N5

National Qualifications 2014

X700/75/11   **Accounting**

TUESDAY, 29 APRIL
1:00 PM – 2:30 PM

Total marks — 100

SECTION 1 — 60 marks

Attempt BOTH questions.

SECTION 2 — 40 marks

Attempt ALL questions.

Write your answers clearly in the Workbook provided. In the Workbook, you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

All working should be shown fully, and clearly labelled.

You may use a calculator.

Before leaving the examination room you must give your Workbook to the Invigilator; if you do not, you may lose all the marks for this paper.

SECTION 1 — 60 marks

Attempt BOTH questions

1. The following information was extracted in Year 5 from the books of David King *after* the Trading Account had been completed.

	£
Gross Profit	30,800
Discount Received	760
Carriage Out	120
Bad Debts	240
Wages	3,900
Debtors	22,000
Creditors	1,740
Bank Overdraft	240
Van (cost)	16,600
Computer (cost)	2,000
Drawings	3,000
Capital	10,620
Provision for Depreciation of Van	5,200
Advertising	900
Closing Stock	600

NOTES
- Advertising prepaid — £130
- Wages accrued — £100
- The van should be depreciated by 10% on cost and the computer by 5% on cost

(a) Using the above information, prepare the:

   (i) Profit and Loss Account for the year ended 30 April Year 5;

   (ii) Balance Sheet as at 30 April Year 5.   **25**

(b) David King has made an allowance for depreciation of his van and computer.

   (i) Describe the term "depreciation".   **1**

   (ii) State **2** possible causes of depreciation.   **2**

1. (continued)

(c) David forgot to take account of an outstanding bill for Carriage In of £90.

State the effect the inclusion of Carriage In will have on:

(i) The Trading, Profit & Loss Account; **1**

(ii) The Balance Sheet. **1**

Total marks **30**

[Turn over

2. The following data has been provided by Jennifer Coleman, a sole trader.

Level of Output (Units)	Variable Costs	Total Costs	Sales Revenue
1,000	£20,000	£40,000	£28,000
2,000	£40,000	£60,000	£56,000
3,000	£60,000	£80,000	£84,000
4,000	£80,000	£100,000	£112,000

(a) Using the data above, calculate:

    (i) Selling price per unit;   **2**

    (ii) Variable cost per unit;   **2**

    (iii) Contribution per unit;   **2**

    (iv) Fixed costs;   **2**

    (v) Break-even point in units.   **2**

(b) Calculate the margin of safety (in units and sales value) at a level of output of 6,000 units.   **3**

(c) Calculate the profit or loss at a level of output of 8,000 units.   **3**

(d) Calculate the number of units required to be sold to earn a profit of £50,000.   **3**

Jennifer aims to raise awareness of her business by investing money in printing promotional materials. This will increase fixed costs by 20%. An expected rise in demand will allow Jennifer to increase the selling price of each unit by £3, and increased efficiency in production will reduce variable costs by £1 per unit.

(e) Calculate the difference in break-even point (in units) based on the expected changes.   **6**

(f) Describe the following terms.

    (i) Production cost centre   **1**

    (ii) Service cost centre   **1**

(g) Identify **one** example of each of the following. You should give a **different** example for each.

    (i) Variable cost   **1**

    (ii) Limiting factor   **1**

    (iii) Indirect cost   **1**

                                      Total marks   30

SECTION 2 — 40 marks

Attempt ALL questions

3. Daniel Purvis owns a small restaurant in St Andrews. He purchased the following goods on credit from Kingdom Catering Supplies Ltd.

> 30 Large Dinner Plates @ £2.20 each
>
> 50 Tumbler Glasses @ £0.80 each

Daniel is a regular customer and receives 20% trade discount on all orders with a goods value of £100 or over. Orders under £100 receive a trade discount of 10%.

VAT at the rate of 20% is to be added. Payment within 30 days of the Invoice date will receive a further 5% discount.

On the **worksheet provided on Page two of the Workbook**, complete the Invoice that should be sent to Daniel Purvis.

10

[Turn over

4. The following Trial Balance was partly completed by the trainee accountant. They were not sure whether the following balances should be Debited or Credited.

Motor Vehicles	£12,000	Drawings	£2,350
Salaries	£12,600	Rent Received	£1,250
Carriage In	£350	Purchase Returns	£700
Carriage Out	£465	Capital	?

TOP TRADERS		
TRIAL BALANCE		
AS AT 31 March Year 2		
	£	£
	DR	CR
Premises	100,000	
Purchases	36,700	
Purchase Returns		
Drawings		
Debtors	1,600	
Fittings	10,000	
Sales		78,900
Sales Returns	400	
Salaries		
Stock 01 April Year 2	3,600	
Rent Received		
Carriage In		
Carriage Out		
Creditors		3,200
Capital		
Bad Debts	600	
Electricity	2,200	
Repairs	2,050	
Motor Vehicles		
TOTALS		

4. (continued)

On the **worksheet provided on Page three of the Workbook**, you are required to:

(a) Enter the above balances into the correct column of the Trial Balance;   **7**

(b) Calculate and enter the Capital Balance;   **2**

(c) Enter the Trial Balance Totals.   **1**

Total marks   **10**

[Turn over

5. Crystal Zayas has provided the following information for her first year in business.

Sales: £100,000

Gross Profit Percent: 25%

Net Profit Percent: 20%

Return on Capital Employed: 10%

(a) Calculate the following, showing all working.

  (i) Gross Profit   **1**

 (ii) Cost of Goods Sold   **2**

(iii) Net Profit   **1**

(iv) Expenses   **2**

 (v) Capital Invested   **3**

(b) Crystal estimates that her Sales will increase by 15% in Year 2.

Calculate her estimated Sales figure for Year 2.   **1**

Total marks   **10**

6. Scott Walker produces 2 products — A and B. In September, Scott works at capacity to meet demand and produces 5,000 units of each product. The total number of machine hours used for this is 35,000 hours.

Data for each product is as follows.

	A	B
Contribution <u>per unit</u>	£20	£18
Total Contribution	£100,000	£90,000
Machine hours <u>per unit</u>	4	3

(a) If Scott's Fixed Costs for September are £132,000, calculate the total profit for September. **2**

In October some of the machinery is to be replaced, which will temporarily reduce the machine time available by 20%.

(b)   (i) Calculate how many machine hours will be available. **2**

 (ii) Calculate the contribution per machine hour for each product. **1**

 (iii) State which product Scott should produce more of if he wishes to maximise profit. Give a brief reason for your answer. **1**

 (iv) Calculate the number of units of each product to be produced in order to maximise profits. **4**

Total marks   **10**

[END OF QUESTION PAPER]

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N5

National Qualifications 2014

Mark

X700/75/01

Accounting Workbook

TUESDAY, 29 APRIL

1:00 PM – 2:30 PM

Fill in these boxes and read what is printed below.

Full name of centre

Town

Forename(s)

Surname

Number of seat

Date of birth

Day	Month	Year
D D	M M	Y Y

Scottish candidate number

Write your answers clearly in this Workbook. You must clearly identify in the margin the question number you are attempting.

Use **blue** or **black** ink.

The worksheet for **Question 3** can be found on **Page two**.

The worksheet for **Question 4** can be found on **Page three**.

You do NOT have to attempt **Questions 3 and 4** first.

Blank pages for all other answers can be found on Page four onwards.

All working should be shown fully, and clearly labelled.

You may use a calculator.

Before leaving the examination room you must give this Workbook to the Invigilator; if you do not, you may lose all the marks for this paper.

XSQA

No: 2510

INVOICE

Kingdom Catering Supplies Ltd
Unit 4, Dunnikier Ind Estate
KIRKCALDY
KY2 6XT

Tel: 01592 441808
Fax: 01592 441717   VAT No: 124 851

To: Daniel Purvis
82 Market Street
ST ANDREWS
KY16 9TT

Date: 1st May Year 2

Quantity	Description	Unit Price £	Cost £
		TOTAL	

Working

TOP TRADERS		
TRIAL BALANCE		
AS AT 31 March Year 2		
	£	£
	DR	CR
Premises	100,000	
Purchases	36,700	
Purchase Returns		
Drawings		
Debtors	1,600	
Fittings	10,000	
Sales		78,900
Sales Returns	400	
Salaries		
Stock 01 April Year 2	3,600	
Rent Received		
Carriage In		
Carriage Out		
Creditors		3,200
Capital		
Bad Debts	600	
Electricity	2,200	
Repairs	2,050	
Motor Vehicles		
TOTALS		

[END OF WORKBOOK]