

FOR OFFICIAL USE

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KU HI

Total

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0010/27/01

NATIONAL
QUALIFICATIONS
2012

TUESDAY, 29 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 Check that a Document pack for use with Question 5(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

1. (a) Using the following information, complete the Order Form below.

10 Front Wiper Blades @ £5.30 each

20 Rear Brake Pads @ £4.00 each

Trade Discount @ 15% = £19.95

VAT @ 20% = £22.61

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ORDER FORM



Order No: 231

Billy's Car Components
13 Hill Street
GLASGOW
G17 8HA

To: Ronnie's Garage
51 Roman Crescent
BEARSDEN
B72 5AK

Date: 15 April 2012

Quantity	Description	Unit Price	Cost
	Less Trade Discount (15%)		
	Net Goods Value		
	Add VAT @ 20%		
	TOTAL		£

9

Marks	KU	HI
4		
2		
2		
2		
8		

1. (continued)

(b) Give **2** reasons why Billy’s Car Components have given Trade Discount to Ronnie’s Garage.

(c) Name the other type of Discount that may be given to customers.

(d) Billy owns and runs the business himself. State the term used to describe this type of business.

(e) Name **one** source of finance available to this type of business **other than** taking on a partner or a bank loan.

(f) If Billy decided to take on a partner there might be advantages and disadvantages. Tick (✓) the correct boxes to show which of the following would be an advantage or disadvantage.

	Advantage	Disadvantage
Sharing of losses		
More capital		
Less control		
More arguments		

[Turn over

Marks

2. The following information was extracted from the books of Linda Robb who operates a Pet Supplies business.

Cost of Goods Sold	£90,000
Opening Stock	£15,000
Current Assets	£55,000
Sales	£120,000
Current Liabilities	£35,000
Net Profit	£24,000
Opening Capital	£96,000
Gross Profit	£30,000
Closing Stock	£30,000

(a) Select the appropriate figures and calculate the following.

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

$$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1} = \frac{\boxed{}}{\boxed{}} \times \frac{100}{1} = \boxed{} \% \quad \mathbf{3}$$

(ii) **Net Profit as a percentage of Sales**

$$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1} = \frac{\boxed{}}{\boxed{}} \times \frac{100}{1} = \boxed{} \% \quad \mathbf{3}$$

(iii) **Average Stock**

$$\begin{aligned} \frac{\text{Opening Stock} + \text{Closing Stock}}{2} &= \frac{\boxed{} + \boxed{}}{2} \\ &= \frac{\boxed{}}{2} \\ &= \boxed{} \end{aligned} \quad \mathbf{4}$$

(iv) **Rate of Stock Turnover**

$$\frac{\text{Cost of Goods Sold}}{\text{Average Stock}} = \frac{\boxed{}}{\boxed{}} = \boxed{} \text{ Times} \quad \mathbf{3}$$

	KU	HI

Marks

2. (continued)

- (b) Indicate which items would be used to calculate the Return on Capital Invested Ratio. Tick (✓) the 2 correct boxes.

Current Liabilities	
Sales	
Opening Capital	
Current Assets	
Net Profit	

4

- (c) Indicate what the Working Capital/Current Ratio shows. Tick (✓) the correct box.

If a business can pay current debts	
If the owner has put in too much capital	
If the current capital is earning a good return	

2

- (d) Indicate which 3 of the following could cause a reduction in the Net Profit. Tick (✓) the 3 correct boxes.

A reduction in Expenses	
A reduction in Rent Received	
An increase in Purchase Price	
An increase in Selling Price	
An increase in Sales Returns	

6

[Turn over

Marks

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3. P De Cecco had recorded the following items in his Bank Account for March 2012.

BANK ACCOUNT								
Date	Details	DR		CR		Balance		
		£	p	£	p	£	p	
1 March	Balance					✓ 1,100	00 DR	
4 March	Sales	500	00	✓		1,600	00 DR	
7 March	C McDonald				120	00	1,480	00 DR
9 March	E Smith			✓	210	00	1,270	00 DR
15 March	Sales	250	00	✓		1,520	00 DR	
21 March	B Heaney				80	00	1,440	00 DR
29 March	Sales	185	00			1,625	00 DR	

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

NEW BANK plc STATEMENT				
P De Cecco			ACCOUNT NO: 087123	
17 Eastend Road			BRANCH CODE: 61-30-24	
Newton			DATE: 31 March 2012	
GO3 4IQ			STATEMENT NO: 645	
Date	Details	Debits	Credits	Balance
1 March	Balance			✓ 1,100.00 CR
4 March	Deposit		✓ 500.00	1,600.00 CR
9 March	SO – Rent	180.00		1,420.00 CR
10 March	001200	✓ 210.00		1,210.00 CR
12 March	BGC – Dividends		150.00	1,360.00 CR
15 March	Deposit		✓ 250.00	1,610.00 CR
23 March	DD – Electricity	85.00		1,525.00 CR

Using the above information you are required to complete on the following page:

- (a) P De Cecco's Updated Bank Account;
(b) the Bank Reconciliation Statement.

Marks

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3. (continued)

(a)

UPDATED BANK ACCOUNT							
Date	Details	DR		CR		Balance	
		£	p	£	p	£	p
29 March	Balance					1,625	00 DR
31 March	SO – Rent						
31 March	BGC – Dividends						
31 March	DD – Electricity						

4

(b) Bank Reconciliation Statement as at 31 March 2012

Balance as per Bank Statement

Items paid in but not yet credited

Cash Sales

Cheques paid but not yet presented

C McDonald

B Heaney

Balance as per Updated Bank Account

7

(c) Indicate what the letters plc stand for in New Bank plc. Tick (✓) the correct box.

private limited company	
peoples limited company	
public limited company	

2

Marks

3. (continued)

(d) Indicate which of the following sources of finance are only available to a plc. Tick (✓) the 2 correct boxes.

Bank Loans	
Selling Shares	
Fundraising Events	
Obtaining Grants	
Issuing Debentures	

4

(e) Indicate the name given to the share of profits received by shareholders. Tick (✓) the correct box.

Commission	
Salary	
Bonus	
Dividend	

2

(f) P De Cecco has paid some bills by Standing Order (SO) and some by Direct Debit (DD). Tick (✓) the correct box to show whether each of the following statements apply to a SO or a DD.

STATEMENT	SO	DD
Only a fixed amount can be paid each month.		
The person paying the money informs the bank how much to pay.		
The date of the transaction can vary.		
The person receiving the money informs the bank how much they are due.		

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4. (continued)

- (c) All members of the Gowanlea Social Club may attend a meeting about the club every year. State the name given to this meeting.

2

- (d) Indicate which of the following officials would be in charge of the club's finances. Tick (✓) the correct box.

Chairman	<input type="checkbox"/>
Secretary	<input type="checkbox"/>
Treasurer	<input type="checkbox"/>

2

- (e) The official in charge of the club's finances would present certain information at the yearly meeting. Tick (✓) the correct box to show whether each of the following statements are **True** or **False**.

Statement	True	False
An Income & Expenditure Account showing how much the club is worth.	<input type="checkbox"/>	<input type="checkbox"/>
A Bar Trading Account showing the profit made on the bar.	<input type="checkbox"/>	<input type="checkbox"/>
A Balance Sheet showing the surplus/deficit made by the club.	<input type="checkbox"/>	<input type="checkbox"/>

6

[Turn over for Question 5 on *Page twelve*

5. (a) Complete the ledger accounts below from the information in the **Document Pack for use with Question 5(a)**.

Ledger of Special Days

Account Name		Sales		Number		1	
Date	Details	Dr		Cr		Balance	
2012		£	p	£	p	£	p
1 April	Lynn Ramsay						

Account Name		VAT		Number		2	
Date	Details	Dr		Cr		Balance	
2012		£	p	£	p	£	p
1 April	Lynn Ramsay						
3 April	Lynn Ramsay						

Account Name		Lynn Ramsay		Number		3	
Date	Details	Dr		Cr		Balance	
2012		£	p	£	p	£	p
1 April	Sales & VAT						
3 April	Sales Returns & VAT						
8 April	Bank						

5. (a) (continued)

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20		
2		
2		
2		
2		

Account Name		Sales Returns				Number		4	
Date	Details	Dr		Cr		Balance			
2012		£	p	£	p	£	p		
3 April	Lynn Ramsay								

Account Name		Bank				Number		5	
Date	Details	Dr		Cr		Balance			
2012		£	p	£	p	£	p		
8 April	Lynn Ramsay								

(b) The following questions relate to the accounts above.

(i) Suggest a reason for Sales Returns.

(ii) What do the letters VAT stand for?

(iii) Indicate what accounting term describes Lynn Ramsay **before** she has paid for her goods. Tick (✓) the correct box.

Debtor	
Partner	
Creditor	
Borrower	

(iv) State whether the balance on the Bank Account is an asset or a liability to Special Days.

Marks

KU	HI

5. (continued)

(c) Tick (✓) the **2** correct boxes that show reasons for preparing a Trial Balance.

To work out the profit of the year.	<input type="checkbox"/>
To see if total debits = total credits.	<input type="checkbox"/>
To see how well the business is doing.	<input type="checkbox"/>
To check the accuracy of the double entry.	<input type="checkbox"/>

4

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6. (a) Using the notes below, complete the Cash Budget of K Sweeney for the months of July and August 2012.

NOTES

- The cash balance at the beginning of July is £1,560
- Sales in July will be £10,000 and are expected to increase by 10% for August
- A loan of £5,000 will be received in August
- Purchases for July and August will be £4,000 per month
- Electricity is £100 per month. Both months are paid for in July
- Staff Wages are £500 per month
- Rent of £12,000 per year is paid monthly

**CASH BUDGET of K Sweeney
for the months of July and August 2012**

	JULY £	AUGUST £
Opening Balance		
Cash In		
Sales		
Loan		
Total Cash Available		
Cash Out		
Purchases		
Electricity		
Staff Wages		
Rent		
Total Cash Paid		
Closing Balance		

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

Marks

KU	HI

6. (continued)

(b) Indicate whether the following statements are **True** or **False** of a Cash Budget. Tick (✓) the correct box.

STATEMENT	True	False
You can see how profitable the business is.		
You can see how much cash you will have at the end of each month.		
You can use it to help you plan for the future.		

6

(c) When K Sweeney received the loan he knew he would have to pay back extra money, on top of the loan amount. Tick (✓) the correct box to show what this extra amount is called.

Commission	
Interest	
Bonus	
Salary	

2

(d) Using a computer spreadsheet to complete accounts can have advantages. Tick (✓) the **2** correct boxes to show which of the following are advantages.

Spreadsheets are never wrong.	
Spreadsheets make calculation errors less likely.	
Spreadsheets can be changed quickly.	
Spreadsheets can help cash flow problems.	

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[END OF QUESTION PAPER]

0010/27/11

NATIONAL
QUALIFICATIONS
2012

TUESDAY, 29 MAY
9.00 AM - 10.15AM

ACCOUNTING AND
FINANCE
STANDARD GRADE
Foundation Level
Document pack for use with
Question 5(a)

Do not return with your examination booklet.



5. (a) Use the following documents to complete the ledger accounts of Special Days.

INVOICE			
Special Days			
Wedding Outfitters High Street DUNDEE D23 4RD			
Lynn Ramsay 121 Crofton Road GLASGOW G19 5WT		INV No: 1453 VAT No: 2899 Date: 1 April 2012	
Quantity	Description	Price	Total
1	Wedding Gown	£1,250.00	£1,250.00
2	Bridesmaid Dresses	£200.00	£400.00
	Add VAT @ 20%		£1,650.00 £330.00
			£1,980.00

5. (a) (continued)

CREDIT NOTE			
Special Days			
Wedding Outfitters High Street DUNDEE D23 4RD			
Lynn Ramsay 121 Crofton Road GLASGOW G19 5WT		CR/N No: 345 VAT No: 2899 Date: 3 April 2012	
Quantity	Description	Price	Total
1	Bridesmaid Dress	£200.00	£200.00
	Add VAT @ 20%		£200.00 £40.00
			£240.00

BANK OF DUNDEE PLC		45-88-90
21 Tay Street, Dundee D21 7DR		Date <u>08/04/2012</u>
Pay <u>Special Days</u>		
<u>One thousand, seven hundred and</u>	£	1,740.00
<u>Forty pounds only</u>		
		<u>Lynn Ramsay</u> LYNN RAMSAY
723698	45-88-90	01120196

[END OF DOCUMENT PACK]

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