

FOR OFFICIAL USE

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	KU	HI
Total		

# 0010/402

NATIONAL  
QUALIFICATIONS  
2011

MONDAY, 30 MAY  
10.35 AM – 12.05 PM

ACCOUNTING AND  
FINANCE  
STANDARD GRADE  
General 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 2(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 

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1. Sam Stenhouse runs a pottery business. On 26 April 2011 he sold the following items to Middleton plc on credit.

- 10 pasta bowls @ £8.00 each
- 4 large platters @ £10.00 each

5% Trade Discount is allowed on all orders

**Total VAT for the goods is £19.95**

(a) Complete the invoice below that Sam Stenhouse would send to Middleton plc.

<h1 style="margin: 0;">INVOICE</h1>		<b>No: 3354</b>			
	<b>SAM STENHOUSE</b> 92 Mainsacre Road NAIRN IV12 8YY				
To: Middleton plc 48-52 Ythan Street ELLON AB41 4BB		Tel: 01358 702225 VAT No: 8276 0067 Date: 28 April 2011			
Quantity	Description	Unit Price		Cost	
		£	p	£	p
	Less 5% Trade Discount				
	<b>Net Goods Value</b>				
	Add VAT @ 17.5%				
	<b>Total</b>			£	

10

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**1. (continued)**

(b) Name the accounts that would be used to record the invoice details in the ledger of Middleton plc.

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(c) Sam Stenhouse gives Middleton plc a trade discount of 5%. Give **2** reasons why trade discount is given.

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(d) (i) Name the document which Sam Stenhouse would send to Middleton plc at the end of the month.

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(ii) Explain why Sam Stenhouse would send this document.

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(e) State **one** benefit to Middleton plc of buying goods on credit from Sam Stenhouse.

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**[Turn over**

2. (a) (i) In the ledger of Wholesale DIY, enter the balance of £350 owed by debtor, Castle Contractors, on 1 February 2011.
- (ii) **Using the Document Pack provided** make the necessary entries in the ledger accounts of Wholesale DIY.

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**Ledger of Wholesale DIY**

Account Name _____		Number _____		1			
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name _____		Number _____		2			
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name _____		Number _____		3			
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

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2. (a) (ii) (continued)

Account Name _____			Number _____ 4				
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name _____			Number _____ 5				
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name _____			Number _____ 6				
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

20

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**2. (continued)**

(b) Once the double entry in the ledger of Wholesale DIY is complete, it is important to check the accuracy of the entries before preparing the final accounts.

(i) Explain the meaning of **double entry**.

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(ii) State what Wholesale DIY would prepare to **check the accuracy** of the double entry.

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(iii) Wholesale DIY is operated by Ritchie Paterson, a sole trader. Name the **final accounts** that Wholesale DIY would prepare.

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(c) Ritchie Paterson of Wholesale DIY is considering going into partnership with his friend, Bryan Richmond.

(i) State **2 advantages** of forming a partnership.

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(ii) State **2 disadvantages** of forming a partnership.

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**[Turn over for Question 3 on *Page eight***

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3. (a) GoodBrand Media plc have forecast the following costs and revenues. Use this information to complete the Cash Budget below.

Bank balance at 1 July 2011	£4,000
Rent	£1,200 per month
Wages	£9,000 per annum paid monthly
Advertising	£400 per month

	June	July	August
Credit Sales	£1,800	£2,400	£1,500
Cash Sales	£1,100	£1,200	£1,500
Cash Purchases	£1,500	£1,300	£1,250

- Credit Sales are paid for in the month following sale
- ICT equipment costing £5,250 is to be purchased in July. It will be paid for in 3 equal instalments over the period August to October

**Cash Budget for July and August 2011**

	July £	August £
Opening Balance		
<b>Receipts</b>		
Credit Sales		
Cash Sales	_____	_____
<b>Payments</b>		
Purchases		
Rent		
Wages		
Advertising		
ICT Equipment	_____	_____
	_____	_____
Closing Balance	_____	_____

16



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**3. (continued)**

(b) From the descriptions given in the table below, identify the **3** sources of finance which are available to a public limited company.

Description	Source of Finance
Borrowing specifically for the purchase of property	
Long-term loans which must be repaid in full at an agreed date	
Short-term borrowing to ease cash flow	

(c) Explain the following terms which may appear in the final accounts of GoodBrand Media plc.

(i) Dividend \_\_\_\_\_  
\_\_\_\_\_

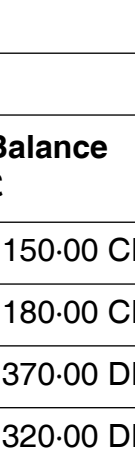
(ii) Wages Accrued \_\_\_\_\_  
\_\_\_\_\_

(d) The shareholders of GoodBrand Media plc have limited liability. Explain the term “limited liability”.

\_\_\_\_\_  
\_\_\_\_\_

**[Turn over**

4. The following Bank Statement was received by Larkside Drama Club for the month of April 2011.

<p><b>NORTH LINK BANK plc</b>  <b>44 Augustus Road</b>  <b>Inverness</b>  <b>IV2 8HJ</b></p> <p style="text-align: right;">NORTH LINK           BANK plc</p>				
Larkside Drama Club Castle Hall Inverness IV2 2PQ			Account No: 00576254 Branch Code: 20-66-78 Date: 30 April 2011	
Date	Description	Dr £	Cr £	Balance £
1 April	Balance			150.00 DR
9 April	025514	30.00		180.00 DR
11 April	Deposit		550.00	370.00 CR
12 April	DD - Topdeal Insurance	× 35.00		335.00 CR
19 April	025515	50.00		285.00 CR
24 April	BGC - Sponsorship		× 44.50	329.50 CR
28 April	Bank Charges	× 14.50		315.00 CR

The Club's Bank Account for the month of April is shown below.

<b>BANK ACCOUNT</b>				
Date	Details	Dr £	Cr £	Balance £
1 April	Balance			150.00 CR
4 April	Refreshments		30.00	180.00 CR
8 April	Subscriptions	550.00		370.00 DR
12 April	Fabulous Fabrics		50.00	320.00 DR
18 April	Jack Joinery Ltd		× 75.00	245.00 DR
23 April	Advertising		× 20.00	225.00 DR
29 April	Donation	× 120.00		345.00 DR

The differences between the 2 documents have been marked with a cross (×)

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**4. (continued)**

(a) Update the Bank Account of Larkside Drama Club on 30 April 2011.

BANK ACCOUNT				
Date	Details	Dr £	Cr £	Balance £

5

(b) Complete the Bank Reconciliation Statement below for the month of April, to reconcile the Bank Statement Balance with the updated Bank Account balance.

**Bank Reconciliation Statement  
of Larkside Drama Club as at 30 April 2011**

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**4. (continued)**

(c) Bank Charges are included in the Club's Bank Statement. Give **one** reason why a bank charges its customers.

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(d) Identify the job title of the member of Larkside Drama Club who would be responsible for preparing the Bank Reconciliation Statement.

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(e) Explain the following terms which relate to not-for-profit organisations.

Deficit \_\_\_\_\_

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AGM \_\_\_\_\_

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Honorarium \_\_\_\_\_

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Subscriptions \_\_\_\_\_

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**[Turn over for Question 5 on *Page fourteen***

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5. The following financial information has been provided by Steve Samir, a fashion retailer.

**Trading and Profit and Loss Account of Steve Samir  
for the year ended 31 March 2011**

	£	£
Sales		120,000
<b>less</b> Cost of Goods Sold		
Opening Stock	15,000	
<b>add</b> Purchases	58,000	
Carriage In	8,000	
	<u>81,000</u>	
<b>less</b> Closing Stock	9,000	
Cost of Goods Sold		<u>72,000</u>
Gross Profit		48,000
<b>less</b> Expenses		33,000
Net Profit		<u><u>£15,000</u></u>

(a) Using the information above, calculate the following.

(i) Rate of Stock Turnover

(ii) Gross Profit Percentage

(iii) Net Profit Percentage

**5. (continued)**

(b) Explain the term “Carriage In” which appears in Steve Samir’s Trading Account.

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2

(c) The Rate of Stock Turnover for a similar business to Steve Samir’s has increased from 10 times to 12 times. Suggest **one** reason for this change.

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2

(d) Name **2** other ratios that Steve Samir may decide to calculate.

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(e) Steve Samir’s business shows a Net Profit on 31 March 2011. Explain the effect of Net Profit on the capital of the business.

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2

**[Turn over**

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Marks	KU	HI
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**6. (continued)**

(b) Prepare the Current Account of Moreno using the relevant information from part (a) and the Appropriation Account you have just prepared.

Moreno – Current Account				
Date	Details	Dr £	Cr £	Balance £

(c) (i) Explain the term Capital Expenditure.

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(ii) Give **one** example of Capital Expenditure.

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(iii) Explain the term Revenue Expenditure.

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(iv) Give **one** example of Revenue Expenditure.

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**[Turn over for Question 6(d) on Page eighteen]**

**6. (continued)**

(d) Explain the following terms which could appear in the final accounts of a business.

Depreciation \_\_\_\_\_

\_\_\_\_\_

Bad Debts \_\_\_\_\_

\_\_\_\_\_

Creditor \_\_\_\_\_

\_\_\_\_\_

<i>Marks</i>	DO NOT WRITE IN THIS MARGIN	
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[END OF QUESTION PAPER]

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**0010/403**

NATIONAL  
QUALIFICATIONS  
2011

MONDAY, 30 MAY  
10.35 AM – 12.05 PM

ACCOUNTING AND  
FINANCE

STANDARD GRADE

General Level

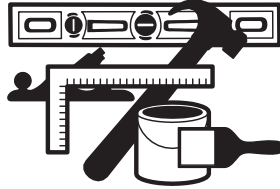
Document pack for use with  
Question 2(a)

**Do not return with your examination booklet.**



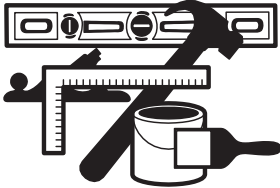
2. (a) Use the following documents to complete the ledger accounts of Wholesale DIY in your examination booklet.

<b>WHOLESALE DIY</b> Bellside Industrial Estate STONEHAVEN AB39 3DD Tel: 01569 262076				
To: Castle Contractors 48 Duffus Road Elgin IV30 4ND		Invoice No: 9947 VAT No: 414 773 008 Date: 5 February 2011		
Quantity	Description	Goods	VAT	Total
		£	£	£
10 packs	Light Oak Flooring @ £36 per pack	360.00	59.98	419.98
5 boxes	Riva Floor Tiles @ £18 per box	90.00	14.96	104.96
<i>Terms: 5% monthly</i>		450.00	74.94	524.94



COPY

2. (a) (continued)

<b>WHOLESALE DIY</b> Bellside Industrial Estate STONEHAVEN AB39 3DD  Tel: 01569 262076				CREDIT NOTE	
To: Castle Contractors 48 Duffus Road Elgin IV30 4ND		Credit Note No: 301  VAT No: 414 773 008  Date: 14 February 2011			
Quantity	Description	Goods	VAT	Total	
2 packs	Light Oak Flooring @ £36 per pack	£ 72.00	£ 11.97	£ 83.97	
		72.00	11.97	83.97	

[Turn over

2. (a) (continued)

**Castle Contractors**  
**48 Duffus Road**  
**Elgin**  
**IV30 4ND**



RM/LP

18th February 2011

Wholesale DIY  
Bellside Industrial Estate  
STONEHAVEN  
AB39 3DD

Dear Sir

I attach below our cheque for £327.50 in full settlement of the amount owed to you on 1 February 2011.

Yours faithfully

*Ross Morgan*

Ross Morgan  
Accountant

**CAIRD BANK plc**  
82 Hightown Road, DUNDEE, DD2 6HI

**29-12-62**

Pay Wholesale DIY Date 18th Feb 2011

Three Hundred and Twenty Seven Pounds 50 pence

£327.50

**CASTLE CONTRACTORS**

*Jackie Castle*

**007419 29-12-62 72566013**

[END OF DOCUMENT PACK]