

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 2015

Accounting

ACCN1

Unit 1 Introduction to Financial Accounting

Tuesday 12 May 2015 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.
- Do all rough work in this book. Cross through any work you do not want to be marked.

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 5 A C C N 1 0 1

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

1

Total for this question: 15 marks

Richie Skipper started trading on 1 March 2015 catching and selling fish. He started his business with his own boat valued at £65 000, fishing equipment valued at £4 750 and £2 500 of his personal savings which he placed in a business bank account. He employs one other person, a fisherman called Ryan. Richie Skipper maintains a full set of accounting records.

- 1 (a) Prepare the entry in the general journal to open the books of Richie Skipper's business. (A narrative is not required.)

[3 marks]**General Journal**

Account name	Dr £	Cr £

Additional Information

The following transactions took place in March 2015.

Item	Date	Details
1	5 March	Richie Skipper sold fish on credit to a customer for £195.
2	11 March	The customer returned fish costing £21.
3	14 March	Richie Skipper purchased a freezer on credit for £1 200.

- 1 (b) Identify the source document and the subsidiary book used for each of the above items.

[6 marks]

Item	Source document	Subsidiary book
1		
2		
3		



1 (c) Identify an **internal** stakeholder of Richie Skipper’s business and give **one** reason for their interest in the financial statements. **[3 marks]**

Internal stakeholder _____

Internal stakeholder’s interest _____

Extra space _____

1 (d) Identify an **external** stakeholder of Richie Skipper’s business and give **one** reason for their interest in the financial statements. **[3 marks]**

External stakeholder _____

External stakeholder’s interest _____

Extra space _____



2

Total for this question: 22 marks

Peter Austin is a sole trader selling hockey kits from a shop in the city centre.

An extract from the trial balance for Peter Austin at 31 March 2015

	Dr	Cr
Building insurance expense	1 750	
Electricity expense	1 725	
Property	175 400	
Property – provision for depreciation at 1 April 2014		55 000
Rent expense account	22 510	

The following errors were discovered after completion of the above trial balance. They have not yet been corrected.

- (1) A payment for buildings insurance of £400 has been entered into the property account.
- (2) The rent expense account has been understated by £200.
- (3) An electricity bill of £52, paid by cheque, has been omitted from the books.

Additional information at 31 March 2015:

- (i) Electricity charges of £1220 have accrued but have not yet been invoiced.
- (ii) An amount of £1260 included in the rent expense account was in respect of an annual rental charge to cover the twelve months ending 30 June 2015.
- (iii) Included in buildings insurance was a payment of £620 to cover Peter Austin's personal house insurance.
- (iv) Property is to be depreciated at 2.5% per annum using the straight-line method.



- 2 (a)** Calculate the total amount to be transferred to the income statement from the following expense accounts for Peter Austin for the year ended 31 March 2015. Show all workings.

[9 marks]

	Amount to transfer to the income statement (show all workings)
Electricity expense account	
Rent expense account	
Buildings insurance expense account	
Property depreciation expense account	

Workings _____



- 2 (b) Identify the section of the balance sheet in which the balance brought down for the electricity account and rent expense account, at 31 March 2015, will be listed. (Tick **one** box only for each expense account closing balance.)

[2 marks]

Balance sheet section	Electricity expense account closing balance (✓)	Rent expense account closing balance (✓)
Capital		
Current assets		
Current liabilities		
Non-current assets		
Non-current liabilities		

- 2 (c) Prepare an extract of Peter Austin's balance sheet at 31 March 2015 showing the non-current asset section only.

[3 marks]

Extra space



22



Turn over for the next question

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ANSWER IN THE SPACES PROVIDED**



Turn over ►

3

Total for this question: 27 marks

Lee Crosby has just completed his first year of trading selling cookery equipment. He attempted to prepare a balance sheet from his trial balance before seeking expert help as he was having difficulty getting the balance sheet totals to agree. The trial balance included a suspense account balance of £10 000. This amount has not been entered on the balance sheet.

Balance sheet for Lee Crosby for the year ended 31 March 2015

Capital at 1 April 2014		136 175	
Shop fittings		38 000	
Drawings		71 201	
Current liabilities			
Loan payable 2020	52 000		
Trade receivables	3 740		
Accrual of expenses	160		
Cash at bank	2 140		
			58 040
Current assets			
Property	108 000		
Trade payables	4 220		
Prepayment of expenses	225	112 445	
			56 405
			190 971
Closing inventories			31 517
Cash in hand			155
Profit for the year			52 423
			84 095

Additional information at 31 March 2015

- (1) During the year cookery equipment purchased for resale, that had cost £3500, has been entered in error into the shop fittings account.
- (2) Lee believes the shop fittings will have an economic life of 5 years and have an estimated residual value of £2 000.
- (3) The property should be depreciated by 5% using the straight-line method.
- (4) Lee had withdrawn £75 in cash from the business for his own personal use. This transaction has not yet been accounted for.
- (5) A credit customer has ceased trading owing Lee £1040 that will never be received.
- (6) The wages account has been overstated by £10 000.
- (7) A credit supplier has issued a credit note of £55 for goods that have been damaged and this has not been entered into the books of account.



4

Total for this question: 16 marks

Doreen has extracted a trial balance for her engineering business at 31 January 2015. The totals of the trial balance did not agree and a suspense account has been opened to enable the financial statements to be produced.

The following errors have now been discovered.

- (1) She has forgotten to record a cash payment to the cleaner for £95.
- (2) Her sales day book total was overstated by £650.
- (3) Petrol expenses of £450 have been entered into the car insurance account.
- (4) Doreen has treated as business expenses a family holiday costing £895.
- (5) Doreen paid a supplier, Craig, by cheque £645. The entries made for the cheque were to debit the bank account with £546 and credit Craig's account with £456.

4 (a) Prepare Doreen's suspense account to correct the errors. Show clearly the opening balance that would have been in the trial balance before the errors were corrected. **[7 marks]**

Dr	Suspense account		Cr
Details	£	Details	£

Workings



Doreen has calculated her profit for the year as £26 500 before any errors were corrected.

- 4 (b)** Calculate the amended profit for Doreen's business taking into account the errors above. Clearly state if there is no effect on profit.

[6 marks]

		£
Error	Original profit	26 500
1		
2		
3		
4		
5		
	Amended profit	

Three of the errors, 1–5, that Doreen discovered would not be revealed by completing a trial balance.

- 4 (c)** Identify these three errors and state the type of error.

[3 marks]

Number of the error	Type of error

16

END OF QUESTIONS



There are no questions printed on this page

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ANSWER IN THE SPACES PROVIDED**

