

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

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General Certificate of Education
 January 2004
 Advanced Subsidiary Examination



ACCOUNTING **ACC1**
Unit 1: Financial Accounting:
The Accounting Information System

Wednesday 14 January 2004 Afternoon Session

<p>No additional materials are required. You may use a calculator.</p>
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Time allowed: 1 hour

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions in the spaces provided.
- All workings must be shown and clearly labelled; otherwise marks for method may be lost.
- Make and state any necessary assumptions.
- Do all rough work in this book. Cross through any work you do not want marked.
- **At the very start of the examination**, tear along the perforations on page 13 in order to detach the information you will need for **Questions 1 and 5**.

Information

- The maximum mark for this paper is 80. This includes up to 4 marks for the Quality of Written Communication.
- Mark allocations are shown in brackets.
- You will be assessed on your ability to use an appropriate form and style of writing, to organise relevant information clearly and coherently, and to use specialist vocabulary, where appropriate. The degree of legibility of your handwriting and the level of accuracy of your spelling, punctuation and grammar will also be taken into account.

For Examiner's Use			
Number	Mark	Number	Mark
1			
2			
3			
4			
5			
6			
Total (Column 1)	→		
Total (Column 2)	→		
Quality of Written Communication			
TOTAL			
Examiner's Initials			

Answer **all** questions in the spaces provided.

1

Total for this question: 16 marks

Tear page 13 out of this question paper. Given on page 13 are extracts from the sales day book, sales returns day book, cash book, and journal of James Grant, a toy manufacturer, for December 2003.

REQUIRED

From the information given on page 13 make the necessary entries in the following accounts. The accounts should **not** be balanced.

Sales Ledger extract

Debit				Dolls and Things		Credit	
Date 2003	Details	£	p	Date 2003	Details	£	p
Dec 1	Balance b/d	353	60				

Debit				BJ Patel Ltd		Credit	
Date 2003	Details	£	p	Date 2003	Details	£	p
Dec 1	Balance b/d	142	31				

Purchase Ledger extract

Debit				Car Sales Ltd		Credit	
Date 2003	Details	£	p	Date 2003	Details	£	p

General Ledger extract

Debit				Sales		Credit	
Date 2003	Details	£	p	Date 2003	Details	£	p

Debit				Sales Returns		Credit	
Date 2003	Details	£	p	Date 2003	Details	£	p

Debit				VAT		Credit	
Date 2003	Details	£	p	Date 2003	Details	£	p
Dec 1	Balance b/d	101	45				

Debit				Discount Allowed		Credit	
Date 2003	Details	£	p	Date 2003	Details	£	p

Debit				Motor Vehicles		Credit	
Date 2003	Details	£	p	Date 2003	Details	£	p

2

Total for this question: 6 marks

When preparing a balance sheet it is important to distinguish between long-term and current liabilities.

REQUIRED

- (a) Give **one** example of a long-term liability.

.....
(1 mark)

- (b) Give **one** example of a current liability.

.....
(1 mark)

- (c) Explain why it is important to distinguish between long-term and current liabilities.

.....
.....
.....
.....
(4 marks)

6

3

Total for this question: 13 marks

The following balances were extracted from the ledgers of The Agricultural Supplies Company for the month of December 2003.

	£
Carriage outwards	450
Purchases	12 467
Rent and rates	1 300
Returns inwards	596
Returns outwards	367
Sales	26 579
Stock at 1 December	4 502
Stock at 31 December	3 692
Sundry expenses	3 200
Wages	5 600

4

Total for this question: 11 marks

REQUIRED

- (a) Complete the following table to show on which side of a trial balance the items would be entered.

An example has been given.

ITEM	DEBIT or CREDIT
<i>Debtors</i>	<i>Debit</i>
Sales	
Bank overdraft	
Motor vehicles	
Carriage out	
Creditors	

(5 marks)

- (b) Even where a trial balance is drawn up using a computer there can be similar errors to a manual system.

Describe **two** such errors.

Error 1

.....

.....

.....

(3 marks)

Error 2

.....

.....

.....

(3 marks)

11

5

Total for this question: 13 marks**You have already torn page 14 out of this question paper.**

On page 14 there is a bank statement for the month of November 2003 which has been received by James Jolly and Co. A junior clerk has checked the cash book against the bank statement, and has ticked (✓) the items that appear in both.

REQUIRED

- (a) Update the following cash book on 30 November with any necessary entries and calculate the new bank balance.

Cash Book extract

Date 2003	Details	Bank £	p	Date 2003	Details	Cheque number	Bank £	p
Nov 1	Balance b/d	2459	35	Nov 1	Banks Ltd	11346	134	37 ✓
Nov 3	Toys for You	234	00 ✓	Nov 1	Books & Paints	11347	276	89 ✓
Nov 5	B J Patel	3219	00 ✓	Nov 10	Wages	11348	92	50 ✓
Nov 5	Dolls and Things	1142	00 ✓	Nov 12	Jones and Son	11349	3781	95 ✓
Nov 23	J A Smith Ltd	560	00 ✓	Nov 23	Smith and Son	11350	139	43 ✓
Nov 26	Cash banked	340	00	Nov 25	HGF Finance	11351	256	00
				Nov 25	Toy Designs	11352	1245	98
				Nov 30	Balance c/d		2027	23
		7954	35				7954	35
Nov 30	Balance b/d	2027	23					

(5 marks)

6

Total for this question: 17 marks

REQUIRED

- (a) From the following list of balances extracted from the books of BJ Patel on 30 November 2003 complete the sales and purchases ledger control accounts. Bring down the balance on each account.

	£
Sales on credit	26 500
Purchases on credit	19 600
Returns inwards	590
Returns outwards	450
Amounts received from customers	18 900
Amounts paid to suppliers	16 300
A debit balance set off from the sales ledger to the purchase ledger (contra)	400

Debit		Sales Ledger Control Account				Credit	
Date 2003	Details	£	Date 2003	Details	£		
Nov 1	Balance b/d	5476					

Debit		Purchases Ledger Control Account				Credit	
Date 2003	Details	£	Date 2003	Details	£		
			Nov 1	Balance b/d	2960		

(10 marks)

(b) Explain how control accounts are used to verify the balances in the sales ledger and purchase ledger accounts.

.....

.....

.....

.....

.....

(4 marks)

(c) What is the main limitation of using a control account to verify these ledger accounts?

.....

.....

.....

(3 marks)

17

END OF QUESTIONS

Tear along the perforations to remove this page

INFORMATION FOR USE WITH QUESTION 1 ON PAGES 2–3

Sales Day Book extract

Date 2003	Details	Goods		VAT		Total	
		£	p	£	p	£	p
Dec 13	Dolls and Things	100	00	17	50	117	50
Dec 16	BJ Patel Ltd	263	00	46	02	309	02
Dec 16	Dolls and Things	46	00	8	05	54	05
		409	00	71	57	480	57

Sales Returns Day Book extract

Date 2003	Details	Goods		VAT		Total	
		£	p	£	p	£	p
Dec 15	Dolls and Things	26	00	4	55	30	55

Cash Book extract - Debit

Date 2003	Details	Discount allowed		Bank	
		£	p	£	p
Dec 9	Dolls and Things	26	15	327	45
Dec 10	BJ Patel Ltd	14	35	127	96

Journal extract

Date 2003	Details	Debit		Credit	
		£	p	£	p
Dec 18	Vehicles	7500	00		
	VAT	1312	50		
	Car Sales Ltd			8812	50
	Delivery van purchased on credit				

TURN OVER FOR INFORMATION RELATING TO QUESTION 5

BANK STATEMENT FOR USE WITH QUESTION 5 ON PAGES 8-9
WESTBANK LTD 27-43-56
WESTOWN BRANCH
Account 4569823
James Jolly and Co
STATEMENT OF ACCOUNT

Date 2003	Details	Payments £		Receipts £		Balance £
Nov 1	Balance b/f					2659.35
2	Cheque 345	200.00	✓			2459.35
3	Counter credit			234.00	✓	2693.35
4	Cheque 346	134.37	✓			2558.98
4	Cheque 347	276.89	✓			2282.09
5	Counter credit			4361.00	✓	6643.09
9	Cr. tfr. J Black Ltd			246.98		6890.07
12	s/o Business rates	547.90				6342.17
15	Cheque 349	3781.95	✓			2560.22
18	s/o Proper Ins Co	145.65				2414.57
23	Counter credit			560.00	✓	2974.57
23	Bank charges	45.89				2928.68
27	Cheque 350	139.43	✓			2789.25
27	Cheque 348	92.50	✓			2696.75

Note:

Cr. tfr. = credit transfer

s/o = standing order