

# X209/101

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NATIONAL  
QUALIFICATIONS  
2007

FRIDAY, 18 MAY  
1.00 PM – 2.30 PM

ACCOUNTING  
INTERMEDIATE 1

Candidates should attempt **four** questions as follows:

Question 1 and **one** other from Section A

**plus**

Question 4 and **one** other from Section B

**Answers must be in ink.** Answers in pencil will **not** be accepted, though incidental working may be in pencil.

**All working should be shown fully and clearly labelled.** Attention is drawn to the note at the start of each question requiring calculations—candidates using calculators should pay particular heed.

Marks will be deducted for untidy and badly arranged work.



## SECTION A

*Marks*

You should attempt **Question 1** and **ONE other question** from this Section.

**Any incorrect figure not supported by adequate working will receive no marks.**

1. The following figures for Peters plc relate to the year ended 31 December Year 2.

	£000
Gross Profit	64
Expenses paid	11
Expenses prepaid	2
Debenture Interest paid	3
Debenture Interest due	1
Depreciation on equipment for year	6
Ordinary Share dividend to be paid	15
Unappropriated Profit from Year 1	2

- (a) Using the figures above, **prepare** the Profit and Loss Account for the year ended 31 December Year 2 showing the appropriation of profit.

**10**

The following additional figures are available for Peters plc at 31 December Year 2.

	£000
300,000 Ordinary Share Capital @ £1 each	300
20% Debentures	20
Premises	280
Creditors	26
Stock	22
Equipment (at cost)	60
Debtors	28
Bank	6
Cash	2

- (b) Using the relevant information from (a) and the figures above, **prepare** the Balance Sheet of Peters plc as at 31 December Year 2.

**16**

- (c) List **2** advantages of converting a partnership to a plc.

**4**

**(30)**

**Any incorrect figure not supported by adequate working will receive no marks.**

*Marks*

**2. You should answer this question on the Worksheets provided.**

The following information was taken from the ledger of Emma Lucia on 31 December Year 2.

	£000
Sales	50
Rent	5
Creditors	8
Cash	2
Wages	7
Drawings	5
Purchases Returns	1
Heat and Light	9
Debtors	3
Premises	100
Stock at 1 January Year 2	2
Sales Returns	6
Bank	12
Purchases	20
Discount Received	1
Capital	<b>to be calculated</b>

- (a) **Using the Worksheet provided**, complete the Trial Balance of Emma Lucia as at 31 December Year 2.

**16**

- (b) Currie plc returned the following goods previously bought on credit from Emma Lucia.

20 boxes of DVDs at £20·00 each

8 DVD recorders at £100·00 each

Trade discount of 10% was allowed

VAT of £189 had been charged on these goods.

**Using the Worksheet provided**, complete the credit note which Emma Lucia would send to Currie plc. **Use today's date.**

**8**

- (c) **On the worksheet provided**, list 3 financial accounting tasks which may be done using a computer.

**6**

**(30)**

**[Turn over**

**Any incorrect figure not supported by adequate working will receive no marks.**

*Marks*

**3. You should answer this question on the Worksheets provided.**

The following figures are available for S. Addison, a sole trader, for Year 1 and Year 3.

	<b>Year 1</b>	<b>Year 3</b>
	£000	£000
Sales	500	600
Opening Stock	42	45
Closing Stock	22	55
Cost of Goods Sold	320	400
Gross Profit	180	200
Net Profit	100	60
Current Assets	80	100
Current Liabilities	40	100
Capital Invested	800	1,000

(a) For each year, **Year 1 and Year 3**, calculate the following ratios. **Use the Worksheet provided** for your workings and answers.

- |                                |          |
|--------------------------------|----------|
| (i) Gross Profit Ratio         | <b>4</b> |
| (ii) Net Profit Ratio          | <b>4</b> |
| (iii) Rate of Stock Turnover   | <b>8</b> |
| (iv) Current Ratio             | <b>4</b> |
| (v) Return on Capital Employed | <b>4</b> |

(b) **Using the Worksheet provided**, give a possible way to improve each of the following ratios in Year 4. Give a different way for each answer.

- |                        |          |
|------------------------|----------|
| (i) Gross Profit Ratio | <b>2</b> |
| (ii) Net Profit Ratio  | <b>2</b> |
| (iii) Current Ratio    | <b>2</b> |

**(30)**

## SECTION B

*Marks*

You should attempt **Question 4** and **ONE other question** from this Section.

**Any incorrect figure not supported by adequate working will receive no marks.**

### 4. PART A

Harrington plc manufactures specialist cakes in 2 processes, baking and decorating.

	<b>Baking</b>	<b>Decorating</b>
<b>Inputs</b>		
Ingredients	1000 kg@ £0.50 per kg	From Baking
Wages	£2,500	£5,000
Overheads	£1,500	£700
<b>Output</b>		
Waste	100 kg	50 kg
To Baking	Balance	
To Shop		Balance

Prepare the process accounts for:

(i) baking and;

**6**

(ii) decorating;

**6**

showing clearly the cost per kg for each process.

### PART B

The Jones Sisters are partners, who own an interior design business. They employ Miguel who works the following hours on Job AB230.

Thursday 6 hours

Friday 5 hours

Saturday 4 hours

Miguel is paid a basic rate of £20 per hour and is paid time and a half on Saturday.

(a) Calculate the charge to Job AB230 for Miguel's labour.

**4**

The following costs also relate to Job AB230.

Material £700

Paper and Paint £400

Travel expenses £50

Overheads £10 per labour hour worked.

(b) **Prepare** a Job Cost Statement to show the total cost of Job AB230.

**8**

(c) State **3** duties of a management accountant.

**6**

**(30)**

**[Turn over**

5. PART A

The following forecasted figures are available for Bradbury plc.

Cash balance at 1 June £100,000

	May	June	July	August
Sales (cash)	£120,000	£100,000	£110,000	£140,000
Purchases	£70,000	£75,000	£90,000	£130,000

Bradbury plc pay for their purchases **one month after** the month of purchase.

The following expenses are to be paid.

- Insurance £500 monthly, insurance is to be increased by 20% starting in July
- Wages £25,000 monthly
- Advertising costing £20,000 each year is to be paid for in 2 equal instalments starting in August
- Other expenses £400 monthly

(a) **Prepare** a cash budget for Bradbury plc for the 3 months June to August showing clearly the closing balance at the end of each month.

16

(b) State **2** ways a business can finance the replacement of its Motor Van if the cash budget shows a negative closing balance.

4

PART B

Inverdrury Community Centre is considering hiring a minibus. It expects the following costs.

- Annual hire cost will be £5,040
- Insurance £100 per month
- Petrol £60 per week
- Other expenses £220 per month

(a) **Prepare** a statement to show the total annual cost of running the minibus.

8

The minibus is expected to cover 40,000 miles per year.

(b) Calculate the cost per mile of running the minibus.

2

(30)

6. PART A

The Sweetie Shop holds all its stock in a storeroom. Each of the items in the storeroom is recorded separately on a stock record card. On 1 June Year 1 the storeroom has a supply of 20 boxes of humbugs which cost £20 each.

The following issues and receipts of boxes of humbugs took place in June.

Date	Issues/Receipts	Boxes of humbugs
3 June	Issues to the shop	15
12 June	Receipts from supplier	20 costing £21 each
26 June	Issues to the shop	10

(a) Using the FIFO method of Stock Control draw up a stock record card to record the opening balance of boxes of humbugs and the above issues and receipts.

13

(b) Explain the term “FIFO”.

2

(c) Name the document which would be sent to the Purchases Department when more stock is required.

2

PART B

Alannah Dalgarno, a sole trader, runs a factory which manufactures sweaters. There are 4 cost centres – 1, 2, 3 and the canteen.

The following are the estimated costs for Year 1.

Overhead	Basis of Apportionment	Amount
Heating	Floor Space	£30,000
Supervision	Number of Employees	£60,000
Insurance of Machinery	Value of Machinery	£10,000

The following information is available for the cost centres.

	1	2	3	Canteen	Total
Number of Employees	4	6	15	5	30
Floor Space (sq m)	5,000	10,000	10,000	5,000	30,000
Value of Machinery (£)	10,000	15,000	25,000		50,000

Using the Worksheet provided, prepare the Overhead Analysis Sheet for Alannah to show the total estimated overhead apportioned to each cost centre.

13

(30)

[END OF QUESTION PAPER]

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FOR OFFICIAL USE

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ACCOUNTING  
INTERMEDIATE 1  
Worksheets for  
Questions 2, 3 and 6 Part B

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

The Worksheets for Questions 2, 3 and 6 Part B need only be completed if the question is attempted.

The Worksheets should be inserted inside the front cover of the candidate's answer book and returned with it.



## Worksheet for Question 2

(a) TRIAL BALANCE OF EMMA LUCIA AS AT 31 DECEMBER YEAR 2

	Dr £000	Cr £000
Sales		
Rent		
Creditors		
Cash		
Wages		
Drawings		
Purchases Returns		
Heat and Light		
Debtors		
Premises		
Stock at 1 January Year 2		
Sales Returns		
Bank		
Purchases		
Discount Received		
Capital		
TOTALS	£	£

16

## Worksheet for Question 2 (continued)

(b)

<b>CREDIT NOTE</b>			
Emma Lucia 23 Uppercoat Place INVERDEER AB36 8WP		<b>Credit Note No:</b> 2389  <b>Date:</b> _____	
<b>To:</b> Currie plc 52 Jackson Street INVERDON AB15 8PX			
Quantity	Description	Unit Price £	Cost £
20	Boxes of DVDs		
8	DVD Recorders		_____
	10% Trade Discount		_____
	Net Goods Value		
	VAT		_____
	<b>TOTAL</b>		_____ =====

8

(c) List **3** financial accounting tasks which may be done using a computer.

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

6

(30)

[Turn over]

Worksheet for Question 3

(a)

Ratio	Year 1	Year 3
(i) Gross Profit Ratio		
(ii) Net Profit Ratio		
(iii) Rate of Stock Turnover		

4

4

8

## Worksheet for Question 3 (a) (continued)

	Ratio	Year 1	Year 3
(iv)	Current Ratio		
(v)	Return on Capital Employed		

4

4

(b)

	Ratio	Way to improve the ratio in Year 4
(i)	Gross Profit Ratio	
(ii)	Net Profit Ratio	
(iii)	Current Ratio	

2

2

2

(30)

OVERHEAD ANALYSIS SHEET						
			COST CENTRES			
	Basis of Apportionment	Total	1	2	3	Canteen
Heating	Floor Space (sq m)	£30,000				
Supervision	Number of Employees	£60,000				
Insurance of Machinery	Value of Machinery (£)	£10,000				
DEPARTMENTAL TOTALS		£100,000				

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