



National
Qualifications
2016

X700/75/11

Accounting

TUESDAY, 31 MAY
9:00 AM – 10:30 AM

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.

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.



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SECTION 1 — 60 marks
Attempt BOTH questions

1. The following information relates to the accounts of Golf Direct, a golfing supplies business owned by Paul Tay.

Ledger balances as at 1 April Year 3

Equipment	£1,200
Bank Overdraft	£450
Sales Revenue (Sales)	£920
Purchases	£520

- 2 April J Young purchased goods on credit costing £265.50 plus VAT.
- 5 April J Young returned damaged goods worth £49.50 plus VAT.
- 7 April Bought a new cash register on credit from Shop Supplies worth £405 plus VAT.
- 10 April J Young paid £275 on account by cheque.
- 14 April Received a letter from the accountant of J Young informing that he has been declared bankrupt and can only pay 25p in the £. This amount was received by cheque with the letter and the remainder is to be written off.

Note: VAT is to be applied at 20% where appropriate.

- (a) Using the information above, enter the transactions into the ledger accounts of Golf Direct on **Page 2–4 of your Workbook** (J Young's opening ledger balance has already been entered). **25**
- Answer questions (b)-(d) on **Page 5 of your Workbook**.
- (b) Outline **two** roles of a Financial Accountant. **2**
- (c) State a reason as to why businesses may give each other:
- (i) Trade Discount. **1**
- (ii) Cash Discount. **1**
- (d) Describe how Rent Received would be dealt with in the Income Statement (Trading, Profit & Loss Account). **1**

2. Use Pages 6–9 of the Workbook to answer this question.

PART A

Pam Daws owns a business that produces sandwich toasters for the catering industry. The following is the budgeted unit data for Year 3 of the business.

Selling price	£70
Raw materials	£10
Labour (3 hours)	£8 per hour
Variable overheads	£4 per labour hour

Total budgeted fixed costs are £96,000

Total production is expected to be 14,000 units

Using the above information, **calculate**:

- | | |
|---|---|
| (a) Total variable cost per unit; | 3 |
| (b) Contribution per unit; | 2 |
| (c) Break-even point in units and sales value; | 3 |
| (d) Margin of safety (in units and sales value) at a production level of 7,000 units; | 3 |
| (e) Profit/loss if all the expected production units are sold. | 3 |

PART B

Piotr Czerniak manufactures safety helmets for Equestrian riders. He has provided the following data.

Contribution per unit	£40
Break-even point	1,500 units

- | | |
|--|---|
| (a) Calculate the total Fixed Costs. | 2 |
| (b) Calculate how many units Piotr needs to sell to make a profit of £30,000. | 3 |

Piotr expects the following changes to take place in the coming year:

- Fixed costs to reduce by 5%
 - Selling price to increase by £4
 - Variable cost per unit to reduce by £3.50
- | | |
|---|---|
| (c) Calculate the change in break-even point based on the expected changes above. | 6 |
| (d) (i) Outline two advantages of calculating accounting ratios. | 2 |
| (ii) Suggest three actions that could be taken when a negative closing balance is identified in a Cash Budget. | 3 |

SECTION 2 — 40 marks

Attempt ALL questions

3. Ronald MacLean is the owner of Get Outdoors, a small wholesaler of accessories for retailers and outdoors enthusiasts. He sold the following goods to Hillfoot Cycles on 20 April Year 5:

9 Mountain Bike Helmets (various colours) @ £50·00 each

5 Trail X1 Mountain Bikes @ £270·00 each

Ronald applies the following terms to all sales made to Hillfoot Cycles. Hillfoot Cycles has agreed in advance to make prompt payment in order to receive the cash discount. Hillfoot Cycles has requested that the invoice should reflect this.

TERMS	DELIVERY
10% Trade Discount Cash Discount — 7·5% one month VAT — 20%	£30·00 on all orders of 15 items or less

On the **Worksheet** provided on **Page 10** of your **Workbook**, complete the Invoice that should be sent to Hillfoot Cycles.

10

4. Charlie McTavish is a sole trader. He provides you with the following information.
The Cash and Cash Equivalents (Bank) balance of Charlie is expected to be £30,000 at 31 August Year 2.

1. Sales in units are estimated to be as follows:

Aug	Sept	Oct
2,300	1,500	2,000

2. The selling price per unit will be £60 but Cash Sales will receive a discount of 10%.
3. Credit customers pay one month after sale.
4. Credit sales account for 60% of total sales each month.
5. Estimated production each month will be:

Aug	Sept	Oct
2,500	1,100	1,500

6. Raw material costs are £16 per unit and are paid for one month after production.
7. Wages are £12 per unit and are paid in the same month as production.
8. Charlie buys a new van costing £20,000 and pays a 20% deposit in September.

On Page 11 of your Workbook, prepare Charlie's Cash Budget for September.

10

[Turn over

5. Harry Davidson purchases raw materials which are then manufactured into finished products and sold to customers. The following information relates to the issue and purchase of materials for November.

DATE	PURCHASES/ISSUES
01 Nov	Purchased 500 kg costing £10.25
05 Nov	Issued 200 kg to Job 10
07 Nov	Purchased 750 kg costing £10.30
12 Nov	Issued 350 kg to Job 11
16 Nov	Issued 440 kg to Job 12

Complete the Inventory (Stock) Record Card for the month of November, using Last-In-First-Out (LIFO) on the **Worksheet** provided on **Page 12** of your **Workbook**.

10

6. In Year 1 Nicole Dance's factory produced 2 products — 11,000 units of Product X and 10,000 units of Product Y, in line with consumer demand for the products.

This required 74,000 labour hours.

Annual Fixed Costs are £165,000.

All units produced were sold.

Data for each product is shown below.

	X	Y
Contribution per unit	£20	£18
Labour Hours per unit	4	3

In Year 2, due to employee redundancies as a result of cost savings, there will only be 56,000 labour hours available, although consumer demand will remain the same. Fixed costs will also remain the same as in Year 1.

Use Page 13, (and the subsequent pages if needed), of the Workbook to answer the following questions.

- (a) For each product calculate the Contribution per Labour Hour. 1
- (b) Justify the order of production in order to maximise profit. 1
- (c) For Year 2, calculate how many labour hours should be allocated to each product in order to maximise profit. 2
- (d) For Year 2, calculate how many units of each product should be produced in order to maximise profit. 2
- (e) For Year 2, calculate the Contribution from each product and in total. 3
- (f) Calculate the maximum profit for Year 2. 1

[END OF QUESTION PAPER]

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FOR OFFICIAL USE



National
Qualifications
2016

Mark

X700/75/01

**Accounting
Workbook**

TUESDAY, 31 MAY
9:00 AM – 10:30 AM



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

Scottish candidate number

Write your answers clearly in the spaces provided in this Workbook. Additional space for answers is provided at the end of this Workbook. If you use this space you must clearly identify in the margin the question number you are attempting.

A template is provided for Questions 1, 3, and 5.

All working should be shown fully, and clearly labelled.

You may use a calculator.

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

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.



FOR USE WITH QUESTION 1

DO NOT
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Ledger Accounts of Golf Direct

IMPORTANT NOTE: There may be more blank ledger accounts than are required to complete the question.

Account Name: J Young — Trade Receivable (Debtor)							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
1 Apr	Balance					275	00

Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p



Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p



Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name: _____							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p



No:
992



Invoice

Get Outdoors
Unit 2, Gordon Industrial Estate
DUNDEE
DD3 7YR

Tel: 01382 814992

To: Hillfoot Cycles
24 Stirling Road
MENSTRIE
FK12 8PP

VAT No: 14481

Date: 20 April Year 5

Quantity	Description	Unit Price £	Cost £
		TOTAL	

Working:



Worksheet for Question 5

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Inventory (Stock) Record Card — LIFO: Harry Davidson

Date	Receipts			Issues			Balance		
	Qty	CPU (£)	Value (£)	Qty	CPU (£)	Value (£)	Qty	CPU (£)	Value (£)



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Acknowledgement

Workbook Worksheet Q3 – Daxiao Productions/shutterstock.com



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