

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

For Examiner's Use
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General Certificate of Education  
January 2007  
Advanced Subsidiary Examination



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

**ACC1**

Thursday 11 January 2007 9.00 am to 10.00 am

<p><b>You will need no other materials.</b> 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.
- 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 to be marked.

**Information**

- The maximum mark for this paper is 80.  
Four of these marks will be awarded for using good English, organising information clearly and using specialist vocabulary where appropriate.
- The marks for questions are shown in brackets.

For Examiner's Use			
Question	Mark	Question	Mark
1		3	
2		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: 26 marks**

**1**

Bill Burgess runs a business selling mobile phones. A trial balance at 31 October 2006 has been prepared, but the following balances have not yet been included.

	£
Premises	10 400
Debtors	3 610
Creditors	1 870
Capital	10 000
Mortgage on premises (repayable 2025)	3 000
Drawings	14 400

**REQUIRED**

(a) Complete the trial balance below. Enter any difference as 'balance at bank'.

**Trial Balance at 31 October 2006**

Account	Debit £	Credit £
Sales		57 120
Purchases	18 340	
Stock at 1 November 2005	5 300	
Motor expenses	8 850	
Wages	12 460	
Motor vehicles	2 000	
Premises		
Debtors		
Creditors		
Capital		
Mortgage on premises (repayable 2025)		
Drawings		
Balance at bank		
<b>Totals</b>		

(7 marks)

- (b) Complete the table below to show under which balance sheet heading each of the following items should appear. Place a tick in the appropriate column. The first item has been completed as an example.

	<b>Fixed Assets</b>	<b>Current Assets</b>	<b>Current Liabilities</b>	<b>Long-Term Liabilities</b>	<b>Capital</b>
<i>Capital</i>					✓
Debtors					
Premises					
Mortgage on premises (repayable 2025)					
Drawings					
Bank overdraft					

(5 marks)

After the trial balance was completed, it was discovered that the payment of £4500 for the purchase of a motor vehicle had been debited to the motor expenses account.

### REQUIRED

- (c) Identify the name of this type of error.

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(1 mark)

- (d) Explain why the trial balance should still balance.

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.....  
(2 marks)

**Question 1 continues on the next page**

(e) Explain how the error would affect the net profit for the year.

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(3 marks)

After discovering the above error, Bill Burgess tells you that he is thinking of computerising his accounting records.

**REQUIRED**

(f) Write a memorandum to Bill advising him of **three** advantages and **one** disadvantage of computerising his accounting records.

**To:** Bill Burgess

**From:** A. Student

**Date:** 11 January 2007

**Re:** Advantages and disadvantage of computerisation of accounting records

Advantage 1 .....

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Advantage 2 .....

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Advantage 3 .....

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Disadvantage .....

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(8 marks)

<b>26</b>

**Turn over for the next question**

**Total for this question: 12 marks**

2

Razia Alam runs a shop selling soft furnishings. The following list of balances has been extracted from her books of account at 31 December 2006.

	£
Carriage inwards	1 425
Carriage outwards	912
Drawings	6 400
Light and heat	1 246
Motor vehicle	2 000
General expenses	4 193
Postage and stationery	462
Purchases	31 840
Rent and rates	3 248
Returns inwards	1 678
Returns outwards	720
Sales	59 210
Shop assistant's wages	5 966
Stock at 1 January 2006	4 750

**Additional information**

Stock at 31 December 2006	5 800
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**Total for this question: 11 marks**

**3**

The totals of Mike Cook's trial balance at 31 October 2006 did not agree. The totals were:

Debit	£84 359	Credit	£84 392
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On investigation, the following errors were discovered.

- (1) A cash payment of £112 for repairs had been debited to the repairs account twice.
- (2) A cheque payment of £178 for travel expenses had been credited to the travel expenses account.
- (3) Discount received of £120 was entered in the cash book, but had not been posted to the general ledger.
- (4) The wages account had been overcast by £100.
- (5) A cheque for £65 for petrol had been debited as £56 in the motor expenses account.





**Total for this question: 27 marks**

4

The following information has been extracted from the books of Delaney Paints for the month ended 30 November 2006.

	£
Sales ledger balances at 1 November 2006	23 261
Purchase ledger balances at 1 November 2006	14 908
Credit sales	14 720
Credit purchases	11 804
Returns outwards	533
Returns inwards	260
Discounts received	42
Discounts allowed	77
Payments to credit suppliers	9 643
Receipts from credit customers	15 106
Customer's cheque dishonoured	102
Contra (debit balance set off from the sales ledger to the purchase ledger)	55

Note: Delaney Paints maintain control accounts as part of their double entry system.

**REQUIRED**

- (a) Prepare a sales ledger control account and a purchase ledger control account. Balance each account at 30 November 2006 and bring down any balances.

**Sales Ledger Control Account**

<b>Dr</b>			<b>Cr</b>		
<b>Date</b>	<b>Details</b>	<b>£</b>	<b>Date</b>	<b>Details</b>	<b>£</b>

**Purchase Ledger Control Account**

<b>Dr</b>			<b>Cr</b>		
<b>Date</b>	<b>Details</b>	<b>£</b>	<b>Date</b>	<b>Details</b>	<b>£</b>

(21 marks)

