

2009 Accounting and Finance

Standard Grade – Foundation

Solutions

Finalised Marking Instructions

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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 NUMBER: 1								
Date	Details	Dr		Cr		Balance		
2009		£	p	£	p	£	p	
1 March	Balance	20,000	00	(0)		20,000	00	
1 March	Petrol & VAT		(4)	23	50	19,976	50	
8 March	Delivery Van & VAT		(4)	11,750	00	8,226	50	

VAT AC	COUNT	ACCOUNT NUMBER: 2					
Date	Details	Dr	Cr		Balance		
2009		£	р	£	р	£	p
1 March	Bank	3	50	(2)		3	50
4 March	Cash	1	75	(2)		5	25
8 March	Bank	1,750	00	(2)		1,755	25

STATIO	NERY ACCOUNT	ACCOUNT NUMBER: 3					
Date	Details	Dr	Cr		Balance		
2009		£	p	£	p	£	p
4 March	Cash	10	00	(2)		10	00

PETROL	ACCOUNT	ACCOUNT NUMBER: 4					
Date	Details	Dr		Cr		Balance	
2009		£	р	£	р	£	p
1 March	Bank	20	00	(2)		20	00

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CACITA	CCOLINIE		1.0	COLD	TOTAL N	TT TB #	DED 5			
Date	CCOUNT Details	Dr	AC		NT I Cr	NUM	BER: 5 Balan	200		
2009	Details	£	р	£		р	£	р		
1 March	Balance	150	00			Р	150	00		
4 March	Stationery & VAT		(4)		11	75	138	25		
DELIVE	RY VAN ACCOUNT		10	COLIN	NT N	NT IN A	BER: 6			
Date	Details	Dr	AC	1	Cr	NUM	Balan	re		
2009	Bettins	£	р	£		р	£	р		
8 March	Bank	10,000		(2)			10,000	00		
		<u> </u>		ļ						24
(1	b) At the end of each mon	th J McMei	nami	n will	drav	v up	a list of a	ll his		
	ledger balances. What r	name is give	n to	this lis	st?					
	T : I D I (2)								2	
	• Trial Balance (2)								4	
(c) J McMenamin wishes	to raise fir	ance	to ex	kpan	d his	business	but		
	remain a sole trader.	Γick (√) th	e 4	metho	ds b	elow	which w	ould		
	allow him to do this.									
	Bank loan			√	(2)	١				
	Take on a partner				- (2)	,				
	Invest more capital				(2)	١				
	Loan from family and fr	riande		<u>√</u>	-					
		iciius			(2,	,				
	Form a plc					,			0	
	Grant			√	(2,)			8	

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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 10 Brownlee Road, GLASGOW, G12 6ER		
		Pay Micro (1) Today's (1)		
		Two Hundred & Twenty Five Pounds (2) £225.00 (1)		
		Pachini plc		
		Signature (1)		6
	(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.		
		• Counterfoil/Stub (2)	2	
	(c)	(i) Pachini plc is getting a discount for prompt payment. What is the name given to this type of discount?		
		• Cash (Discount) (2)	2	
		(ii) Name the other type of discount that Pachini plc may be given.		
		• Trade (Discount) (2)	2	
		(iii) Give one reason why they may get this discount.		
		 Bulk buying (2) Same business (2) Encourage loyalty (2) 		
		Not prompt payment		
		(Any one)	2	

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What do the letters "plc" after Pachini ne correct box.	i's name	stand for? Tic	k (✓)		
rivate Limited Company]			
rivate Lending Company					
ublic Limited Company	✓				
ublic Lending Company				2	

(d)

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

BANK ACCOUNT										
Date	Details	Dr		Cr		Balance				
		£	р	£	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 (\checkmark) those items which appeared in both the Bank Account and the Bank Statement.

OLD BANK plc									
		STATEMENT							
F McGrane		ACCOU	NT NO: 0	986132					
17 West End	l Road	Branch C	Code: 8	2-340-12					
Kelvingrove	:	Date:	3	1 March 2009					
G12 6TQ		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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	Using the information you are required to: (a) update the Bank Account;										
BANK ACCOUNT											
Date	Details	D	r		Cr		Bala	nce			
2009		£	р		£	р	£	р			
23 March	Balance		_				1,450	00 dr	•		
31 March	SO – Rent			(1)	95	00	1,355	00			
31 March	BGC – Dividends	300	00	(1)			1,655	00			
31 March	DD – Electricity			(1)	52	00	1,603	00 (1)		4
(b) complete the Bank Reconciliation Statement. Bank Reconciliation Statement as at 31 March 2009 Balance as per Bank Statement 1,638.00 (1) Items paid in but not yet credited Cash sales 200.00 (1) 1,838.00 (1) Cheques paid in but not yet presented C Duff 160.00 (1) B Heaney 75.00 (1) 235.00 (1) Balances as per updated Bank Account 1,603.00 (1) (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											7
	Statemen	t					so	DD			
	d amount can be paid each						√		(2)		
	paying the money informs	the ba	nk ho	ow m	uch t	o pay	√		(2)		
	the transaction can vary receiving the money infor	ms the	e ban	k ho	w mu	ch they		√ √	(2) (2)	8	

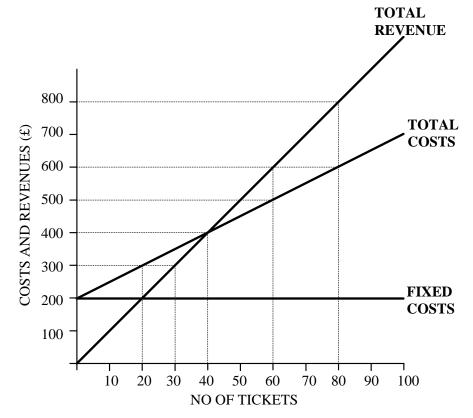
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(d)	What do the letters BGC stand for?				
	• Bank Giro Credit (2)			2	
(e)	F McGrane is a sole trader. He is to Tick (\checkmark) the correct box to show when advantage or disadvantage of such a parameter.	ether each of th			
		Advantage	Disadvantage		
	It will be easier to get time off	√ (2)			
	He will have to share profits		√ (2)		
	His partner might have new ideas	√ (2)			
	There could be disagreements		√ (2)		
	More capital invested in the business	√ (2)		10	
	(Any one)			2	

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Balaı	nce Sh	eet of N	Macinty	re as at 3	31 March 2	2009			
FIXE	ED AS	SETS			COST	DEP £	BV €		
Build	ings				90,000		0 90,000		
	r Vehi	cles			20,000				
Fixtu	res				12,500			=	
					122,500) 14,50	108,000		
CLID	DENM	Acces	T C						
CUR Stock		ASSE	18		13,600)			
Debto					9,400				
Cash					1,000		00		
LESS	S CUR	RENT	LIABILI	ΓΙΕS					
Credi						6,00	<u>00</u>		
WOR	KING	CAPIT	TAL				18,000	_	
							126,000	-	
FINA	NCE	D BY:							
	al at st				92,000)			
Add:		Profit			46,000	138,00	00		
Less:		wings				12,00			
	Dra al at ei	_				12,00	126,000	-	
	al at en Using	nd		containe	d in the B			- he	
Capit	al at en Using	nd g the in wing rat					126,000	- he	
Capit	al at er Using follo	nd g the in wing rat	tios:	tal Ratio			126,000 eet, calculate t	- he	
Capit	al at er Using follo	nd g the in wing rat Work	tios: king Capi	tal Ratio		alance She	126,000 eet, calculate t	- he	
Capit	al at er Using follo	nd g the in wing rat Work =	tios: king Capi Current	tal Ratio Assets	:	alance She	126,000 eet, calculate t		
Capit	al at er Using follo	nd g the in wing rat Wort = = =	tios: king Capi Current	Assets 24,000	: : :	Current L	126,000 eet, calculate t		
Capit	al at er Using follo	nd g the in wing rat Wor =	tios: king Capi Current	Assets 24,000	:	Current L	126,000 eet, calculate t		
Capit	al at er Using follo	md g the in wing rat Work = = =	tios: king Capi Current	Assets 24,000 4	: : :	Current L 6,000 1 0.25	126,000 eet, calculate t		
Capit	using follow	md g the in wing rat Work = = =	tios: king Capi Current (1) rn on Cap	Assets 24,000 4 1 sital Inve	: : : : sted × 100	Current L 6,000 1 0.25	126,000 eet, calculate t		
Capit	using follow	g the inwing rate Work = = Retu	tios: king Capi Current (1) rn on Cap	Assets 24,000 4 1 bital Inve	: : : : sted × 100	Current L 6,000 1 0.25 0.3	eet, calculate t		
Capit	using follow	the inwing rate Work = = Retu	tios: king Capi Current (1) rn on Cap Net Pro Openin	Assets 24,000 4 1 bital Inve ofit g Capital	: : : : sted × 100	Current L 6,000 1 0.25 0.3	126,000 eet, calculate t		

4.

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(b)	(i)	What effect would a capital? Tick (✓) the		rease in net profit have on closing ect box.		
		Increase	✓	(2)		İ
		Decrease			2	İ
	(ii)	What effect would a capital? Tick (✓) the		rease in drawings have on closing ect box.		l
		Increase				İ
		Decrease	✓	(2)	2	İ
(c)	Percei	n items would M Mantage? Tick (✓) the 2 Profit	-	e need to calculate her Net Profit et boxes.		
	Net Sa	ales	✓	(2)		ı
	Net Pu	urchases				İ
	Net Pi	rofit	✓	(2)	4	İ
(d) (e)	• Be	ecause <u>expenses</u> are ta iness may also calcula	aken f	ess usually more than Net Profit? From GP to get NP. Rate of Stock Turnover. From the lone. Tick (\(\)) the 2 correct boxes.	2	
	To see	e what their average sto	nck is			İ
		e what their cost of goo		d is		1
		e how many times they				1
		e how it compares with				1
	To see	e what percentage it is			4	İ

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;
 - £200 (2)
 - (ii) the value of sales needed to break even;
 - £400 (2)
 - (iii) the number of tickets to be sold to break even;
 - 40 (2)
 - (iv) the value of sales when 80 tickets are sold.
 - £800 (2)

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		2
		2
		2
		2

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(b)	Calculate the Profit/(Loss) made when 60 tickets are sold. (Show your working clearly).		
	• Total Revenue – Total Costs = Profit/(Loss)		
	• $600(2) - 500(2) = 100(2)$		6
	000 (2) = 300 (2) = 100 (2)		v
(c)	A cost which does not change with the number of tickets (units) sold is called a		
	Variable Cost.		
	Fixed Cost. ✓ (2)		
	Total Cost.	2	
(d)	A cost which does change with the number of tickets (units) sold is called a		
	Variable Cost. ✓ (2)		
	Fixed Cost.		
	Total Cost.	2	
(e)	What is the term used when Total Sales Revenue equals Total Cost?		
(-)		2	
	• Break Even (Point) (2)	2	
(6)			
(f)	What kind of organisation is the Lochkelty Tennis Club.		
	Tick (\checkmark) the correct box.		
	Sole Trader		
	Plc		
	Not-for-Profit ✓ (2)		
	Partnership	2	
(g)	Who owns this type of organisation?		
\ O /		2	
	 The members (2) Those who pay subs (2) 	2	

			Marks	
			KU	
The Treasurer may receive a small gift to that work for the club.		s voluntary		
What is the name given to this? Tick (\checkmark) the	correct box.	_		
Commission				
Bonus				
Honorarium	✓	(2)	2	

			Marks		
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The f	ollowing information was provided by Calypso plc	: :			
Ordin 10% l Curre Curre Interi	rofit Assets ary Shares of £1 each Preference Shares of £1 each nt Assets nt Liabilities m Dividend paid to Ordinary Shareholders propriated Profit at 1 April 2008	£35,000 £380,000 £300,000 £100,000 £82,000 £42,000 £15,000 £22,000			
NOT	· ·				
(1)	The ordinary shareholders will also receive a fir £12,000	nal dividend of			
(2)	The preference shareholders are to receive the £10,000	eir dividend of			
Using	g the information and notes above, prepare:				
(a) the Profit & Loss Appropriation Ac March 2009, and	the Profit & Loss Appropriation Account for March 2009, and	year ending 31			
(b)	the Balance Sheet as at 31 March 2009				

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(a) Profit and Loss Appropriation Account for year ending 31 March 2009		
Net Profit Unappropriated Profit at 1 April 2008 35,000 (1) 22,000 (1) 57,000 (1)		
Appropriations: Ordinary Dividend: Interim 15,000 (I) Final 12,000 (I) 27,000 (I) Preference Dividend 10,000 (I) 37,000 (I) Unappropriated Profit at 31 March 2009 20,000 (I)		9
(b) Balance Sheet as at 31 March 2009 £ £ £		
Fixed Assets 380,000 (1) Current Assets 82,000 (1) Current Liabilities 42,000 (1) Working Capital 40,000 (1) 420,000 (1)		
Financed by Share Capital: £1 Ordinary Shares 10%, £1 Preference Shares 300,000 (1) 100,000 (1)400,000 (1)		
Reserves: Unappropriated Profit at 31 March 2009 20,000 (1) 420,000 (1)		10
(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 ✓ (2)		
Bank loans ✓ (2)		
Selling shares ✓ (2)		
Holding fundraisers	6	
(d) Who owns Calypso plc?Shareholders (2)		
• People who have bought shares (2)	2	

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(e)	 Who runs Calypso plc? Do not accept Chairman/Manager Board (of Directors) (2) Managing Director (2) 				
	(Any one)			2	
(f)	If Calypso plc fails, who gets their money back first? the correct box.	Tick	(√)		
	Ordinary shareholders				
	Preference shareholders	✓	(2)	2	
			_		

[END OF MARKING INSTRUCTIONS]