0010/31/01

NATIONAL QUALIFICATIONS 1.00 PM - 2.45 PM 2013

TUESDAY, 4 JUNE

ACCOUNTING AND FINANCE STANDARD GRADE Credit Level

- Answer all the questions. 1
- 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 Worksheet for Question 1(a) has been provided.





Apply VAT where appropriate at 20% throughout the paper.

1. James Wann is the owner of Scottish Salon Suppliers. On 9 April 2013 he sold 8 Volume Conditioners and 3 Mega M50 Hairdryers to Julia Morgan who runs her own hairdressing salon.

SCOTTISH SALON SUPPLIERS

PRICE LIST FOR 2013



Shampoo		Conditioner				
Moisturising 300 ml	£4·00	Shine 500 ml	£5·00			
Volumising 300 ml	£5·50	Repair 500 ml	£6·00			
Colour Protect 300 ml	£6·00	Volume 500 ml	£8·75			
Brushes		Hairdryers				
Ceramic Brush	£8.00	Turbo 220	£32·00			
Vent Brush	£4·00	Mega M50	£40·00			
Curling Brush	£6·00	UltraPro £25.0				
TERMS: Trade Discount – 10% Cash Discount – 5% one month VAT – 20%		£10.00 on orders under FREE on orders of £25				

- (a) Using the information from the Price List above, complete the Invoice to be sent to Julia Morgan (on the Worksheet provided).
- (b) State 2 reasons why James would keep a copy of the invoice sent to Julia Morgan on 9 April 2013.
- (c) Identify 2 accounting documents, other than an Invoice, which James could use in credit transactions. Explain their use.
- (d) James plans to expand his business. Identify 2 sources of finance that could fund this without James having to share control of the business. Suggest one advantage and one disadvantage of each source. Advantages and disadvantages of each source of finance must be different.

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Marks

KU Ternan plc provided the following financial information as at 31 March 2013 after the Trading, Profit and Loss Accounts have been prepared. £,000 Net Profit 56 230 Equipment VAT (CR) 16 Unappropriated Profit at 1 April 2012 28 Debtors 40 Interim Preference Dividend 2 Creditors 22 5% Debentures 20 Stock at 31 March 2013 130 Bank 50 Issued Share Capital: 10% Preference Shares (80,000) 80 Ordinary Shares (200,000) 200 Provision for Bad Debts 6 Insurance prepaid 8 Provision for Depreciation of Equipment 26 Rent Owing 5 Debenture Interest due 1 The Board of Directors proposed that: an Ordinary Share dividend of 4% is to be paid in full the Preference Share dividend is to be paid in full (a) Prepare Ternan plc's Appropriation Account and Balance Sheet using the above information. 28 (b) Ternan plc offers Trade and Cash Discounts. Explain one benefit of 4 each to the company. (c) Explain the difference between Bad Debts and Provision for Bad Debts. 4 (d) A profitable business can suffer liquidity problems. Suggest 2 reasons why this could arise. 4 [Turn over

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3. (a) Using the information below, make the necessary entries in the ledger accounts of Crathes Crafts.

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Ledger balances as at 1 March 2013

Credit: R Cook	£420
Bank Overdraft	£850
Office Equipment	£3,500

- 5 March Bought goods on credit from R Cook £280 plus VAT
- 12 March Paid for repairs to office equipment by cheque -£150

plus VAT

21 March Bought new printers on credit from DB Office Supplies

£960 plus VAT

- 24 March Paid R Cook £300 on account by cheque
- 28 March A faulty printer worth £320 plus VAT was returned to

DB Office Supplies.

- (b) Each month Crathes Crafts receives a Bank Statement. Suggest 2 reasons why the closing balance on this statement rarely agrees with the closing balance in the Bank Account in the ledger.
- (c) As well as preparing a Profit and Loss Account, the owner of Crathes Crafts prepares a Cash Budget. Explain the importance of both to the efficient running of the business.

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Ι	hton	Athletics Club is planning a	n and of account Awards Dinner/Disco	Marks	KU
		wing information has been p	n end of season Awards Dinner/Disco	. [
1 110	. 10110	wing information has been p	Tovided.		
	Disco	o hire	£135		
	Hire	of Venue for event	£265		
	Food	Refreshments per person	£15		
	Price	of ticket per person	£20		
(a)		ulate the number of tickets wher/Disco to break even.	hich the club need to sell for the Awards	8	
(b)		ulate the number of tickets profit.	that would have to be sold to make a	ı	
(c)		ulate the selling price of the t x even if 200 people want to a	tickets for the event to allow the club to)	
(<i>d</i>)	a Ca	sh Budget. Suggest 2 oth	Receipts and Payments Account and the financial statements that could be tion they would provide to members.	I	6
(e)	(i)	_	ital and revenue expenditure. Explainital and revenue expenditure.	1	4
	(ii)	Give an example of each ty	pe of expenditure.		2
			[Turn ove	r	

					MAR	GIN
5.	Bik to a	es. T	King and Fraser Thomson are in partnership running Bennarty hey have discovered that their Trial Balance as at 30 April failed The Debit column totalled £5,980 and the Credit column totalled	Marks	KU	НІ
	On	check	ing the ledger accounts, the following errors were discovered.			
	(1)	An e	ntry for £200 had been entered twice in the Sales account.			
	(2)		received of £340 had been correctly entered in the Bank account had been entered on the wrong side of the Rent Received account.			
	(3)		nvoice received from A Law for £140 (excluding VAT) had been ted from the Purchases account only.			
	(4)		was withdrawn by Fraser Thomson for his own use. This was recorded in the Bank account.			
	(a)	(i)	Open the account which will allow the Trial Balance to agree.			2
		(ii)	Make the entries in this account only to correct the above errors.			5
	(b)	busir	partners in Bennarty Bikes have been discussing the future of their ness. Andrew King suggested their business should become a plc. ine 2 advantages and 2 disadvantages of this move to the partners.		8	
	(c)	_	ain why a Bank account can have either a Debit or Credit balance in Crial Balance.		4	

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The following figures were taken from the books of Pat Marshall and Sons.

	2012	2013
Opening Capital	£90,000	£126,000
Closing Capital	£126,000	£159,000
Working Capital	£7,000	£13,000
Current Assets	£22,000	£27,000
Fixed Assets	£169,000	£206,000
Long-term Liabilities	£50,000	£60,000
Current Liabilities	£15,000	£14,000
Net Profit	£36,000	£33,000

- (a) Calculate appropriate ratios for this business for the 2 years.
- (*b*) Comment briefly on any difference in the ratios between the (i) years.
 - (ii) Suggest why any differences may have taken place.
- (c) Closing Capital could be less than Opening Capital. Suggest 2 reasons why this might occur.

[END OF QUESTION PAPER]



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0010/31/11

NATIONAL QUALIFICATIONS 2013 TUESDAY, 4 JUNE 1.00 PM - 2.45 PM ACCOUNTING AND FINANCE STANDARD GRADE Credit Level

Worksheet for Question 1(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 Scottish candidate number	r Number of seat
To be inserted inside the front cove answer book and returne	





DO NOT WRITE IN THIS

Marks

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INVOICE

SCOTTISH SALON SUPPLIERS 48 Waterside Way DUNDEE DD2 5TP

email: scotsalon@bmail.com

To: Julia Morgan
Eclipse Hairdressing
56 Kintore Road
ABERDEEN
AB11 6QQ

Tel: 01382 559001

Tel: 01224 870022

Vat No: 4225 6070

Date: 09 April 2013

Quantity	Description	Unit Price		С	ost
		£	р	£	р

WORKING:

8