

# 0010/404

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NATIONAL  
QUALIFICATIONS  
2009

MONDAY, 1 JUNE  
1.00 PM – 2.45 PM

ACCOUNTING AND  
FINANCE  
STANDARD GRADE  
Credit Level

- 1 Answer **all** the questions.
- 2 Read each question carefully.
- 3 Write your answers in the answer book provided.
- 4 Candidates should start each question on a new page in the answer book.
- 5 Calculators may be used.
- 6 Check that a Worksheet for Question 2(a) has been provided.





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2. (a) From the information below, and **using the Worksheet provided**, complete the Statement of Account which Frege plc would send to Moore Motors at the end of May 2009.

- 1 May Moore Motors owed Frege plc £500
- 7 May Frege plc sold goods to Moore Motors for £846 (plus VAT). The terms of payment were 5% – 30 days and 10% trade discount was allowed
- 21 May Damaged goods were returned by Moore Motors – their debt was reduced by £90
- 28 May Moore Motors paid £470 by cheque in full settlement of the balance outstanding on 1 May

- (b) Frege plc sells goods on credit. Describe **one** advantage and **one** disadvantage, to Frege plc, of operating this policy.
- (c) Name the document used in the transaction on 21 May and state its effect on the Gross Profit of Frege plc.
- (d) Explain why a business may need to reconcile the balances on the Bank Statement and Bank Account.

**[Turn over**

3. Alistair Milestones, a sole trader, discovered his Trial Balance failed to agree. The debit column exceeded the credit by £81. On checking his ledger accounts, he discovered the following errors.

- (1) A payment of £92 for rent had been correctly entered in the Bank Account but was entered as £29 in the Rent Account
  - (2) Discount received for £12 had been entered on the wrong side of the Discount Received Account
  - (3) An invoice received from B Skinner, a supplier, for £120 (including VAT) had been omitted from B Skinner's account only
- (a) (i) Open the required account to make the Trial Balance agree.  
(ii) Make the entries in this account **only** to correct the errors.
- (b) Explain why the Bank Account can be either a debit or credit entry in the Trial Balance.
- (c) Explain why capital expenditure should not be included in the Profit and Loss Account.
- (d) Suggest **2** sources of finance, other than a bank loan, Alistair Milestones could use to expand. Outline **one** advantage and **one** disadvantage of each source. (Outline different advantages and disadvantages for each source).

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5. The following data is taken from the books of Peter Lyola.

	2008	2009
	£	£
Current Liabilities	5,000	7,000
Closing Capital	106,000	126,000
Fixed Assets	99,000	125,000
Net Profit	26,000	20,000
Current Assets	12,000	8,000
Opening Capital	80,000	106,000

- (a) Use the data above to calculate appropriate ratios for the 2 years.
- (b) Comment on any variation in the ratios between the years and suggest why the change may have occurred.
- (c) Suggest **2** other ratios that might be used to analyse the performance of the business and explain the importance of each.
- (d) “When 2 firms are in the same industry, the one with the largest net profit is not necessarily the most successful.” Explain this statement.

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FOR OFFICIAL USE

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**0010/405**

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Worksheet for Question 2(a)

**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

**To be inserted inside the front cover of the candidate's  
answer book and returned with it.**



Worksheet for Question 2 (a)

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# Statement of Account



**Frege plc**

10 Dalkeith Road  
EDINBURGH  
E33 5MP

**Tel No: 0131 233 567**  
**frege@hotmail.co.uk**

Moore Motors  
10 Camperdown Avenue  
DUNDEE  
D22 9PY

**VAT No 234 555 231**

**Date: 31 May 2009**

Date	Details	Debit	Credit	Balance
				£

Working:

[END OF WORKSHEET]