

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

For Examiner's Use

General Certificate of Education
June 2007
Advanced Subsidiary Examination



ACCOUNTING
Unit 1 Financial Accounting:
The Accounting Information System

ACC1

Wednesday 6 June 2007 1.30 pm to 2.30 pm

<p>You will need no other materials. You may use a calculator.</p>

Time allowed: 1 hour

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- Answer the questions in the spaces provided.
- 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 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.
- The marks for questions are shown in brackets.

For Examiner's Use			
Question	Mark	Question	Mark
1		3	
2		4	
Total (Column 1) →			
Total (Column 2) →			
Quality of Written Communication			
TOTAL			
Examiner's Initials			

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

Total for this question: 33 marks

1

Gill Norton owns a shop selling ladies' fashions. The following information has been extracted from her books of account at 30 April 2007.

	£
Balance at bank	6 110
Capital at 1 May 2006	112 700
Computer equipment	3 100
Discounts received	810
Drawings	8 200
General expenses	8 640
Mortgage on premises (repayable 2015)	20 000
Premises	126 700
Purchases	63 160
Rates	10 400
Returns outwards	480
Sales	133 620
Stock at 1 May 2006	16 450
Stock at 30 April 2007	14 200
Trade creditors	5 210
Trade debtors	7 450
VAT (due from HM Revenue and Customs)	660
Wages	21 950

REQUIRED

(a) Prepare a trading and profit and loss account for the year ended 30 April 2007.

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(12 marks)

Question 1 continues on the next page

Turn over ►

Gill Norton purchased the computer equipment in March 2007 and has already computerised the sales ledger and the stock records of the business. As a result, her accounting records are more accurate.

(c) Explain **two** other benefits that Gill Norton would expect after computerising her sales ledger and stock records.

(i) Benefit 1

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(3 marks)

(ii) Benefit 2

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(3 marks)

Total for this question: 18 marks

2

The bank columns of Western Products' cash book show a debit balance of £3426.67. The balance shown on the bank statement at 31 May 2007 did not agree with the cash book balance.

On investigation, the following were discovered.

- (1) A cheque paid for fuel on 27 May 2007 for £64.14 had been entered in the cash book, but had not yet been presented to the bank.
- (2) Cheques received from customers totalling £1325.50 had been entered in the cash book and paid into the bank on 31 May 2007. These cheques were not shown on the bank statement.
- (3) A cheque paid for advertising for £132.90 had been entered in the cash book as £123.90.
- (4) The bank had paid a direct debit for a subscription of £55.00 on 19 May 2007, but no entry had been made in the cash book.
- (5) On 31 May 2007, the bank had debited the account with bank charges of £115.00 and credited the account with bank interest of £34.50. Neither of these amounts had been entered in the cash book.

REQUIRED

- (a) Make the necessary entries in the cash book of Western Products and show the updated balance.

Cash Book (bank columns only)

Dr				Cr			
Date	Details	£	p	Date	Details	£	p
31 May	Balance b/d	3426	67				

(6 marks)

- (b) Prepare a bank reconciliation statement that clearly shows the balance on the bank statement at 31 May 2007.

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(5 marks)

Question 2 continues on the next page

Turn over ►

- (c) Write a memorandum to the manager of Western Products, explaining why it is important to prepare a bank reconciliation statement.

MEMORANDUM

To:

From:

Date:

Subject:

(1 mark for memorandum format)

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(6 marks)

Turn over for the next question

Turn over ►

Total for this question: 13 marks**3**

Ling Cao sold goods to Prima Fashions on 1 May 2007. She agreed to allow the customer 20% trade discount in addition to 2% cash discount for settlement within 14 days.

Prima Fashions paid the invoice on 8 May 2007.

The sales invoice is shown below.

SALES INVOICE			
Ling Cao, Unit 22, West Parade, Manchester, M1 6DS			
Telephone 0161 111 2222			
Prima Fashions 62 High Street Birmingham B6 1AH			
Account No: P312		VAT Registration No: 111 2323 456	
Date: 1 May 2007			
Invoice No: 05/001			
Quantity	Details	Unit Price £	Total £
16	Ladies' suits	40.00	640.00
10	Dresses	12.00	<u>120.00</u>
			760.00
		Trade discount	<u>152.00</u>
			608.00
		VAT at 17.5%	<u>104.27</u>
			<u>712.27</u>
Settlement terms: 2% discount for settlement within 14 days			

REQUIRED

(a) Enter the invoice and the payment received from Prima Fashions in the books of Ling Cao.

Sales Day Book

Date	Customer	Total £	VAT £	Net £

Bank Account

Dr			Cr		
Date	Details	£	Date	Details	£

Sales Account

Dr			Cr		
Date	Details	£	Date	Details	£

Discount Allowed Account

Dr			Cr		
Date	Details	£	Date	Details	£

VAT Account

Dr			Cr		
Date	Details	£	Date	Details	£

Prima Fashions

Dr			Cr		
Date	Details	£	Date	Details	£

(11 marks)

(b) Explain the term ‘trade discount’.

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(2 marks)

Total for this question: 12 marks**4**

The following petty cash information relates to Harris Engineering for the week ended 25 May 2007.

21 May Petty cash in hand £14.37

21 May Cash received from cashier to restore the imprest to £100

22 May Payment for postage £11.50 (no VAT), voucher 124

24 May Payment for petrol £20.00 (plus VAT at 17.5%), voucher 125

25 May Payment for stationery £14.57 (including VAT at 17.5%), voucher 126

REQUIRED

- (a) Make the necessary entries in the petty cash book on the opposite page. Total and balance the petty cash book at 25 May 2007. *(10 marks)*

Petty Cash Book

Dr		Date	Details	Voucher Number	Total		VAT		Petrol		Postage		Stationery		Cr
					£	p	£	p	£	p	£	p	£	p	
£	p														

Question 4 continues on the next page

Turn over ►

- (b) Enter the total of the VAT column from the petty cash book into the VAT account shown below.

VAT Account					
Dr			Cr		
Date	Details	£	Date	Details	£
			21 May	Balance	814.56

(2 marks)

12

END OF QUESTIONS

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