

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

For Examiner's Use

General Certificate of Education
 June 2008
 Advanced Subsidiary Examination



ACCOUNTING

ACC1

**Unit 1 Financial Accounting:
 The Accounting Information System**

Monday 2 June 2008 1.30 pm to 2.30 pm

You will need no other materials.
 You may use a calculator.

Time allowed: 1 hour

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 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		5	
2			
3			
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: 17 marks

1

John Pawson owns a business supplying packaging materials. The following items are to be recorded in the cash book for the week ended 7 June 2008.

Date	Details	£	p
June 1	Cash in hand	26	40
June 1	Overdrawn bank balance	625	20
June 2	Cash sales	70	00
June 2	Cheque paid to R Howe (discount taken £14.60)	292	00
June 3	Cheque drawn for cash	200	00
June 5	Cheque received from P Rice (discount allowed £32.10)	512	10
June 6	Interest charged by the bank	36	00
June 6	Cheque received from P Green	2 000	00
June 6	Wages paid by cash	64	50

REQUIRED

- 1** (a) Record this information in the cash book on page 3 and balance the cash book at 7 June 2008.



Cash Book

Dr				Cr			
Date	Details	Discount		Cash		Bank	
		£	p	£	p	£	p

(14 marks)



0 3

Turn over ▶

John Pawson also operates a petty cash book using an imprest system.

REQUIRED

- 1 (b) Explain how a petty cash imprest system operates.

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(3 marks)

17

Total for this question: 11 marks

2

The following information has been extracted from the books of account of Howard Davies for the month ended 30 April 2008.

	£
Credit balance on VAT account at 1 April 2008	4 836
Total cash sales (including VAT)	2 914
VAT on credit purchases	8 427
VAT on credit sales	12 189
VAT on petty cash expenditure	314
VAT on returns from credit customers	65
VAT on returns to credit suppliers	102

Additional information

- (1) There were no payments to or receipts from HM Revenue and Customs during April 2008.
- (2) The VAT rate is 17.5%.



REQUIRED

- 2 (a) Make the necessary entries in the VAT account for April 2008 and balance the account.

VAT Account

Dr		Cr	
Details	£	Details	£

(9 marks)

- 2 (b) Explain the difference between VAT input tax and VAT output tax.

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(2 marks)



Total for this question: 16 marks**3**

Rayhana Patel owns a shop selling curtains. The following information has been extracted from her books of account at 31 May 2008.

	£
Balance at bank	1 060
Capital	20 000
Carriage inwards	890
Carriage outwards	280
Discounts allowed	1 140
Discounts received	1 890
Drawings	18 420
General expenses	8 870
Motor vehicle	12 000
Purchases	51 500
Rent receivable	520
Returns inwards	620
Returns outwards	870
Sales	113 400
Staff wages and salaries	18 240
Stock at 1 June 2007	14 100
Stock at 31 May 2008	16 600
Trade creditors	4 620
Trade debtors	3 990
VAT (amount due to HM Revenue and Customs)	1 170



Total for this question: 18 marks

4

The following information has been extracted from the books of account of Addison Hardware for the month ended 30 April 2008.

	£
Purchases ledger debit balances at 1 April 2008	842
Purchases ledger credit balances at 1 April 2008	26 145
Purchases day book total	83 595
Purchases returns day book total	2 104
Cash purchases	9 922
Cheques paid to credit suppliers	84 414
Discounts received	1 060
Discounts allowed	2 152
Cheque refunds received from credit suppliers	619
Credit balances on purchases ledger offset against sales ledger	410
Purchases ledger debit balances at 30 April 2008	332
Purchases ledger credit balances at 30 April 2008	?

REQUIRED

- 4 (a) Prepare and balance a purchases ledger control account for April 2008.

Purchases Ledger Control Account

Dr		Cr	
Details	£	Details	£

(11 marks)

The manager of Addison Hardware is considering computerising the accounting records of the business.

REQUIRED

- 4 (b) Write a memorandum to the manager of Addison Hardware explaining **three** advantages to the business of computerising the **purchases ledger records**.

MEMORANDUM

To

From

Date

Subject

Advantage 1:

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Advantage 2:

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Advantage 3:

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(7 marks)

18

Turn over ▶



Total for this question: 14 marks

5

Julie Stuart has prepared the following balance sheet for her business. It contains errors.

Julie Stuart
Balance Sheet for the year ended 31 May 2008

	£000	£000
Fixed assets		60
Current assets		
Stock	12	
Trade creditors	11	
VAT (amount due from HM Revenue and Customs)	6	
Bank overdraft	<u>31</u>	
	<u>60</u>	
Current liabilities		
Trade debtors	18	
Drawings	<u>24</u>	
	<u>42</u>	
Net current assets		<u>18</u>
		<u>78</u>
Capital		
Balance at 1 June 2007		46
Net profit for the year		<u>32</u>
		<u>78</u>

Additional information

- (1) A cheque for £2000 paid to a creditor in May 2008 had been entered in the accounting records as £6000.
- (2) A cheque for drawings of £5000 had been posted to staff wages.
- (3) Machinery costing £8000 had been purchased on credit on 31 May 2008. No entries had been made in the accounting records.



The additional information on page 10 refers to three accounting errors.

REQUIRED

5 (b) State the type of error referred to in each case.

Error 1

Error 2

Error 3

(3 marks)

14

END OF QUESTIONS

