FOR OFFICIAL USE

F

	KU	HI
Total		

0010/27/01

NATIONAL QUALIFICATIONS 2012

TUESDAY, 29 MAY
9.00 AM – 10.15 AM

ACCOUNTING AND FINANCE
STANDARD GRADE
Foundation Level

Fill in these boxes and read what is printed below.

Full name of centre

Town

Forename(s)

Surname

Date of birth
Day Month Year

Scottish candidate number

Number of seat

1 Check that a Document pack for use with Question 5(*a*) has been provided.
2 Answer **all** the questions.
3 Read each question carefully.
4 Write your answers in the spaces provided.
5 Do **not** write in the margins.
6 Calculators may be used.
7 Before leaving the examination room you must give this book to the Invigilator. If you do not, you may lose all the marks for this paper.

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1. (*a*) Using the following information, complete the Order Form below.

10 Front Wiper Blades @ £5·30 each
20 Rear Brake Pads @ £4·00 each
Trade Discount @ 15% = £19·95
VAT @ 20% = £22·61

ORDER FORM

BILLY'S CAR COMPONENTS

Order No: 231

Billy's Car Components
13 Hill Street
GLASGOW
G17 8HA

To: Ronnie's Garage
51 Roman Crescent
BEARSDEN
B72 5AK

Date: 15 April 2012

Quantity	Description	Unit Price		Cost	
	Less Trade Discount (15%)				
	Net Goods Value				
	Add VAT @ 20%				
	TOTAL			£	

9

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1. (continued)

(*b*) Give **2** reasons why Billy's Car Components have given Trade Discount to Ronnie's Garage.

4

(*c*) Name the other type of Discount that may be given to customers.

2

(*d*) Billy owns and runs the business himself. State the term used to describe this type of business.

2

(*e*) Name **one** source of finance available to this type of business **other than** taking on a partner or a bank loan.

2

(*f*) If Billy decided to take on a partner there might be advantages and disadvantages. Tick (✓) the correct boxes to show which of the following would be an advantage or disadvantage.

	Advantage	**Disadvantage**
Sharing of losses	☐	☐
More capital	☐	☐
Less control	☐	☐
More arguments	☐	☐

8

[Turn over

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2. The following information was extracted from the books of Linda Robb who operates a Pet Supplies business.

Cost of Goods Sold	£90,000
Opening Stock	£15,000
Current Assets	£55,000
Sales	£120,000
Current Liabilities	£35,000
Net Profit	£24,000
Opening Capital	£96,000
Gross Profit	£30,000
Closing Stock	£30,000

(*a*) Select the appropriate figures and calculate the following.

(i) **Gross Profit as a percentage of Sales**

$$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1} = \frac{\boxed{}}{\boxed{}} \times \frac{100}{1} = \boxed{}\ \%$$

3

(ii) **Net Profit as a percentage of Sales**

$$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1} = \frac{\boxed{}}{\boxed{}} \times \frac{100}{1} = \boxed{}\ \%$$

3

(iii) **Average Stock**

$$\frac{\text{Opening Stock + Closing Stock}}{2} = \frac{\boxed{} + \boxed{}}{2}$$

$$= \frac{\boxed{}}{2}$$

$$= \boxed{}$$

4

(iv) **Rate of Stock Turnover**

$$\frac{\text{Cost of Goods Sold}}{\text{Average Stock}} = \frac{\boxed{}}{\boxed{}} = \boxed{}\ \text{Times}$$

3

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2. (continued)

(*b*) Indicate which items would be used to calculate the Return on Capital Invested Ratio. Tick (✓) the **2** correct boxes.

Current Liabilities	☐
Sales	☐
Opening Capital	☐
Current Assets	☐
Net Profit	☐

4

(*c*) Indicate what the Working Capital/Current Ratio shows. Tick (✓) the correct box.

If a business can pay current debts	☐
If the owner has put in too much capital	☐
If the current capital is earning a good return	☐

2

(*d*) Indicate which **3** of the following could cause a reduction in the Net Profit. Tick (✓) the **3** correct boxes.

A reduction in Expenses	☐
A reduction in Rent Received	☐
An increase in Purchase Price	☐
An increase in Selling Price	☐
An increase in Sales Returns	☐

6

[Turn over

DO NOT WRITE IN THIS MARGIN

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3. P De Cecco had recorded the following items in his Bank Account for March 2012.

BANK ACCOUNT

Date	Details	DR		CR		Balance	
		£	p	£	p	£	p
1 March	Balance					✓ 1,100	00 DR
4 March	Sales	500	00	✓		1,600	00 DR
7 March	C McDonald			120	00	1,480	00 DR
9 March	E Smith			✓ 210	00	1,270	00 DR
15 March	Sales	250	00	✓		1,520	00 DR
21 March	B Heaney			80	00	1,440	00 DR
29 March	Sales	185	00			1,625	00 DR

When he received the following Bank Statement he ticked (✓) those items which appeared in both the Bank Account and the Bank Statement.

NEW BANK plc
STATEMENT

P De Cecco
17 Eastend Road
Newton
GO3 4IQ

ACCOUNT NO: 087123
BRANCH CODE: 61-30-24
DATE: 31 March 2012
STATEMENT NO: 645

Date	Details	Debits	Credits	Balance
1 March	Balance			✓ 1,100·00 CR
4 March	Deposit		✓ 500·00	1,600·00 CR
9 March	SO – Rent	180·00		1,420·00 CR
10 March	001200	✓ 210·00		1,210·00 CR
12 March	BGC – Dividends		150·00	1,360·00 CR
15 March	Deposit		✓ 250·00	1,610·00 CR
23 March	DD – Electricity	85·00		1,525·00 CR

Using the above information you are required to complete on the following page:

(*a*) P De Cecco's Updated Bank Account;

(*b*) the Bank Reconciliation Statement.

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3. (continued)

(*a*)

UPDATED BANK ACCOUNT							
Date	Details	DR		CR		Balance	
		£	p	£	p	£	p
29 March	Balance					1,625	00 DR
31 March	SO – Rent						
31 March	BGC – Dividends						
31 March	DD – Electricity						

4

(*b*) **Bank Reconciliation Statement as at 31 March 2012**

Balance as per Bank Statement

Items paid in but not yet credited

Cash Sales

Cheques paid but not yet presented

C McDonald

B Heaney

Balance as per Updated Bank Account

7

(*c*) Indicate what the letters plc stand for in New Bank plc. Tick (✓) the correct box.

private limited company	
peoples limited company	
public limited company	

2

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3. (continued)

(*d*) Indicate which of the following sources of finance are only available to a plc. Tick (✓) the **2** correct boxes.

Bank Loans	☐
Selling Shares	☐
Fundraising Events	☐
Obtaining Grants	☐
Issuing Debentures	☐

4

(*e*) Indicate the name given to the share of profits received by shareholders. Tick (✓) the correct box.

Commission	☐
Salary	☐
Bonus	☐
Dividend	☐

2

(*f*) P De Cecco has paid some bills by Standing Order (**SO**) and some by Direct Debit (**DD**). Tick (✓) the correct box to show whether each of the following statements apply to a **SO** or a **DD**.

STATEMENT	SO	DD
Only a fixed amount can be paid each month.	☐	☐
The person paying the money informs the bank how much to pay.	☐	☐
The date of the transaction can vary.	☐	☐
The person receiving the money informs the bank how much they are due.	☐	☐

8

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4. (*a*) Using the information below, complete the Receipts and Payments Account of the Gowanlea Social Club.

Purchase of Equipment	£1,000
Dance Ticket Sales	£650
Opening Bank Balance	£1,280
Grant	£2,000
Honorarium	£425
Dance Expenses	£360
Subscriptions	£24,000

The Gowanlea Social Club
Receipts and Payments Account
for year ended 30 March 2012

	£	£
Opening Bank Balance		
Receipts		
Subscriptions		
Dance Ticket Sales		
Grant		
Payments		
Purchase of Equipment		
Dance Expenses		
Honorarium		
Closing Bank Balance		

7

(*b*) Calculate the Profit from the Dance. (Show your working clearly.)
Dance Ticket Sales – Dance Expenses = Profit

____ – ____ = ____

3

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4. (continued)

(*c*) All members of the Gowanlea Social Club may attend a meeting about the club every year. State the name given to this meeting.

2

(*d*) Indicate which of the following officials would be in charge of the club's finances. Tick (✓) the correct box.

Chairman	☐
Secretary	☐
Treasurer	☐

2

(*e*) The official in charge of the club's finances would present certain information at the yearly meeting. Tick (✓) the correct box to show whether each of the following statements are **True** or **False**.

Statement	True	False
An Income & Expenditure Account showing how much the club is worth.	☐	☐
A Bar Trading Account showing the profit made on the bar.	☐	☐
A Balance Sheet showing the surplus/deficit made by the club.	☐	☐

6

[Turn over for Question 5 on *Page twelve*

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5. (*a*) Complete the ledger accounts below from the information in the **Document Pack for use with Question 5(*a*)**.

Ledger of Special Days

Account Name Sales **Number** 1

Date	Details	Dr		Cr		Balance	
2012		£	p	£	p	£	p
1 April	Lynn Ramsay						

Account Name VAT **Number** 2

Date	Details	Dr		Cr		Balance	
2012		£	p	£	p	£	p
1 April	Lynn Ramsay						
3 April	Lynn Ramsay						

Account Name Lynn Ramsay **Number** 3

Date	Details	Dr		Cr		Balance	
2012		£	p	£	p	£	p
1 April	Sales & VAT						
3 April	Sales Returns & VAT						
8 April	Bank						

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5. (*a*) (continued)

Marks KU HI

Account Name Sales Returns						**Number** 4	
Date	Details	**Dr**		**Cr**		**Balance**	
2012		£	p	£	p	£	p
3 April	Lynn Ramsay						

Account Name Bank						**Number** 5	
Date	Details	**Dr**		**Cr**		**Balance**	
2012		£	p	£	p	£	p
8 April	Lynn Ramsay						

20

(*b*) The following questions relate to the accounts above.

(i) Suggest a reason for Sales Returns.

2

(ii) What do the letters VAT stand for?

2

(iii) Indicate what accounting term describes Lynn Ramsay **before** she has paid for her goods. Tick (✓) the correct box.

Debtor	☐
Partner	☐
Creditor	☐
Borrower	☐

2

(iv) State whether the balance on the Bank Account is an asset or a liability to Special Days.

2

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5. (continued)

(*c*) Tick (✓) the **2** correct boxes that show reasons for preparing a Trial Balance.

To work out the profit of the year.	☐
To see if total debits = total credits.	☐
To see how well the business is doing.	☐
To check the accuracy of the double entry.	☐

4

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6. (*a*) Using the notes below, complete the Cash Budget of K Sweeney for the months of July and August 2012.

NOTES

- The cash balance at the beginning of July is £1,560
- Sales in July will be £10,000 and are expected to increase by 10% for August
- A loan of £5,000 will be received in August
- Purchases for July and August will be £4,000 per month
- Electricity is £100 per month. Both months are paid for in July
- Staff Wages are £500 per month
- Rent of £12,000 per year is paid monthly

CASH BUDGET of K Sweeney
for the months of July and August 2012

	JULY £	AUGUST £
Opening Balance		
Cash In		
Sales		
Loan		
Total Cash Available		
Cash Out		
Purchases		
Electricity		
Staff Wages		
Rent		
Total Cash Paid		
Closing Balance		

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**[Turn over for Questions 6(*b*), (*c*) and (*d*) on *Page sixteen*

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6. (continued)

(*b*) Indicate whether the following statements are **True** or **False** of a Cash Budget. Tick (✓) the correct box.

STATEMENT	True	False
You can see how profitable the business is.	☐	☐
You can see how much cash you will have at the end of each month.	☐	☐
You can use it to help you plan for the future.	☐	☐

6

(*c*) When K Sweeney received the loan he knew he would have to pay back extra money, on top of the loan amount. Tick (✓) the correct box to show what this extra amount is called.

Commission	☐
Interest	☐
Bonus	☐
Salary	☐

2

(*d*) Using a computer spreadsheet to complete accounts can have advantages. Tick (✓) the **2** correct boxes to show which of the following are advantages.

Spreadsheets are never wrong.	☐
Spreadsheets make calculation errors less likely.	☐
Spreadsheets can be changed quickly.	☐
Spreadsheets can help cash flow problems.	☐

4

[*END OF QUESTION PAPER*]