

FOR OFFICIAL USE

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F

	KU	HI
Total		

0010/401

NATIONAL
 QUALIFICATIONS 2009

MONDAY, 1 JUNE
 9.00 AM – 10.15 AM

ACCOUNTING AND
 FINANCE
 STANDARD GRADE
 Foundation 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 Answer **all** the questions.
- 2 Read each question carefully.
- 3 Write your answers in the spaces provided.
- 4 Do **not** write in the margins.
- 5 Calculators may be used.
- 6 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.



1. (a) Complete the ledger accounts of J McMenamin using the information given below.

2009

1 March Paid £20·00 plus VAT of £3·50 for petrol by cheque

4 March Paid cash for stationery costing £10·00 plus VAT of £1·75

8 March Purchased a delivery van, costing £10,000 plus VAT of £1,750, paying by cheque

BANK ACCOUNT				ACCOUNT NO: 1			
Date	Details	Dr		Cr		Balance	
2009		£	p	£	p	£	p
1 March	Balance	20,000	00			20,000	00 dr
1 March	Petrol & VAT						
8 March	Delivery Van & VAT						

VAT ACCOUNT				ACCOUNT NO: 2			
Date	Details	Dr		Cr		Balance	
2009		£	p	£	p	£	p
1 March	Bank						
4 March	Cash						
8 March	Bank						

1. (a) (continued)

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STATIONERY ACCOUNT				ACCOUNT NO: 3			
Date	Details	Dr		Cr		Balance	
2009		£	p	£	p	£	p
4 March	Cash						

PETROL ACCOUNT				ACCOUNT NO: 4			
Date	Details	Dr		Cr		Balance	
2009		£	p	£	p	£	p
1 March	Bank						

CASH ACCOUNT				ACCOUNT NO: 5			
Date	Details	Dr		Cr		Balance	
2009		£	p	£	p	£	p
1 March	Balance	150	00			150	00 dr
4 March	Stationery & VAT						

DELIVERY VAN ACCOUNT				ACCOUNT NO: 6			
Date	Details	Dr		Cr		Balance	
2009		£	p	£	p	£	p
8 March	Bank						

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1. (continued)

(b) At the end of each month J McMEnamin will draw up a list of all his ledger balances. What name is given to this list?

(c) J McMEnamin wishes to raise finance to expand his business but remain a sole trader. Tick (✓) the **4** methods below which would allow him to do this.

Bank loan	
Take on a partner	
Invest more capital	
Loan from family and friends	
Form a plc	
Grant	

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2. (a) Pachini plc purchased goods costing £250·00 from Micro. Complete the document below for Pachini plc to make the payment to Micro.

You should:

- deduct a 10% discount for prompt payment
- sign the document with your own name
- use today's date.

SHAWLANDS BANK PLC	02-01-90
10 Brownlee Road, GLASGOW, G12 6ER	
Pay _____	
_____	£
_____	Pachini plc
356723 02-01-90 01027656	_____

- (b) Micro will receive the document above from Pachini plc. Name the part of the document (**not shown**) which Pachini plc will keep for their own records.

- (c) (i) Pachini plc is getting a discount for prompt payment. What is the name given to this type of discount?

- (ii) Name the other type of discount that Pachini plc may be given.

- (iii) Give **one** reason why they may get this discount.

- (d) What do the letters “plc” after Pachini’s name stand for? Tick (✓) the correct box.

Private Limited Company	
Private Lending Company	
Public Limited Company	
Public Lending Company	

2

3. F McGrane had recorded the following items in his Bank Account for March 2009.

BANK ACCOUNT							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
1 March	Balance					✓ 1,250	00 dr
4 March	Cash Sales	250	00	✓		1,500	00
7 March	C Duff			160	00	1,340	00
9 March	P Durkan			✓ 140	00	1,200	00
15 March	Cash Sales	125	00	✓		1,325	00
21 March	B Heaney			75	00	1,250	00
29 March	Cash Sales	200	00			1,450	00

When he received the following Bank Statement he ticked (✓) those items which appeared in both the Bank Account and the Bank Statement.

OLD BANK plc STATEMENT				
F McGrane 17 West End Road Kelvingrove G12 6TQ		ACCOUNT NO: 0986132 Branch Code: 82-340-12 Date: 31 March 2009 Statement No: 452		
Date	Details	Debits	Credits	Balance
1 March	Balance			✓ 1,250·00 cr
4 March	Deposit		✓ 250·00	1,500·00
9 March	001200	✓ 140·00		1,360·00
10 March	SO – Rent	95·00		1,265·00
12 March	BGC – Dividends		300·00	1,565·00
15 March	Deposit		✓ 125·00	1,690·00
23 March	DD – Electricity	52·00		1,638·00

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3. (continued)

Using the information on *Page 6* you are required to:

- (a) update the Bank Account;
- (b) complete the Bank Reconciliation Statement.

BANK ACCOUNT							
Date	Details	Dr		Cr		Balance	
2009		£	p	£	p	£	p
23 March	Balance					1,450	00 dr
31 March	SO – Rent						
31 March	BGC – Dividends						
31 March	DD – Electricity						

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Bank Reconciliation Statement as at 31 March 2009

Balance as per Bank Statement

Items paid in but not yet credited

Cash Sales

Cheques paid but not yet presented

C Duff

B Heaney

Balance as per updated Bank Account

7

[Turn over

Marks

3. (continued)

(c) F McGrane has paid some bills by Standing Order (**SO**) and some by Direct Debit (**DD**).

Tick (✓) the correct box to show which of the following statements apply to a **SO** or a **DD**.

Statement	SO	DD
Only a fixed amount can be paid each month.	<input type="checkbox"/>	<input type="checkbox"/>
The person paying the money informs the bank how much to pay.	<input type="checkbox"/>	<input type="checkbox"/>
The date of the transaction can vary.	<input type="checkbox"/>	<input type="checkbox"/>
The person receiving the money informs the bank how much they are due.	<input type="checkbox"/>	<input type="checkbox"/>

8

(d) What do the initials **BGC** stand for?

2

(e) F McGrane is a sole trader. He is thinking of taking on a partner. Tick (✓) the correct box to show whether each of the following is an advantage or disadvantage of a partnership.

	Advantage	Disadvantage
It will be easier to get time off	<input type="checkbox"/>	<input type="checkbox"/>
He will have to share profits	<input type="checkbox"/>	<input type="checkbox"/>
His partner might have new skills	<input type="checkbox"/>	<input type="checkbox"/>
There could be disagreements	<input type="checkbox"/>	<input type="checkbox"/>
More capital invested in the business	<input type="checkbox"/>	<input type="checkbox"/>

10

(f) Name the document F McGrane should draw up if he does enter into the partnership.

2

[Turn over for Question 4 on *Page ten*

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4. Balance Sheet of M Macintyre as at 31 March 2009

	£	£	£
FIXED ASSETS			
Buildings			90,000
Motor Vehicles			8,000
Fixtures			10,000
			108,000
 CURRENT ASSETS			
Stock	13,600		
Debtors	9,400		
Cash	1,000	24,000	
			18,000
 LESS CURRENT LIABILITIES			
Creditors		6,000	
WORKING CAPITAL			18,000
			£126,000
 FINANCED BY:			
Capital at start	92,000		
Add: Net Profit	46,000	138,000	
Less: Drawings		12,000	
Capital at end			£126,000

(a) Using the information contained in the Balance Sheet, calculate the following ratios.

(i) Working Capital Ratio

= Current Assets : Current Liabilities

= :

= :

3

(ii) Return on Capital Invested

= $\frac{\text{Net Profit}}{\text{Opening Capital}} \times 100$

= $\frac{\text{}}{\text{}} \times 100 = \text{} \%$

3

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4. (continued)

- (b) (i) What effect would an increase in net profit have on closing capital?
Tick (✓) the correct box.

Increase	
Decrease	

- (ii) What effect would an increase in drawings have on closing capital?
Tick (✓) the correct box.

Increase	
Decrease	

- (c) Which items would M Macintyre need to calculate her Net Profit Percentage? Tick (✓) the **2** correct boxes.

Gross Profit	
Net Sales	
Net Purchases	
Net Profit	

- (d) Why is the Gross Profit of a business usually more than the Net Profit?

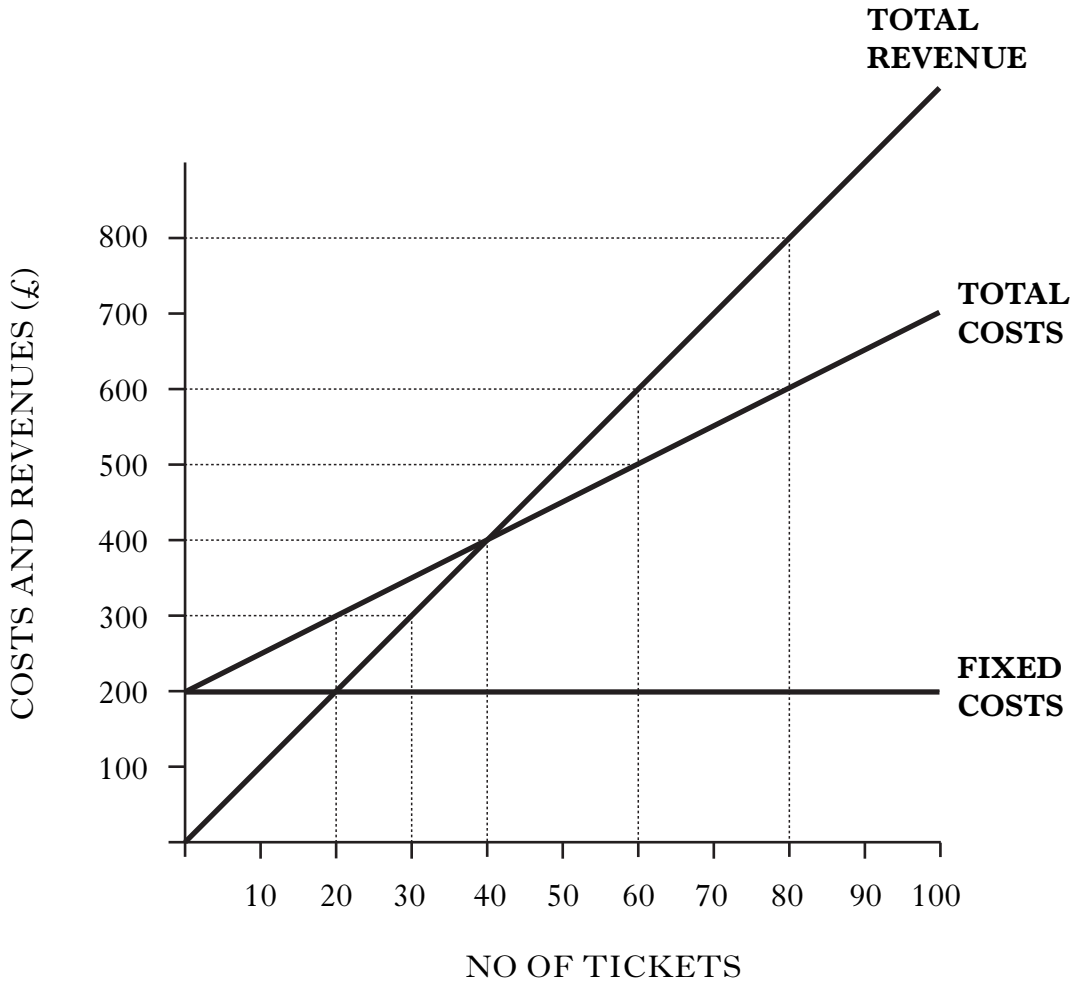
- (e) A business may also calculate the Rate of Stock Turnover. From the following, select why this may be done. Tick (✓) the **2** correct boxes.

To see what their average stock is	
To see what their cost of goods sold is	
To see how many times they change their stock	
To see how it compares with other businesses	
To see what percentage it is	

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5. The Treasurer of the Lochkelty Tennis Club has prepared the following chart about a dance.



(a) From the above chart, state:

(i) the amount of Fixed Costs;

(ii) the value of sales needed to break even;

(iii) the number of tickets to be sold to break even;

(iv) the value of sales when 80 tickets are sold.

Marks

5. (continued)

(b) Calculate the Profit/(Loss) made when 60 tickets are sold. (*Show your working clearly*).

6

(c) A cost which does not change with the number of tickets (units) sold is called a

Variable Cost.	
Fixed Cost.	
Total Cost.	

Tick (✓) the correct box.

2

(d) A cost which does change with the number of tickets (units) sold is called a

Variable Cost.	
Fixed Cost.	
Total Cost.	

Tick (✓) the correct box.

2

(e) What is the term used when Total Sales Revenue equals Total Cost?

2

[Turn over

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5. (continued)

(f) What kind of organisation is the Lochkelty Tennis Club?

Tick (✓) the correct box.

Sole Trader	
Plc	
Not-for-profit	
Partnership	

(g) Who owns this type of organisation?

(h) The Treasurer may receive a small gift to thank him for his voluntary work for the club.

What is the name given to this? Tick (✓) the correct box.

Commission	
Bonus	
Honorarium	

[Turn over for Question 6 on *Page sixteen*

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6. The following information was provided by Calypso plc.

Net Profit	£35,000
Fixed Assets	£380,000
Ordinary Shares of £1 each	£300,000
10% Preference Shares of £1 each	£100,000
Current Assets	£82,000
Current Liabilities	£42,000
Interim Dividend paid to Ordinary Shareholders	£15,000
Unappropriated Profit at 1 April 2008	£22,000

NOTES

(1) The ordinary shareholders will also receive a final dividend of £12,000

(2) The preference shareholders are to receive their dividend of £10,000

Using the information and notes above, prepare:

(a) the **Profit & Loss Appropriation Account** for year ending 31 March 2009, and

(b) the **Balance Sheet** as at 31 March 2009.

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6. (continued)

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(a) Profit & Loss Appropriation Account
for year ending 31 March 2009

	£	£	£
Net Profit			
Unappropriated Profit at 1 April 2008			
Appropriations:			
Ordinary Dividend:			
Interim			
Final			
Preference Dividend			
Unappropriated Profit at 31 March 2009			

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(b) Balance Sheet as at 31 March 2009

	£	£	£
Fixed Assets			
Current Assets			
Current Liabilities			
Working Capital			
Financed by			
Share Capital:			
£1 Ordinary Shares			
10%, £1 Preference Shares			
Reserves:			
Unappropriated Profit at 31 March 2009			

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[Turn over for Question 6 (c), (d), (e) and (f) on Page eighteen

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6. (continued)

- (c) Which of the following sources of finance may be available to Calypso plc? Tick (✓) the **3** correct boxes.

Loans from family and friends	
Debentures	
Bank loans	
Selling shares	
Holding fundraisers	

- (d) Who owns Calypso plc?

- (e) Who runs Calypso plc?

- (f) If Calypso plc fails, who gets their money back first? Tick (✓) the correct box.

Ordinary shareholders	
Preference shareholders	

[END OF QUESTION PAPER]

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