

FOR OFFICIAL USE

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	KU	HI
Total		

**0010/402**

NATIONAL  
QUALIFICATIONS  
2008

WEDNESDAY, 28 MAY  
10.35 AM – 12.05 PM

ACCOUNTING AND  
FINANCE  
STANDARD GRADE  
General Level

**Fill in these boxes and read what is printed below.**

Full name of centre

Town

Forename(s)

Surname

Date of birth

Day Month Year

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Scottish candidate number

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Number of seat

- 1 Check that a Document pack for use with Question 2(a) has been provided.
- 2 Answer **all** the questions.
- 3 Read each question carefully.
- 4 Write your answers in the spaces provided.
- 5 Do **not** write in the margins.
- 6 Calculators may be used.
- 7 Before leaving the examination room you must give this book to the invigilator. If you do not, you may lose all the marks for this paper.



Marks

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1. Elmer Gantry sold the following goods on credit to Sinclair Lewis.

5 staplers @ £8 each

2 filing cabinets @ £100 each

**Total VAT for the goods is £33.60.**

(a) Complete the invoice below, which Elmer Gantry would send to Sinclair Lewis.

<b>INVOICE</b>			
<b>Elmer Gantry</b> 2 Princess Street EDINBURGH E4 5VR		<b>No: 426</b>	
			
Telephone: 0131 45689      Fax: 0131 45692      Email: <a href="mailto:elmer@coolmail.co.uk">elmer@coolmail.co.uk</a>			
VAT No: 23245			
To: Sinclair Lewis 12 Cathedral Street GLASGOW G28 3BY		Date: 30 April 2008	
Quantity	Details	Unit Price	Cost
		£      p	£      p
	Less 20% Trade Discount		
	<b>Net Goods Value</b>		
	Add VAT @ (17.5%)		
	<b>Total</b>		

10

**1. (continued)**

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<b>3</b>		
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<b>2</b>		
<b>4</b>		

(b) Explain why VAT must be included on the invoice.

\_\_\_\_\_

\_\_\_\_\_

(c) (i) Name the accounts used to record the invoice in the ledger of Sinclair Lewis.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(ii) Name the accounts used to record the invoice in the ledger of Elmer Gantry.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(d) (i) State **one** benefit to Elmer Gantry of offering trade discount.

\_\_\_\_\_

\_\_\_\_\_

(ii) State **one** benefit to Sinclair Lewis of receiving trade discount.

\_\_\_\_\_

\_\_\_\_\_

(e) Name **one** other type of discount and explain its purpose.

Name \_\_\_\_\_

Purpose \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. (a) (i) Enter the opening Bank Account balance, on 1 April 2008. It is an overdraft of £100.00.

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(ii) **Using the Document Pack provided** make the necessary entries in the ledger accounts of Richard Dawkins.

**Ledger of Richard Dawkins**

Account Name _____		Number _____		1			
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name _____		Number _____		2			
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name _____		Number _____		3			
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

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2. (a) (continued)

Account Name _____			Number _____ 4				
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name _____			Number _____ 5				
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name _____			Number _____ 6				
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

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**2. (continued)**

(b) What would Richard Dawkins prepare to check the accuracy of his ledger entries?

\_\_\_\_\_

(c) Name **3 disadvantages** to Richard Dawkins of being a sole trader.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(d) Explain why Richard Dawkins would prepare the following.

(i) Trading Account

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(ii) Profit and Loss Account

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(iii) Balance Sheet

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**[Turn over for Question 3 on *Page eight***

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3. The Banmar Reading Group is a not-for-profit organisation.

On 30 April 2008, the closing balances of the Bank Account and Bank Statement were as follows.

Bank Account                    £1,800  
Bank Statement                £1,725

The following items have been recorded in the Bank Statement but have **not** been recorded in the Bank Account.

Direct Debit – Book Club                    £160.00  
Standing Order – Hire of Room            £5.00

The following items have been recorded in the Bank Account but have **not** been recorded in the Bank Statement.

Cheques received from members            £300.00  
Cheque paid for hire of exhibition hall      £310.00  
Cheque paid to Amazin Books                £80.00

(a) (i) Update the Bank Account.

Account Name		Bank		Number		1	
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p





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4	

**3. (continued)**

(b) Name **2** duties of the Treasurer of the Banmar Reading Group.

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(c) The Banmar Reading Group has decided to apply for a council grant.

(i) State **one** reason why this would be better than applying for a loan from the bank.

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(ii) State **one disadvantage** of applying for a council grant.

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(d) Name **2** items that could be recorded under expenditure in the Banmar Reading Group's Income and Expenditure Account.

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4. The following Balance Sheet is that of a sole trader.

**Balance Sheet of W E B Du Bois  
as at 30 April 2008**

	<b>£</b>	<b>£</b>
Fixed Assets		80,000
Current Assets	10,000	
Less Current Liabilities	5,000	
Working Capital	<u>          </u>	<u>5,000</u>
		<u>£85,000</u>
Represented By		
Opening Capital		76,000
Add Net Profit		<u>9,000</u>
		<u>£85,000</u>

(a) Calculate the following ratios.

(i) **Current (Working Capital) Ratio**

(ii) **Return on Capital Invested**



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**4. (continued)**

(d) Explain the meaning of the following.

(i) Capital Expenditure

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(ii) Drawings

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(iii) Bad Debts

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(iv) Counterfoil

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(v) Debtor

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**[Turn over**

5. (a) The table below contains information taken from the business of Gregorian plc.

	2007	2008
Sales	£12,000	<b>D</b>
Cost of Goods Sold	<b>A</b>	£10,000
Gross Profit	£4,000	£2,000
Expenses	<b>B</b>	£5,000
Net Loss	£1,000	<b>E</b>
Current Assets	<b>C</b>	£120,000
Current Liabilities	£60,000	£80,000
Working Capital	£40,000	<b>F</b>







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**6. (continued)**

(b) Prepare the Current Accounts of Adeneur & Kohl, using the necessary information from part (a) and your Appropriation Account.

<b>Adeneur – Current Account</b>				
Date	Details	Dr	Cr	Balance
		£000's	£000's	£000's

<b>Kohl – Current Account</b>				
Date	Details	Dr	Cr	Balance
		£000's	£000's	£000's

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**[Turn over for Questions 6(c) and (d) on Page eighteen**

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<b>4</b>	

**6. (continued)**

(c) Name the document that partners should draw up before starting the business.

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(d) Suggest **2** reasons why a partnership may end.

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[END OF QUESTION PAPER]

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