

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

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



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

**ACC1**

Wednesday 6 June 2007 1.30 pm to 2.30 pm

<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: 33 marks**

**1**

Gill Norton owns a shop selling ladies' fashions. The following information has been extracted from her books of account at 30 April 2007.

	£
Balance at bank	6 110
Capital at 1 May 2006	112 700
Computer equipment	3 100
Discounts received	810
Drawings	8 200
General expenses	8 640
Mortgage on premises (repayable 2015)	20 000
Premises	126 700
Purchases	63 160
Rates	10 400
Returns outwards	480
Sales	133 620
Stock at 1 May 2006	16 450
Stock at 30 April 2007	14 200
Trade creditors	5 210
Trade debtors	7 450
VAT (due from HM Revenue and Customs)	660
Wages	21 950

**REQUIRED**

(a) Prepare a trading and profit and loss account for the year ended 30 April 2007.

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(12 marks)

**Question 1 continues on the next page**



Gill Norton purchased the computer equipment in March 2007 and has already computerised the sales ledger and the stock records of the business. As a result, her accounting records are more accurate.

(c) Explain **two** other benefits that Gill Norton would expect after computerising her sales ledger and stock records.

(i) Benefit 1 .....

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*(3 marks)*

(ii) Benefit 2 .....

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*(3 marks)*

**Total for this question: 18 marks**

**2**

The bank columns of Western Products' cash book show a debit balance of £3426.67. The balance shown on the bank statement at 31 May 2007 did not agree with the cash book balance.

On investigation, the following were discovered.

- (1) A cheque paid for fuel on 27 May 2007 for £64.14 had been entered in the cash book, but had not yet been presented to the bank.
- (2) Cheques received from customers totalling £1325.50 had been entered in the cash book and paid into the bank on 31 May 2007. These cheques were not shown on the bank statement.
- (3) A cheque paid for advertising for £132.90 had been entered in the cash book as £123.90.
- (4) The bank had paid a direct debit for a subscription of £55.00 on 19 May 2007, but no entry had been made in the cash book.
- (5) On 31 May 2007, the bank had debited the account with bank charges of £115.00 and credited the account with bank interest of £34.50. Neither of these amounts had been entered in the cash book.



- (c) Write a memorandum to the manager of Western Products, explaining why it is important to prepare a bank reconciliation statement.

**MEMORANDUM**

**To:**

**From:**

**Date:**

**Subject:**

*(1 mark for memorandum format)*

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*(6 marks)*



**Turn over for the next question**

**Total for this question: 13 marks****3**

Ling Cao sold goods to Prima Fashions on 1 May 2007. She agreed to allow the customer 20% trade discount in addition to 2% cash discount for settlement within 14 days.

Prima Fashions paid the invoice on 8 May 2007.

The sales invoice is shown below.

<b>SALES INVOICE</b>			
Ling Cao, Unit 22, West Parade, Manchester, M1 6DS			
Telephone 0161 111 2222			
Prima Fashions 62 High Street Birmingham B6 1AH			
Account No: P312		VAT Registration No: 111 2323 456	
Date: 1 May 2007			
Invoice No: 05/001			
Quantity	Details	Unit Price £	Total £
16	Ladies' suits	40.00	640.00
10	Dresses	12.00	<u>120.00</u>
			760.00
		Trade discount	<u>152.00</u>
			608.00
		VAT at 17.5%	<u>104.27</u>
			<u>712.27</u>
Settlement terms: 2% discount for settlement within 14 days			

**REQUIRED**

(a) Enter the invoice and the payment received from Prima Fashions in the books of Ling Cao.

**Sales Day Book**

Date	Customer	Total £	VAT £	Net £

**Bank Account**

Dr			Cr		
Date	Details	£	Date	Details	£

**Sales Account**

Dr			Cr		
Date	Details	£	Date	Details	£

**Discount Allowed Account**

Dr			Cr		
Date	Details	£	Date	Details	£

**VAT Account**

Dr			Cr		
Date	Details	£	Date	Details	£

**Prima Fashions**

Dr			Cr		
Date	Details	£	Date	Details	£

(11 marks)

(b) Explain the term 'trade discount'.

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(2 marks)

**Total for this question: 12 marks****4**

The following petty cash information relates to Harris Engineering for the week ended 25 May 2007.

21 May Petty cash in hand £14.37

21 May Cash received from cashier to restore the imprest to £100

22 May Payment for postage £11.50 (no VAT), voucher 124

24 May Payment for petrol £20.00 (plus VAT at 17.5%), voucher 125

25 May Payment for stationery £14.57 (including VAT at 17.5%), voucher 126

**REQUIRED**

- (a) Make the necessary entries in the petty cash book on the opposite page. Total and balance the petty cash book at 25 May 2007. *(10 marks)*

**Petty Cash Book**

Dr		Cr											
Received	Date	Details	Voucher Number	Total		VAT		Petrol		Postage		Stationery	
£				£	p	£	p	£	p	£	p	£	p

- (b) Enter the total of the VAT column from the petty cash book into the VAT account shown below.

**VAT Account**

<b>Dr</b>			<b>Cr</b>		
<b>Date</b>	<b>Details</b>	<b>£</b>	<b>Date</b>	<b>Details</b>	<b>£</b>
			21 May	Balance	814.56

(2 marks)

12
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**END OF QUESTIONS**

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