

Surname											Other Names										
Centre Number							Candidate Number														
Candidate Signature																					

For Examiner's Use

General Certificate of Education
January 2008
Advanced Subsidiary Examination



ACCOUNTING

ACC1

Unit 1 Financial Accounting: The Accounting Information System

Thursday 10 January 2008 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 to be marked.
- Page 13 is perforated. Tear it out **at the start of the examination** and use it when answering Question 5.

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		5	
2			
3			
4			
Total (Column 1) →			
Total (Column 2) →			
TOTAL			
Examiner's Initials			

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

Total for this question: 18 marks

1

Brian Gartside owns a shop selling beds. His bookkeeper has prepared the following trial balance at 31 December 2007 that contains errors. The difference has been entered in a suspense account.

Trial Balance at 31 December 2007

	Dr £	Cr £
Bank overdraft	5 080	
Capital		80 000
Carriage inwards		2 690
Carriage outwards	8 950	
Discounts allowed		3 730
Discounts received	2 420	
Drawings	24 560	
Mortgage on premises		74 200
Premises		165 000
Property repairs		12 040
Purchases	73 550	
Rent received		7 200
Returns inwards		1 690
Returns outwards		1 410
Sales	202 400	
Stock at 1 January 2007	43 120	
Suspense account	14 720	
Trade creditors		14 990
Trade debtors	18 710	
VAT (due from HM Revenue and Customs)	1 550	
Wages and salaries		32 110
	395 060	395 060

REQUIRED

- (a) Prepare a corrected trial balance.

Trial Balance at 31 December 2007

	Dr £	Cr £
Bank overdraft		
Capital		
Carriage inwards		
Carriage outwards		
Discounts allowed		
Discounts received		
Drawings		
Mortgage on premises		
Premises		
Property repairs		
Purchases		
Rent received		
Returns inwards		
Returns outwards		
Sales		
Stock at 1 January 2007		
Suspense account		
Trade creditors		
Trade debtors		
VAT (due from HM Revenue and Customs)		
Wages and salaries		

(10 marks)

Brian Gartside has been trading for many years and has employed the same accounting staff since the business began. He is now considering the introduction of a computerised accounting system for the business.

REQUIRED

- (b) Explain **two** possible positive **and two** possible negative reactions of his staff to the proposed introduction of a computerised accounting system.

Positive reactions

- 1
-
-
-
- 2
-
-
-

(4 marks)

Negative reactions

- 1
-
-
-
- 2
-
-
-

(4 marks)

Total for this question: 9 marks

2

The following table shows transactions relating to Avid Motor Parts.

REQUIRED

Complete the table. An example has been given.

Item	Subsidiary book	Account to be debited	Account to be credited
Invoice for goods supplied to customer B Jones	<i>Sales day book</i>	<i>B Jones – Debtor account</i>	<i>Sales</i>
Invoice received from HP Furniture for the purchase of office furniture on credit			
Paid cash to an employee for petrol expenses			
Received a cheque from BG Factors in settlement of their account			

(9 marks)

9

Total for this question: 16 marks**3**

The following is an extract from the bank statement received by Northern Traders.

Date	Details	Dr £	Cr £	Balance £
6 Dec	Balance			613 Cr
8 Dec	Credit transfer – B Williams		250	863 Cr
11 Dec	Standing order – Rent	500		363 Cr
12 Dec	Direct debit – Apex Insurance	112		251 Cr
12 Dec	Dishonoured cheque – R Royce	100		151 Cr

B Williams and R Royce are customers of the business.

REQUIRED

Explain the meaning of **each** of the following terms and state the double entry in the books of Northern Traders for the transactions shown on the bank statement extract.

(a) Credit transfer

Explanation

.....

.....

.....

.....

(2 marks)

Ledger account to be debited

(1 mark)

Ledger account to be credited

(1 mark)

(b) Standing order

Explanation

.....

.....

.....

.....

(2 marks)

Ledger account to be debited
(1 mark)

Ledger account to be credited
(1 mark)

(c) Direct debit

Explanation

.....

.....

.....

.....

(2 marks)

Ledger account to be debited
(1 mark)

Ledger account to be credited
(1 mark)

Question 3 continues on the next page

(d) Dishonoured cheque

Explanation

.....

.....

.....

.....

(2 marks)

Ledger account to be debited
(1 mark)

Ledger account to be credited
(1 mark)

Total for this question: 10 marks**4**

Mohammed Ismail's year end is 31 May. His books showed the following information at 31 May 2007:

- VAT on purchases was £9633.25
- VAT in the sales day book was £18 742.12
- Cash sales in the cash book were £3011.76 (including VAT)
- VAT in the purchase returns day book was £358.01
- A new machine was purchased for £3450.00 (plus VAT).

The VAT rate is 17.5%.

REQUIRED

- (a) Complete the VAT account for May 2007 and bring down any balance.

Dr				VAT Account				Cr	
Date	Details	£	p	Date	Details	£	p		
				May 1	Balance b/d	8 422	50		

(8 marks)

- (b) What does the closing balance on the VAT account mean?

.....

.....

(1 mark)

- (c) Where in the financial statements will the closing balance on the VAT account appear?

.....

.....

(1 mark)

5

REQUIRED

- [illegible]

[illegible]

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Tear along the perforations to remove this page and use it when answering **Question 5**.

James Seddon owns a business selling sports equipment. The following list of balances has been extracted from the books at 31 December 2007 and from information supplied by James.

	£
Bank loan (repayable October 2008)	600
Bank overdraft	7 844
Capital account at 1 December 2007	37 864
Discounts received	493
Drawings	2 200
General expenses	622
Gross profit for the month	19 320
Light and heat	815
Motor expenses	1 860
Motor vehicle	12 400
Rent and rates	1 240
Stock at 31 December 2007	42 650
Trade creditors	5 692
Trade debtors	4 310
VAT (due from HM Revenue and Customs)	526
Wages and salaries	5 190

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