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| Surname | | Other Names | |
| Centre Number | | Candidate Number | |
| Candidate Signature | | | |

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General Certificate of Education
 June 2003
 Advanced Subsidiary Examination



ACCOUNTING
Unit 1 Financial Accounting:
The Accounting Information System

ACC1

Wednesday 4 June 2003 Afternoon Session

No additional materials are required.
 You may use a calculator.

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 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 marked.

Information

- The maximum mark for this paper is 80. This includes up to 4 marks for the Quality of Written Communication.
- Mark allocations are shown in brackets.
- You will be assessed on your ability to use an appropriate form and style of writing, to organise relevant information clearly and coherently, and to use specialist vocabulary, where appropriate. The degree of legibility of your handwriting and the level of accuracy of your spelling, punctuation and grammar will also be taken into account.

| For Examiner's Use | | | |
|----------------------------------|------|--------|------|
| Number | Mark | Number | Mark |
| 1 | | | |
| 2 | | | |
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| Total (Column 1) | → | | |
| Total (Column 2) | → | | |
| Quality of Written Communication | | | |
| TOTAL | | | |
| Examiner's Initials | | | |

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

1

Total for this question: 12 marks

The trial balance of H G Patel, as at 30 April 2003, has been partially completed. The following balances have now to be included:

| | £ |
|-------------------|--------|
| Purchases | 38 900 |
| Sales | 98 000 |
| Returns outwards | 3 698 |
| Carriage inwards | 367 |
| Carriage outwards | 450 |
| Discount received | 2 135 |
| Drawings | 6 900 |

REQUIRED

- (a) Complete the trial balance. (7 marks)
- (b) Total the trial balance and enter any difference in the suspense account. (1 mark)

H G Patel: Trial Balance as at 30 April 2003

| Account | Debit £ | Credit £ |
|----------------------|------------|-------------|
| Wages | 23 890 | |
| Administration costs | 6 000 | |
| Capital | | 60 000 |
| Premises | 65 000 | |
| Motor vehicles | 5 000 | |
| Motor expenses | 1 650 | |
| Purchases | | |
| Sales | | |
| Returns outwards | | |
| Carriage inwards | | |
| Carriage outwards | | |
| Discount received | | |
| Drawings | | |
| Suspense | | |
| TOTAL | | |

- (c) There are many reasons for the error(s) giving rise to the suspense account.

From the following list of bookkeeping errors, tick the Yes or No box to indicate whether or not the error could be responsible for the difference in the trial balance.

An example has been given.

| Error | Yes | No |
|--|------------|-----------|
| <i>A balance has been entered in the wrong column of the trial balance.</i> | ✓ | |
| An error of principle has occurred. | | |
| The sales account has been totalled incorrectly. | | |
| An invoice has been omitted from the books. | | |
| A cheque has been debited in the cash book as £150 but credited in the customer's account as £105. | | |

(4 marks)

12

TURN OVER FOR THE NEXT QUESTION

Turn over ►

2

Total for this question: 9 marks

The sales day book of Brown's Paints shows the following totals which have to be entered into the general ledger.

Goods £53 800
 VAT £9 415
 Total £63 215

REQUIRED

- (a) Complete the following table to show the amount to be entered in each account and whether the entry is a debit or credit.

| Account | Amount £ | Debit or Credit |
|------------------|---------------------|------------------------|
| Sales | | |
| VAT | | |
| Debtors' control | | |

(6 marks)

- (b) Complete the following table with the name of the subsidiary book which is the source of each of the following items in a debtors' control account.

An example has been given.

| Item | Subsidiary book |
|--|------------------------|
| <i>Total credit sales</i> | <i>Sales day book</i> |
| Payment received from customers | |
| Discount allowed | |
| Contras (transfers) to the purchase ledger | |

(3 marks)

| |
|---|
| 9 |
|---|

3

Total for this question: 9 marks

Highfield Products is seeking to attract new customers and has decided to offer trade and cash discounts.

REQUIRED

(a) Explain the circumstances under which they would give each of these discounts.

(i) Trade discounts

.....

.....

.....

(2 marks)

(ii) Cash discounts

.....

.....

.....

(2 marks)

They supply goods to a customer on the following terms:

| | |
|----------------|-------|
| Selling price | £500 |
| Trade discount | 20% |
| Cash discount | 5% |
| VAT | 17.5% |

(b) Calculate the total of the invoice for these goods.

Invoice total: £

Workings

.....

.....

.....

.....

.....

.....

(5 marks)

9

Turn over ►

4

Total for this question: 13 marks

James White uses several methods to verify his records.

REQUIRED

Write a report to Bill Bennett explaining **one** benefit of each of the following methods. Give an example of **one** error which will be revealed in **each** case.

REPORT

To:

From:

Date:

Subject:

(Report headings: 1 mark)

(a) Bank reconciliation statement

Benefit

.....

.....

.....

.....

(3 marks)

Example

(1 mark)

(b) Sales ledger control account

Benefit

.....

.....

.....

.....

(3 marks)

Example

(1 mark)

(c) Trial Balance

Benefit
.....
.....
.....
.....
(3 marks)

Example
(1 mark)

13

TURN OVER FOR THE NEXT QUESTION

Turn over ►

Handwriting practice area with 25 horizontal dotted lines.

(12 marks)

12

Turn over ►

6

Total for this question: 17 marks

Barbara Smith has purchased a new computer system for her business, from JPC Computer Supplies Ltd. The computer was purchased on 1 February 2003 at a cost of £4 000 plus £665 VAT. She made full payment on 4 March 2003 and was allowed £200 trade discount.

REQUIRED

- (a) Make the necessary entries for these transactions. (Journal narratives are **not** required. Do **not** balance any accounts.)

| JOURNAL | DR | CR |
|---------|----|----|
| | £ | £ |
| | | |

PURCHASE LEDGER

| DR | | | JPC Computer Supplies Ltd | | | CR |
|--------------|---------|---|---------------------------|---------|---|----|
| Date 2003 | Details | £ | Date 2003 | Details | £ | |
| | | | | | | |

GENERAL LEDGER

| DR | | | VAT Account | | | CR |
|--------------|---------|---|--------------|---------|---|----|
| Date 2003 | Details | £ | Date 2003 | Details | £ | |
| | | | | | | |

| DR | | | Computer Account | | | CR | | |
|--------------|---------|---|------------------|---------|---|--------------|---------|---|
| Date 2003 | Details | £ | Date 2003 | Details | £ | Date 2003 | Details | £ |
| | | | | | | | | |

(8 marks)

- (b) Why will the purchase of a new computer system contribute to greater speed and accuracy in the bookkeeping process?

Speed

.....

.....

.....

.....

.....

(5 marks)

Accuracy

.....

.....

.....

.....

.....

(4 marks)

7

Total for this question: 4 marks

REQUIRED

Define **each** of the following terms.

(a) Petty cash voucher

.....
.....
.....

(1 mark)

(b) Bank charges

.....
.....
.....

(1 mark)

(c) Gross profit

.....
.....
.....

(1 mark)

(d) Net profit

.....
.....
.....

(1 mark)

4

END OF QUESTIONS