

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
June 2011

Accounting

ACCN1

Unit 1 Introduction to Financial Accounting

Tuesday 17 May 2011 9.00 am to 10.30 am

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 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.



J U N 1 1 A C C N 1 0 1

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

1

Total for this question: 12 marks

George plans to start a business as an electrician on 1 July 2011. He intends to keep double-entry accounting records. George will purchase all of his materials on credit. All sales will be on a cash basis.

1 (a) State **two** subsidiary books that George should keep. Explain the main purpose of **each**.

Subsidiary book

Purpose

.....

.....

.....

Subsidiary book

Purpose

.....

.....

.....

(4 marks)



To start the business, George will:

- transfer £10 000 from his personal savings into a business bank account
- take out a bank loan for £5000
- purchase a motor van for £5000, paying by a cheque drawn on the business's bank account.

1 (b) Complete the following table to identify the entries that will appear in George's books of account in respect of these transactions.

Transaction	Account to be debited	Account to be credited
Transfer £10 000 from his personal savings into a business bank account		
Take out a bank loan for £5000		
Purchase a motor van for £5000, paying by cheque drawn on the business's bank account		

(4 marks)

1 (c) Explain the interest that the following **two** stakeholders will have in the business's financial statements.

George (the owner)

.....

.....

.....

.....

(2 marks)

Bank

.....

.....

.....

.....

(2 marks)

Turn over ►



2

Total for this question: 19 marks

The following information has been extracted from the books of account of Niamh Donoghue at 30 April 2011.

	£
Bank loan account (repayable May 2012)	4 100
Bank overdraft	2 045
Capital account at 1 May 2010	13 865
Carriage outwards	830
Discounts allowed	715
Discounts received	440
Drawings	16 760
General expenses	3 550
Insurance	2 170
Inventory (stock) at 1 May 2010	12 920
Motor vehicle – cost	14 600
– provision for depreciation at 1 May 2010	7 080
Purchases	38 375
Rent and rates	8 480
Returns outwards	530
Revenue (sales)	82 860
Trade payables (creditors)	5 910
Trade receivables (debtors)	6 330
Wages and salaries	12 100

Additional information

- (1) Inventory (stock) at 30 April 2011 was valued at £10 270.
- (2) The motor vehicle is to be depreciated over five years using the straight-line method. The estimated residual value at the end of the fifth year is £2800.
- (3) An invoice for insurance of £1032 for the 12 months to 29 February 2012 has not yet been recorded in the books of account.
- (4) Rates of £1830 for the six months to 31 August 2011 have been paid.



Extra space.....

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



Turn over for the next question

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

Turn over ►



0 7

3

Total for this question: 26 marks

The following information has been extracted from the books of account of Ojar Hassouna for the month of April 2011.

	£
Sales ledger balances at 1 April 2011	32 906
Purchases ledger balances at 1 April 2011	24 240
Cash purchases	3 069
Cash sales	2 910
Credit purchases	12 942
Credit sales	15 338
Returns from credit customers	260
Returns to credit suppliers	874
Discounts received arising from credit transactions	552
Discounts allowed arising from credit transactions	619
Payments to credit suppliers	14 118
Receipts from credit customers	17 206

Additional information

- (1) Abco Ltd, a credit customer, has ceased trading. The full balance on their account of £325 must be written off.
- (2) A cheque for £200 paid to a credit supplier has been incorrectly posted to the debit side of the drawings account.
- (3) A cheque for £817 paid to Printex Ltd, a credit supplier, was returned unpaid by Ojar's bank. The cheque was in full settlement of an invoice for £860.
- (4) Tom Cairney is both a customer and a supplier. A contra entry must be processed to clear the balance owing to Tom Cairney of £435.



3 (a) Prepare a sales ledger control account and a purchases ledger control account for the month of April 2011.

Sales Ledger Control Account

Dr		Cr	
Details	£	Details	£

(8 marks)

Purchases Ledger Control Account

Dr		Cr	
Details	£	Details	£

(10 marks)

Turn over ▶



- 3 (b) Write a memorandum to Ojar, explaining how the balance written off the account of Abco Ltd should be dealt with in Ojar's financial statements (final accounts).

MEMORANDUM

To

From

Date

Subject

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

(6 marks)
(for quality of written communication: plus 2 marks)



Turn over for the next question

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

Turn over ►



4

Total for this question: 23 marks

Harold Davies has prepared the following balance sheet for his business. It contains errors and does not balance.

Harold Davies
Balance sheet for the year ended 31 March 2011

	£	£
Non-current (fixed) assets		
Machinery – at cost		65 000
– provision for depreciation		13 000
		78 000
Current assets		
Inventory (stock)	20 000	
Trade payables (creditors)	16 000	
Drawings	36 000	
Prepayments	4 000	
	76 000	
Current liabilities		
Trade receivables (debtors)	11 000	
Carriage inwards	2 000	
Accruals	6 000	
Bank loan account (repayable December 2011)	22 000	
	41 000	
Net current assets		35 000
Non-current (long-term) liabilities		
Bank overdraft		(14 000)
		99 000
Capital account		
Balance at 1 April 2010		13 000
Profit (net profit) for the year		54 000
		67 000

Additional information

- (1) Machinery costing £4000 had been incorrectly recorded as purchases, but the provision for depreciation figure is correct.
- (2) Drawings of £5000 had been incorrectly recorded as wages and salaries.
- (3) The value of inventory (stock) at 31 March 2011 had been understated by £8000.
- (4) An accrual of £3000 for general expenses at 31 March 2011 had not been accounted for.
- (5) Carriage inwards was omitted in the preparation of the income statement (trading and profit and loss account) for the year ended 31 March 2011.



4 Prepare a corrected balance sheet, taking into account the additional information.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(21 marks)
(for quality of presentation: plus 2 marks)

Turn over ▶



Question number	Write the question numbers in the left-hand margin
	<p>[Dotted lines for writing]</p>

