

FOR OFFICIAL USE

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0010/401

NATIONAL
QUALIFICATIONS
2010

MONDAY, 24 MAY
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.



Marks

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1. (a) From the following information complete the Invoice below.

10 pairs of walking boots @ £100 per pair
 5 large rucksacks @ £140 each
 Trade Discount @ 10% = £170
 VAT @ 17.5% = £267.75

NO: 473					
<p>INVOICE</p> <p>AM BODACH PLC</p> <p>17 Edinburgh Road</p> <p>PEEBLES</p> <p>EH45 7PH</p>					
<p>TO: Western Walks</p> <p>49 Shore Road</p> <p>ULLAPOOL</p> <p>IV20 4TQ</p>					
Date: 20 April 2010					
Quantity	Description	Unit Price		Cost	
		£	p	£	p
	Less 10% Trade Discount				
	Net Goods Value				
	Add VAT @ 17.5%				
	TOTAL			£	

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1. (continued)

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(b) (i) Which firm would receive this invoice? Tick (✓) the correct box.

Am Bodach plc	<input type="checkbox"/>
Western Walks	<input type="checkbox"/>

(ii) They received this invoice because

they had bought goods and paid by cash.	<input type="checkbox"/>
they had bought goods on credit.	<input type="checkbox"/>
they had bought goods and paid by cheque.	<input type="checkbox"/>

Tick (✓) the correct box.

(c) Am Bodach plc has given Western Walks Trade Discount. Give **one** reason for this.

(d) What type of organisation is Am Bodach plc? Tick (✓) the correct box.

Not-for-Profit	<input type="checkbox"/>
Partnership	<input type="checkbox"/>
A public limited company	<input type="checkbox"/>
A private limited company	<input type="checkbox"/>

[Turn over

2. (a) Using the information below, complete the ledger accounts of Katie Maynard, a sole trader.

2010

- 1 March David Atkins owed Katie £180·00
 10 March Katie sold goods on credit to David Atkins for £220·00 plus VAT of £38·50
 15 March David Atkins returned goods to Katie. These had cost £30·00 plus VAT of £5·25
 20 March Katie received a cheque from David Atkins. The cheque was for £171·00. Katie had allowed him a cash discount of £9·00

Account Name <u>David Atkins</u>		Number <u>1</u>					
Date	Details	Dr		Cr		Balance	
2010		£	p	£	p	£	p
1 March	Balance						
10 March	Sales/VAT						
15 March	Sales Returns/VAT						
20 March	Bank						
20 March	Discount Allowed						

Account Name <u>Sales</u>		Number <u>2</u>					
Date	Details	Dr		Cr		Balance	
2010		£	p	£	p	£	p
10 March	David Atkins						

Marks

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2. (a) (continued)

Account Name		VAT						Number		3	
Date	Details	Dr		Cr		Balance					
2010		£	p	£	p	£	p				
10 March	David Atkins										
15 March	David Atkins										

Account Name		Sales Returns						Number		4	
Date	Details	Dr		Cr		Balance					
2010		£	p	£	p	£	p				
15 March	David Atkins										

Account Name		Bank						Number		5	
Date	Details	Dr		Cr		Balance					
2010		£	p	£	p	£	p				
1 March	Balance	1,500	00			1,500	00				
20 March	David Atkins										

Account Name		Discount Allowed						Number		6	
Date	Details	Dr		Cr		Balance					
2010		£	p	£	p	£	p				
20 March	David Atkins										

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2. (continued)

(b) Name the document Katie would have sent to David Atkins on 15 March.

(c) Explain why Katie allowed David Atkins a cash discount.

(d) Name the statement that Katie would prepare to check the accuracy of her ledger accounts.

(e) Below is a list of some of the items Katie had to spend money on during the year. Tick (✓) the correct box to show whether the item is an example of capital or revenue expenditure.

	Capital Expenditure	Revenue Expenditure
Electricity bill		
Stationery		
Scanner for her computer		
Wages		

[Turn over for Question 3 on *Page eight*

3. (a) Below is the Bank Account from the ledger of the Sonata Choral Society. The account was updated on receipt of the Bank Statement which showed a balance of £2,385.

Bank Account				
Date	Details	Dr £	Cr £	Balance £
1 March	Balance	✓3,810		3,810
10 March	T Alder (soloist)		350	3,460
18 March	The Sheet Music Co		✓945	2,515
27 March	Cash – Ticket Sales	2,420		4,935
28 March	The Clan Chamber Orchestra		1,490	3,445
29 March	Cash – Refreshment Sales	760		4,205
31 March	SO – Conductor’s Fee		✓600	3,605
31 March	Bank Charges		✓40	3,565
31 March	DD – Hall Let		✓160	3,405
31 March	BGC – Subscriptions	✓320		3,725

The items which appear in **both** the Bank Statement and the Updated Bank Account are marked with a tick (✓).

Use the information given to complete the Bank Reconciliation Statement shown on the next page.

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3. (continued)

(c) The Sonata Choral Society needs to raise money for next year's performance. Tick (✓) **3** methods available to them.

Issue shares	
Ask for donations	
Apply for a bank loan	
Issue debentures	
Organise fund-raising activities	
Take on a partner	

(d) Bank Charges appear in the Sonata Choral Society's updated Bank Account. Give **one** reason for this.

(e) The following letters appear in the Sonata Choral Society's updated Bank Account. What do these letters stand for?

SO _____

DD _____

BGC _____

(f) Money which is given to someone who volunteers to help run a not-for-profit organisation is called

a subscription.	
a wage.	
an honorarium.	

Tick (✓) the correct box.

[Turn over for Question 4 on *Page twelve*

4. (a) Derek and Jennifer Green are in partnership. The following balances were taken from their books after the Trading Account had been drawn up.

Gross Profit	£51,350
Rates	£2,150
Wages	£14,500
Rent Received	£2,400
Electricity	£3,400
Depreciation – Machinery	£1,500

In addition, their Partnership Agreement states that:

- Derek is to receive a partnership salary of £600 **per month**;
- any remaining profit is to be shared equally.

Using the above information complete the Profit and Loss and Appropriation Accounts on the next page for the year ended 30 April 2010.

Marks

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4. (continued)

(b) Tick (✓) the correct box to show whether each of the following is an **advantage** or a **disadvantage** of a Partnership.

	Advantage	Disadvantage
Partners have unlimited liability		
More capital can be raised		
Profits have to be shared		
It is easier to get time off		

(c) Which of the following would be shown in Derek's Partnership Current Account? Tick (✓) the **3** correct boxes.

Interest on Capital	
Salary	
Capital	
Net Profit	
Drawings	

(d) One of Derek and Jennifer's expenses is Depreciation. This reduces the value of their machinery. State **2** reasons why their machinery falls in value.

[Turn over for Question 5 on *Page sixteen*

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5. (a) The following are the Trading and Profit and Loss Accounts for Rethink Solutions plc.

Rethink Solutions plc
Trading, Profit and Loss Accounts
for the year ended 31 March 2010

	£	£
Sales		80,000
Less Cost of Goods Sold		
Opening Stock	20,000	
Add Purchases	65,000	
	85,000	
Less Closing Stock	25,000	
Cost of Goods Sold		60,000
Gross Profit		20,000
Less Expenses		4,000
Net Profit	£	16,000

Calculate the following ratios.

- (i) **Gross Profit as a percentage of Sales**

$$= \frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$$

$$= \frac{\text{[]}}{\text{[]}} \times \frac{100}{1} = \text{[]} \%$$

3

Marks	KU	HI
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5. (a) (continued)

(ii) Net Profit as a percentage of Sales

$$= \frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1}$$

$$= \frac{\text{[]}}{\text{[]}} \times \frac{100}{1} = \text{[]} \%$$

(b) Rethink Solutions plc calculate ratios so they can

check their profit calculation.	
compare their performance with previous years.	
cut down their expenses.	
highlight strengths and weaknesses.	

Tick (✓) the 2 correct boxes.

(c) Tick (✓) the correct box to indicate whether each of the following statements is **True** or **False**.

	True	False
To calculate the Working Capital Ratio you need Fixed Assets and Current Liabilities.		
The Return on Capital invested can be calculated from information contained in the Balance Sheet.		
The information required to calculate the Rate of Stock Turnover is found in the Trading Account.		

6. (a) Fui Wing prepares a monthly Cash Budget.

You are required to:

- (i) complete his Cash Budget for October;
- (ii) use the figures below to complete his Cash Budget for November.

Petrol	£120
Wages	£1,200
Food	£150
Mortgage	£550
Birthday Present	£50
Theatre Ticket	£25
Mobile Phone Top-up	£15

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6. (a) (continued)

Cash Budget of Fui Wing

	OCTOBER		NOVEMBER	
	£	£	£	£
Opening Balance		65		
Cash In				
Wages	1,200			
Birthday Present	–	1,200		
Total Cash Available				
Cash Out				
Petrol	140			
Food	130			
Mortgage	550			
Road Tax	150			
Theatre Ticket	–			
Mobile Top-up	25			
Total Cash Out		995		
Closing Balance				

15

[Turn over for Questions 6 (b), (c) and (d) on Page twenty

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6. (continued)

(b) Why would Fui Wing prepare a Cash Budget? Tick (✓) the correct box.

To cut down his expenses.	
To calculate his profit.	
To help him plan for the future.	

2

(c) State which software package would be most useful for preparing a Cash Budget.

2

(d) If Fui was to prepare a Balance Sheet, under which heading would he put the following? Tick (✓) the correct box.

	Fixed Assets	Current Assets	Current Liabilities
Money his brother owes him.			
Money he has in his bank account.			
Money he owes his Mum.			
His car.			

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[END OF QUESTION PAPER]