Centre Number			Candidate Number		
Surname					
Other Names					
Candidate Signature					



General Certificate of Education Advanced Subsidiary Examination June 2010

Accounting

ACCN1

Unit 1 Introduction to Financial Accounting

Friday 21 May 2010 9.00 am to 10.30 am

You will need no other materials.	
You may use 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).

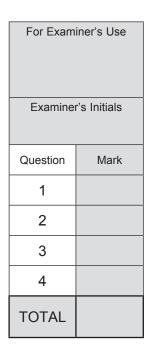
Information

- 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.





Answer al	l	guestions	in	the	spaces	provided
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Total for this question: 18 marks

Mark Bentley used £20 000 from his personal savings to start a new business. For additional finance, he obtained a £20 000 bank loan.

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REQUIRE	
1 (a)	Explain two reasons why Mark should keep accounting records.
	Reason 1
	(3 marks)
	Reason 2
	(3 marks) (for quality of written communication: plus 1 mark)

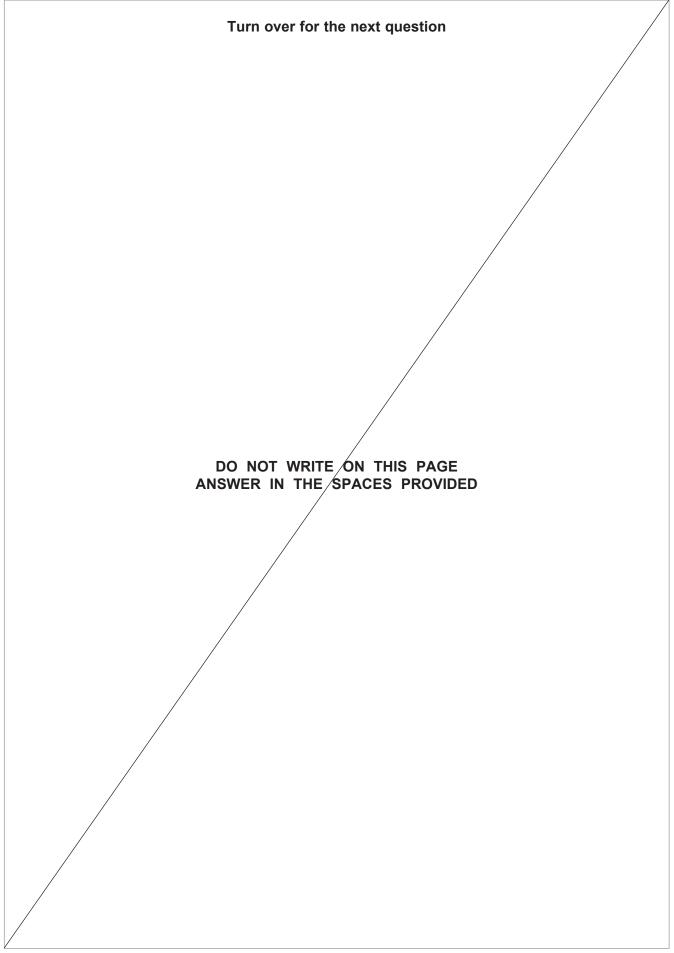


1 (b)	Identify three external stakeholders in Mark's business. State the interest they will have in the accounting records.
	Stakeholder 1
	(2 marks)
	Stakeholder 2
	(2 marks) Stakeholder 3
	(2 marks)
	(for quality of written communication: plus 1 mark)



1 (c)	Explain the meaning of each of the following terms in relation to Mark's bank account.
1 (C) (I)	Direct debit
	(2 marks)
1 (c) (ii)	Standing order
1 (6) (11)	Standing order
	(2 marks)







Total for this question: 14 marks

The following information has been extracted from the books of Samina Miah for the month of May 2010.

	£
Purchases ledger balances at 1 May 2010	26 128
Purchase day book total	57 107
Cash purchases	8 841
Payments to trade payables (creditors)	61 340
Receipts from trade receivables (debtors)	42 003
Returns inwards	1 425
Returns outwards	1 949
Discounts allowed	1 270
Discounts received	2 445
Debit balance on sales ledger offset against purchases ledger	846
Cheque paid to a trade creditor, cancelled on 31 May 2010	1 560

REQUIRED

2 (a) Prepare a purchases ledger control account for the month of May 2010.

Dr Purchases Ledger Control Account

	: aronacoo = oago: o o na or recount						
Date	Details	£	Date	Details	£		

(8 marks)

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2 (b)	Explain how the purchases ledger control account can be used to verify the balances in the purchases ledger.
	(2 marks)
2 (c)	Explain one limitation of the purchases ledger control account and give one example.
	(4 marks)



3 Total for this question: 33 marks

Given on page 9, and repeated on page 10, is information taken from the books of account of Aaron Stein at 30 April 2010.

REQUIRED

3 (a) Calculate the adjusted profit for the year ended 30 April 2010 by completing the table below.

Effect on profit

	£	£
Profit for the year		36 000
1. Wages owing		
2. Rates paid in advance		
3. Motor vehicle depreciation		
4. Inventory (stock) overstated		
5. Loan repayment		
6. Cheque received from trade debtor		
7. Debtor balance written off		
Adjusted profit for the year		
		(10 marks)
Workings		



Use this information when answering Question 3(a).

Aaron Stein owns a business selling garden furniture. He has prepared the following draft income statement (trading and profit and loss account) for the year ended 30 April 2010.

	£
Sales	214 600
Cost of sales	(124 800)
Gross profit for the year	89 800
Expenses	(53 800)
Profit for the year	36 000

After completion of the draft income statement (trading and profit and loss account), the following balances remain in the books of account.

	£
Accruals	410
Bank overdraft	1 120
Capital at 1 May 2009	15 720
Drawings	26 850
Inventory (stock) at 30 April 2010	20 640
Loan (repayable 31 December 2010)	4 500
Motor vehicles – cost at 1 May 2009	18 400
 provision for depreciation at 1 May 2009 	7 360
Prepaid expenses	600
Trade payables (creditors)	6 490
Trade receivables (debtors)	5 110

Aaron has been told that the following items have not yet been accounted for.

- (1) Wages owing at 30 April 2010 amounted to £1210.
- (2) Rates paid in advance at 30 April 2010 amounted to £1600.
- (3) Depreciation is to be provided on motor vehicles at 20% per annum using the straight-line method.
- (4) The value of inventory (stock) at 30 April 2010 has been overstated by £3000.
- (5) A loan repayment of £500 appeared on the bank statement on 30 April 2010, but has not been recorded in the accounting records.
- (6) A cheque for £1200 received from a trade debtor on 30 April 2010 has not been recorded in the accounting records.
- (7) A debtor balance of £400 is to be written off.



Use this information when answering Question 3(b).

This is the **same** information as on page 9 but it has been reprinted here for your convenience.

Aaron Stein owns a business selling garden furniture. He has prepared the following draft income statement (trading and profit and loss account) for the year ended 30 April 2010.

	£
Sales	214 600
Cost of sales	(124 800)
Gross profit for the year	89 800
Expenses	(53 800)
Profit for the year	36 000

After completion of the draft income statement (trading and profit and loss account), the following balances remain in the books of account.

	£
Accruals	410
Bank overdraft	1 120
Capital at 1 May 2009	15 720
Drawings	26 850
Inventory (stock) at 30 April 2010	20 640
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Prepaid expenses	600
Trade payables (creditors)	6 490
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Aaron has been told that the following items have not yet been accounted for.

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- (6) A cheque for £1200 received from a trade debtor on 30 April 2010 has not been recorded in the accounting records.
- (7) A debtor balance of £400 is to be written off.



3	(b)	Prepare a balance sheet at 30 April 2010, taking into account all of the information on pages 8 and 10.
		(21 marks) (for quality of presentation: plus 2 marks)

Turn over ▶

33



4 **Total for this question: 15 marks**

Fabrique is a wholesale business. At 1 April 2010, Joe Shaw owed Fabrique £918. During April 2010, the following transactions took place:

3 April Fabrique sold goods to Joe Shaw for £455.

15 April Joe Shaw returned goods valued at £137 to Fabrique.

20 April Joe Shaw sent a cheque, after deducting a discount of £46, to Fabrique to

clear the balance owing at 1 April.

REQUIRED

Identify the source document used by Fabrique to record each of the above 4 (a) transactions.

Transaction	Source document
Fabrique sold goods to Joe Shaw for £455.	
Joe Shaw returned goods valued at £137 to Fabrique.	
Joe Shaw sent a cheque, after deducting a discount of £46, to Fabrique to clear the balance owing at 1 April.	

(3 marks)

REQUIRED

4 (b) Complete the account of Joe Shaw in the books of Fabrique for the month of April 2010.

Dr Joe Shaw Cr

Date	Details	£	Date	Details	£

(6 marks)



The bookkeeper of Fabrique has extracted a trial balance at 30 April 2010. The totals do not agree and the following errors have been discovered.

- (1) The credit balance on the discounts received account has been brought down as £434. It should be £443.
- (2) The sales account has been undercast by £100.
- (3) Carriage inwards of £120 has been entered to the credit of the carriage inwards account.

REQUIRED

4 (c) Make any necessary entries in the suspense account to correct these errors. Clearly show the opening balance on the suspense account and balance the account.

Dr	Suspens	se Account	Cr
Details	£	Details	£

(6 marks)

15

END OF QUESTIONS



Question number	Write the question numbers in the left-hand margin



Question number	Write the question numbers in the left-hand margin



Question number	Write the question numbers in the left-hand margin

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