

Surname		Other Names	
Centre Number			Candidate Number
Candidate Signature			

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General Certificate of Education  
 January 2006  
 Advanced Subsidiary Examination



ASSESSMENT and  
 QUALIFICATIONS  
 ALLIANCE

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

**ACC1**

Wednesday 11 January 2006 9.00 am to 10.00 am

**You will need no other materials.**  
 You may use a calculator.

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.
- Answer the 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.

**Information**

- The maximum mark for this paper is 80.  
 4 of these marks are for the Quality of Written Communication.
- The marks for questions are shown in brackets.
- You are reminded of the need for good English and clear presentation in your answers. Some questions involve only numerical work; all other questions should be answered in continuous prose. Quality of Written Communication will be assessed in all prose answers.

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

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

**Total for this question: 18 marks**

1

The following is the trial balance of Sandeep Singh at 31 December 2005.

	<b>Dr</b> <b>£</b>	<b>Cr</b> <b>£</b>
Fixed assets	100 000	
Stock at 1 January 2005	12 000	
Wages and salaries	24 000	
Rent and rates	8 000	
Drawings	15 000	
Capital at 1 January 2005		101 000
Purchases and sales	75 000	120 000
Discount		1 000
Carriage outwards	2 000	
Returns	10 000	5 000
Rent received		25 000
General expenses	6 000	
Debtors and creditors	30 000	20 000
Bank overdraft		10 000
	282 000	282 000

**Additional information**

Stock at 31 December 2005 was £15 000.

**REQUIRED**

Prepare trading and profit and loss accounts for the year ended 31 December 2005. Clearly identify the cost of goods sold, gross profit and net profit.

A balance sheet is **not** required.

*[A large area of the page is filled with horizontal dotted lines, intended for a student's answer.]*

(18 marks)

**Total for this question: 12 marks**

2

The table below shows transactions which relate to Ferndale Fish and Chip Shop.

**REQUIRED**

Complete the table by entering the appropriate information in the spaces provided.

An example has been given.

	<b>Transaction</b>	<b>Source document</b>	<b>Subsidiary book</b>	<b>Account to be debited</b>	<b>Account to be credited</b>
<i>Example</i>	Payment of travel costs to an employee	<i>Petty cash voucher</i>	<i>Petty cash book</i>	<i>Travel expenses</i>	<i>Petty cash</i>
(a)	Rent paid by cheque				
(b)	Damaged potatoes returned to Veggie Supplies Ltd				
(c)	Fish fryer purchased on credit from Chippit Ltd				

(12 marks)

12

**Total for this question: 9 marks**

**3**

Since Janice Booth introduced a mail-order facility, her business has expanded significantly. She is concerned, however, about the possibility of non-payment by debtors. She is considering investing in computer software to help manage her sales ledger.

**REQUIRED**

Identify and explain **three** ways in which the management of her sales ledger would benefit from computerisation.

Benefit 1 .....

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*(3 marks)*

Benefit 2 .....

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*(3 marks)*

Benefit 3 .....

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*(3 marks)*

9

**Total for this question: 12 marks**

4

The following extracts are taken from the subsidiary books of Karen Miles for the three months ended 31 December 2005.

**Sales Day Book**

<b>Date</b>	<b>Details</b>	<b>Goods £</b>	<b>VAT £</b>	<b>Total £</b>
Oct to Dec	Total for period	42 000	7350	49 350

**Purchases Day Book**

<b>Date</b>	<b>Details</b>	<b>Goods £</b>	<b>VAT £</b>	<b>Total £</b>
Oct to Dec	Total for period	36 000	6300	42 300

**Sales Returns Day Book**

<b>Date</b>	<b>Details</b>	<b>Goods £</b>	<b>VAT £</b>	<b>Total £</b>
Oct to Dec	Total for period	1600	280	1880

**Purchases Returns Day Book**

<b>Date</b>	<b>Details</b>	<b>Goods £</b>	<b>VAT £</b>	<b>Total £</b>
Oct to Dec	Total for period	1200	210	1410

**Additional information**

- (1) At 1 October 2005, there was a credit balance in the VAT account of £7650.
- (2) A payment of £6950 was made in respect of VAT on 9 October 2005.
- (3) The cash book showed that for the period 1 October to 31 December 2005, there were cash sales of £16 450 which **included** VAT at 17.5%.



**Total for this question: 12 marks**

5

Brian Jarvis prepared the following balance sheet at the end of the accounting year.

It contains errors.

**Balance Sheet for the year ended 31 December 2005**

	£	£
Fixed assets		90 000
Current assets		
Stock	8 000	
Debtors	13 000	
Cash at bank	7 000	
	28 000	
Current liabilities		
Creditors	8 000	
		36 000
		54 000
Capital		
Opening balance		82 000
Net profit for the year		50 000
		32 000
Drawings		22 000
		54 000

**Additional information**

- (1) Fixtures and fittings costing £3000 had been recorded as purchases and charged to the trading account for the year.
- (2) Brian had taken £1000 cash from the bank account for his own use. This had not been recorded in the accounts.
- (3) Brian found a cheque for £2500 received from a customer during December, which had been mislaid and had not been recorded.

**REQUIRED**

Redraft the balance sheet, correcting any errors.





**Total for this question: 13 marks**

6

Kingdom Carpet Fitters received a bank statement showing the following transactions in their account during December 2005.

**Bank Statement**

<b>Date</b>	<b>Details</b>	<b>Dr £</b>	<b>Cr £</b>	<b>Balance £</b>
Dec 1	Balance			430 cr
6	Cheque to F Banks	250		180 cr
7	Cash and cheques paid in		380	560 cr
12	Standing order: British Gas	200		360 cr
18	Credit transfer from J Ball		240	600 cr
22	Cash and cheques paid in		300	900 cr
23	Cheque to H Wilton	470		430 cr
30	Bank charges	20		410 cr
30	Dishonoured cheque: B Brown	150		260 cr

**REQUIRED**

- (a) Update the cash book below with the relevant items from the bank statement, and bring down the balance at the end of the month.

**Cash Book (Bank columns only)**

Dr			Cr		
<b>Date</b>	<b>Details</b>	<b>£</b>	<b>Date</b>	<b>Details</b>	<b>£</b>
Dec 1	Balance b/d	430	Dec 2	F Banks	250
7	Sales banked	380	18	H Wilton	470
22	Sales banked	300	29	M Wall	140
31	Sales banked	560	30	Wages	100

*(5 marks)*

(b) Prepare a bank reconciliation statement at 31 December 2005.

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*(5 marks)*

(c) Explain the term ‘dishonoured cheque’ shown in the bank statement.

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*(3 marks)*

**END OF QUESTIONS**

**There are no questions printed on this page**