

Assume that a trial balance failed to agree.

- (c) (i) Name the account used for entering the amount required to balance the trial balance.

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(1)

- (ii) What actions can be taken to discover the errors?

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(3)



An error of original entry does **not** affect the agreement of the trial balance.

(d) (i) Using your own figures, give an example of an error of original entry.

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(2)

(ii) Name **two other** types of error in the ledger which would **not** affect the agreement of the trial balance.

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(2)

(Total 48 marks)

Q1

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SECTION B

Answer ALL questions in this section

Source material for use with question 3 can be found on pages 6 and 7 of the source booklet.

3. (a) Showing your workings, calculate for both 2007 and 2008 (to two decimal places):

(i) the return on capital employed;

Return on Capital Employed

(6)

(ii) the current ratio.

Current Ratio

(4)



Mohammed believes that the financial performance of his business is better in 2008 than it was in 2007.

(b) Evaluate his claim, making equal reference in your answer to his **profitability** and **liquidity**.

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(8)



(b) Give **two** reasons which might explain why the bank balance has got worse even though the business has made a profit.

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(4)

(c) Name the accounting concept which Sally is failing to observe in each of (i) to (v). State what Sally should have done in each case.

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(10)

Q4

(Total 26 marks)



Source material for question 6 can be found on page 10 of the source booklet.

6. (a) State the meaning of the entries dated:

(i) 9 July (cheque);

9 July (cheque)

(ii) 9 July (discount);

9 July (discount)

(iii) 10 July;

10 July



(iv) 11 July;

11 July

(v) 28 July;

28 July

(vi) 31 July.

31 July

(12)



(b) Re-write Marina Swansea Ltd's account using the running balance format. Use correct narrations.

Date	Item	Debit	Credit	Balance
		£	£	£

(12)

(c) Name **one** advantage of setting out accounts in the running balance format.

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(2)

(Total 26 marks)

Q6

TOTAL FOR SECTION B: 104 MARKS

TOTAL FOR PAPER: 200 MARKS

END

