has not been recorded in the accounting records.
- (7) A debtor balance of £400 is to be written off.

Turn over ►



Use this information when answering Question 3(b).

This is the **same** information as on page 9 but it has been reprinted here for your convenience.

Aaron Stein owns a business selling garden furniture. He has prepared the following draft income statement (trading and profit and loss account) for the year ended 30 April 2010.

| | £ |
|---------------------------|---------------|
| Sales | 214 600 |
| Cost of sales | (124 800) |
| Gross profit for the year | 89 800 |
| Expenses | (53 800) |
| Profit for the year | <u>36 000</u> |

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- (6) A cheque for £1200 received from a trade debtor on 30 April 2010 has not been recorded in the accounting records.
- (7) A debtor balance of £400 is to be written off.



4

Total for this question: 1

Fabrique is a wholesale business. At 1 April 2010, Joe Shaw owed Fabrique £918. During April 2010, the following transactions took place:

- 3 April Fabrique sold goods to Joe Shaw for £455.
- 15 April Joe Shaw returned goods valued at £137 to Fabrique.
- 20 April Joe Shaw sent a cheque, after deducting a discount of £46, to Fabrique to clear the balance owing at 1 April.

REQUIRED

4 (a) Identify the source document used by Fabrique to record each of the above transactions.

| Transaction | Source document |
|---|-----------------|
| Fabrique sold goods to Joe Shaw for £455. | |
| Joe Shaw returned goods valued at £137 to Fabrique. | |
| Joe Shaw sent a cheque, after deducting a discount of £46, to Fabrique to clear the balance owing at 1 April. | |

(3 marks)

REQUIRED

4 (b) Complete the account of Joe Shaw in the books of Fabrique for the month of April 2010.

| Dr | | Joe Shaw | | | Cr | |
|------|---------|----------|------|---------|----|--|
| Date | Details | £ | Date | Details | £ | |
| | | | | | | |
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(6 marks)



The bookkeeper of Fabrique has extracted a trial balance at 30 April 2010. The totals do not agree and the following errors have been discovered.

- (1) The credit balance on the discounts received account has been brought down as £434. It should be £443.
- (2) The sales account has been undercast by £100.
- (3) Carriage inwards of £120 has been entered to the credit of the carriage inwards account.

REQUIRED

4 (c) Make any necessary entries in the suspense account to correct these errors. Clearly show the opening balance on the suspense account and balance the account.

| Dr | Suspense Account | | Cr |
|---------|------------------|---------|----|
| Details | £ | Details | £ |
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(6 marks)

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| 15 |

END OF QUESTIONS



