FOR OFFICIAL USE

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	KU	HI
Total		

0010/29/01

NATIONAL QUALIFICATIONS 2012

TUESDAY, 29 MAY
10.35 AM – 12.05 PM

ACCOUNTING AND FINANCE
STANDARD GRADE
General 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 2(*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.

SQA ©

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1. The Cookware Shop, owned by Sue Baker and Rachel Owen, returned the following goods which had been bought on credit from Kitchen Supplies.

1 Food Mixer @ £125
5 China Teapots @ £28 each

15% Trade Discount is allowed on all orders.

Total VAT for the goods is £45·05

(*a*) Complete the Credit Note below that Kitchen Supplies would send to The Cookware Shop.

CREDIT NOTE

KITCHEN SUPPLIES
47 High Street
INVERNESS
IV40 7PJ

No: 2714

VAT No: 716 992 817

Date: 14 April 2012

Tel: 01463 894950
E-mail: KitchenSupplies@btinternet.com

To: The Cookware Shop
79 Bank Street
GALASHIELS
TD1 2UE

Quantity	Description	Unit Price		Cost	
		£	p	£	p
	Less 15% Trade Discount				
	Net Goods Value				
	Add VAT @ 20%				
	Total				

8

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1. (continued)

(*b*) Name the accounts used to record the Credit Note in the ledger of Kitchen Supplies.

6

(*c*) What type of business organisation is The Cookware Shop?

2

(*d*) Sue and Rachel would like to expand the business by opening another shop. Name **3** sources of finance which would help them to do this.

6

[Turn over

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2. (*a*) **Using the Document Pack provided** make the necessary entries in the ledger accounts of Ricky Watson.

Ledger of Ricky Watson

Account Name Bank Number 1

Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
1/4/2012	Balance	1,500	00			1,500	00

Account Name Number 2

Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name Number 3

Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

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2. (*a*) (continued)

Marks KU HI

Account Name		Number 4					
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name		Number 5					
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name		Number 6					
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

25

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2. (continued)

(*b*) Ricky Watson is a sole trader. Suggest **2** advantages and **2** disadvantages of this type of organisation.

Advantages

Disadvantages

8

(*c*) Ricky buys his stock on credit. Suggest **one** benefit of doing this.

2

(*d*) Caravan Supplies send Ricky a document every month detailing all the transactions between them that month. State the name of this document.

2

(*e*) Explain the meaning of the following items which appear in Ricky's Trading, Profit and Loss Accounts.

Carriage In

Bad Debts

Depreciation

6

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3. (*a*) Using the information below, complete the following Trial Balance for Sam Buckley, a sole trader, on 30 April 2012.

Debtors	£4,490	Discount Received	£260
Advertising	£1,250	Vehicles	£12,000
Sales	£29,710	Loan	£3,000
Creditors	£3,900	Drawings	£5,400
Sales Returns	£650	Carriage In	£700
Capital	£5,840	Purchases	£18,220

Sam Buckley

Trial Balance as at 30 April 2012

	Dr £	Cr £
	£	£

13

[Turn over

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3. (continued)

(*b*) Sam has received cash discount from one of his suppliers. Suggest **one** reason for this.

2

(*c*) Explain the accounting term "drawings".

2

(*d*) Sam is Treasurer of the local bowling club. Name this type of organisation.

2

(*e*) Identify the financial statement which Sam would prepare each month to check the club's bank account balance.

2

(*f*) Explain the following terms.

Subscriptions _____

Accumulated Fund _____

4

[Turn over for Question 4 on *Page ten*

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4. Westend plc sells supplies to Health Food Shops throughout the UK. The following information is for the year ended 31 March 2012.

	£
Net Profit	34,000
<u>Issued Capital</u> –	
50,000 8% £1 Preference Shares	50,000
100,000 £1 Ordinary Shares	100,000
12% Debentures 2020	60,000
Unappropriated Profit at 1 April 2011	3,000
Creditors	2,000
Bank Overdraft	3,000

Notes:

The directors decided the following on 31 March 2012:

- to pay the preference share dividend;
- to pay an ordinary share dividend of 6%.

(*a*) Prepare the Appropriation Account below for Westend plc for the year ended 31 March 2012.

Westend plc
Appropriation Account for the year ended 31 March 2012

	£	£

7

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4. (continued)

(*b*) Select the information from the previous page and prepare the "Financed By" section of Westend plc's Balance Sheet as at 31 March 2012.

Westend plc
Balance Sheet (extract) as at 31 March 2012

Financed by:

	£	£

5

[Turn over

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4. (continued)

(*c*) Who owns Westend plc?

2

(*d*) Who is responsible for the day-to-day running of Westend plc?

2

(*e*) Explain what is meant by **limited liability** in relation to a plc.

2

(*f*) Explain **2** main differences between debentures and ordinary shares.

4

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5. Mary Moffat, a sole trader, provides the following financial information.

Turnover	£160,000
Net Profit	£48,000
Opening Capital	£240,000
Current Assets	£52,500
Drawings	£30,000
Closing Capital	£258,000
Current Liabilities	£21,000
Mortgage	£40,000

(*a*) Calculate Mary's Working Capital Ratio.

3

(*b*) Calculate Mary's Return on Capital Invested.

3

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5. (continued)

(*c*) Name **2** other ratios that Mary may calculate from her final accounts.

4

(*d*) State **2** reasons why Mary calculates accounting ratios.

4

(*e*) Suggest **2** reasons why Mary's closing capital might be less than her opening capital.

4

(*f*) (i) Explain the difference between Current Liabilities and Long-term Liabilities.

2

(ii) Give **one** example of each.

Current Liability

Long-term Liability

2

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5. (continued)

(*g*) (i) Explain the difference between a Fixed Asset and a Current Asset.

2

(ii) Give **one** example of each.

Fixed Asset

Current Asset **2**

[Turn over for Question 6 on *Page sixteen*

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6. Anne Cunningham proposes to make and sell hand-painted jewellery boxes. She has provided the following information.

Fixed Costs £500
Variable Costs £5 per unit
Selling Price £10 per unit

(*a*) Using the information above complete the following table.

Units	Fixed Costs	Variable Costs	Revenue	Profit/Loss
0				
50				
100				
150				

14

(*b*) How many units must Anne sell to break even?

2

(*c*) Explain the meaning of the following terms and give **one** example of each.

(i) Fixed Costs

Example

3

(ii) Variable Costs

Example

3

[*END OF QUESTION PAPER*]