

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

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General Certificate of Education
 June 2005
 Advanced Subsidiary Examination



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

Wednesday 8 June 2005 Afternoon Session

No additional materials are required.
 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 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 7 in order to detach the information you will need for **Question 3**.

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: 5 marks

John Wilson is preparing his balance sheet.

REQUIRED

Complete the following table by placing **one** tick in the appropriate column to show in which section of the balance sheet he should enter these items.

Item 1 has been completed as an example.

Item	Fixed assets	Current assets	Long-term liabilities	Current liabilities
1. Trade creditors				✓
2. Buildings				
3. Petty cash				
4. Bank overdraft				
5. Mortgage on business premises				
6. Office furniture				

(5 marks)

2

Total for this question: 12 marks

John is considering buying a computer for use in the accounts department.

REQUIRED

(a) Explain why using a computer could improve the speed with which he completes his bookkeeping.

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(4 marks)

(b) Explain why using a computer could improve the accuracy of his bookkeeping.

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(4 marks)

(c) Explain **two** reasons why his accounting staff might welcome the introduction of a computing system.

Reason 1

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Reason 2

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(4 marks)

12

3

Total for this question: 25 marks

Tear page 7 out of this question paper. Information about John Wilson's accounts and transactions for April 2005 is given on page 7.

REQUIRED

(a) Enter the balances at 1 April 2005 in the following ledger accounts. (7 marks)

(b) Make the necessary entries in the ledger accounts to record the information given for the month ended 30 April 2005.

Balance **all** the accounts and carry down any balances. (18 marks)

Dr		Carriage Inwards Account						Cr	
Date 2005	Details	£	p	Date 2005	Details	£	p		

Dr		Purchases Account						Cr	
Date 2005	Details	£	p	Date 2005	Details	£	p		

Dr		Returns Inwards Account						Cr	
Date 2005	Details	£	p	Date 2005	Details	£	p		

Dr				Returns Outwards Account				Cr			
Date 2005	Details	£	p	Date 2005	Details	£	p				

Dr				Sales Account				Cr			
Date 2005	Details	£	p	Date 2005	Details	£	p				

Dr				Stock Account				Cr			
Date 2005	Details	£	p	Date 2005	Details	£	p				

Dr				VAT Account				Cr			
Date 2005	Details	£	p	Date 2005	Details	£	p				

NO QUESTIONS APPEAR ON THIS PAGE

Tear along the perforations to remove this page

INFORMATION FOR USE WITH QUESTION 3(a) ON PAGE 4

The accounts of John Wilson show the following balances at 1 April 2005:

	£
Carriage inwards	356.68
Purchases	15 478.00
Returns inwards	978.46
Returns outwards	479.36
Sales	36 496.00
Stock	2 367.48
VAT (credit balance)	3 478.89

INFORMATION FOR USE WITH QUESTION 3(b) ON PAGE 4

1. His day books show the following totals for the month ended 30 April 2005.

	Goods £	VAT £	Total £
Sales day book	5 500.00	962.50	6 462.50
Purchases day book	3 600.00	630.00	4 230.00
Returns inwards day book	226.00	39.55	265.55
Returns outwards day book	146.00	25.55	171.55

2. The journal contains the following entry.

	Dr £	Cr £
Carriage inwards	156.78	
Purchases		156.78
Carriage inwards entered in the purchases account in error		

3. The stock on 30 April 2005 was £3 967.42.

NO QUESTIONS APPEAR ON THIS PAGE

4

Total for this question: 15 marks

The totals of John Wilson's trial balance on 31 March 2005 did not agree.

The totals were:

Debit £46 250 Credit £45 416

He entered the difference in a suspense account. On checking his books, he discovered the following errors.

1. The sales account was undercast by £230.
2. Postage of £154, entered in the petty cash book, had been omitted from the general ledger.
3. The wages of £600 paid for the month ended 31 March had been debited twice in the wages account.
4. Discount received of £79 had been entered on the debit side of the discount received account.

REQUIRED

- (a) Enter the trial balance difference in the suspense account below. Make the entries necessary to correct the errors.

Suspense Account					
Dr			Cr		
Date 2005	Details	£	Date 2005	Details	£

(5 marks)

QUESTION 4 CONTINUES ON THE NEXT PAGE

(b) Explain clearly, using an example, why some types of error are **not** revealed by a trial balance.

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(5 marks)

(c) Explain **two** benefits that could be obtained by preparing a monthly bank reconciliation statement.

Benefit 1:

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Benefit 2:

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(5 marks)

5

Total for this question: 9 marks

On 4 April 2005, John Wilson sold 2000 garden spades priced at £4.50 each plus 17.5% VAT. The customer is allowed 20% trade discount. He is also offered 5% cash discount for payment within 7 days. The customer paid the amount due on 28 April 2005.

REQUIRED

Calculate the amount of the cheque received by John Wilson. Show **all** workings.

The amount of the cheque is £.....

Workings
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(9 marks)

9

TURN OVER FOR THE NEXT QUESTION

6

Total for this question: 10 marks

John Wilson has decided to prepare a monthly trading account and, at the end of May 2005, extracted the following figures from his ledger.

	£
Carriage inwards	70
Purchases	2467
Returns inwards	231
Returns outwards	142
Sales	4895
Stock at 1 May 2005	3967
Stock at 31 May 2005	2789

REQUIRED

Prepare a trading account for the month ended 31 May 2005.

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(10 marks)

10

END OF QUESTIONS