

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 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.



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

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

1

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.

REQUIRED

1 (a) Explain **two** reasons why Mark should keep accounting records.

Reason 1

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(3 marks)

Reason 2

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(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

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(2 marks)

Stakeholder 2

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(2 marks)

Stakeholder 3

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(2 marks)

(for quality of written communication: plus 1 mark)

Turn over ►



1 (c) Explain the meaning of each of the following terms in relation to Mark's bank account.

1 (c) (i) Direct debit

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(2 marks)

1 (c) (ii) Standing order

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(2 marks)

18



Turn over for the next question

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

Turn over ►



0 5

2

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				Cr
Date	Details	£	Date	Details	£	

(8 marks)



2 (b) Explain how the purchases ledger control account can be used to verify the balances in the purchases ledger.

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(2 marks)

2 (c) Explain **one** limitation of the purchases ledger control account and give **one** example.

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(4 marks)



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	<u>36 000</u>

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.

Turn over ►



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	<u>36 000</u>

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

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– provision for depreciation at 1 May 2009	7 360
Prepaid expenses	600
Trade payables (creditors)	6 490
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- (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.



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

4 (a) Identify the source document used by Fabrique to record each of the above 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	Suspense Account		Cr
Details	£	Details	£

(6 marks)

15

END OF QUESTIONS



