

FOR OFFICIAL USE

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**0010/402**

NATIONAL QUALIFICATIONS 2007  
 FRIDAY, 25 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

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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.



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1. Iago plc returned the following goods that had been bought on credit from Desdemona Dresses.

2 cotton lycra dresses @ £40 each

2 leather belts @ £10 each

**Total VAT for the goods is £14.87.**

(a) Complete the Credit Note below, which Desdemona Dresses would send to Iago plc.

| <b>CREDIT NOTE</b>                                     |                           |            |   |      |   |
|--|---------------------------|------------|---|------|---|
| <b>DESDEMONA DRESSES</b>                               |                           |            |   |      |   |
| 12 Smith Street<br>KELSO<br>TR15 4BY                   |                           |            |   |      |   |
| Telephone: 01573 56423                                 |                           |            | Email: <a href="mailto:desdress@htp.co.uk">desdress@htp.co.uk</a> |      |   |
| Credit Note Number: 22                                 |                           |            | VAT Number: 221 13 333  |      |   |
| To: Iago plc<br>4 Bonhill Road<br>DUMBARTON<br>MR3 5PG |                           |            |   |      |   |
| Quantity   | Description               | Unit Price |   | Cost |   |
|  |                           | £          | p   | £    | p |
|  | Less Trade Discount (15%) |            |   |      |   |
|  | <b>Net Goods Value</b>    |            |   |      |   |
|  | Add VAT (17.5%)           |            |   |      |   |
|  | <b>TOTAL</b>              |            |   |      |   |

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2. (a) Using the **Document Pack provided** make the necessary entries in the ledger accounts of the partnership Calypso Cheeses.

**Ledger of Calypso Cheeses**

| Account Name _____ |         | Number _____ |   | 1  |   |         |   |
|--------------------|---------|--------------|---|----|---|---------|---|
| Date               | Details | Dr           |   | Cr |   | Balance |   |
| 2007               |         | £            | p | £  | p | £       | p |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |

| Account Name _____ |         | Number _____ |   | 2  |   |         |   |
|--------------------|---------|--------------|---|----|---|---------|---|
| Date               | Details | Dr           |   | Cr |   | Balance |   |
| 2007               |         | £            | p | £  | p | £       | p |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |

| Account Name _____ |         | Number _____ |   | 3  |   |         |   |
|--------------------|---------|--------------|---|----|---|---------|---|
| Date               | Details | Dr           |   | Cr |   | Balance |   |
| 2007               |         | £            | p | £  | p | £       | p |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
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2. (a) (continued)

| Account Name _____ |         | Number _____ |   | 4  |   |         |   |
|--------------------|---------|--------------|---|----|---|---------|---|
| Date               | Details | Dr           |   | Cr |   | Balance |   |
| 2007               |         | £            | p | £  | p | £       | p |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |

| Account Name _____ |         | Number _____ |   | 5  |   |         |   |
|--------------------|---------|--------------|---|----|---|---------|---|
| Date               | Details | Dr           |   | Cr |   | Balance |   |
| 2007               |         | £            | p | £  | p | £       | p |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |
|                    |         |              |   |    |   |         |   |

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(b) Give 2 benefits of preparing a **Partnership Agreement**.

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**2. (continued)**

(c) Explain the meaning of the term **unlimited liability**.

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(d) Explain why a partnership prepares an **Appropriation Account**.

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**[Turn over for Question 3 on *Page eight***

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3. The Modern Drama Group provided the following information on 30 April 2007.

|                                      |        |
|--------------------------------------|--------|
| Subscriptions                        | £6,000 |
| Profit on Bar                        | £3,500 |
| Loss on Plays                        | £840   |
| New Equipment bought during the year | £2,200 |
| Equipment at start of year           | £7,800 |
| Insurance                            | £120   |
| Hall Rent                            | £160   |
| Donations received                   | £500   |
| Honorarium                           | £200   |

**NOTES**

- Hall rent owing at end of year £20
- Insurance prepaid at year end £10
- Subscriptions owing at year end £2,000
- All Equipment is to be depreciated by 10 %

(a) From the information provided **select** those items necessary and complete the Income and Expenditure Account on the opposite page.



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3. (continued)

- (c) Members' **subscriptions owing** at the end of the financial year would be recorded in the Balance Sheet.

Tick (✓) the appropriate heading under which this item would appear.

|                       |  |
|-----------------------|--|
| Fixed Assets          |  |
| Current Assets        |  |
| Current Liabilities   |  |
| Long Term Liabilities |  |

- (d) Explain the following terms when used with **not-for-profit** organisations.

(i) AGM

\_\_\_\_\_

\_\_\_\_\_

(ii) Deficit

\_\_\_\_\_

\_\_\_\_\_

(iii) Accumulated Fund

\_\_\_\_\_

\_\_\_\_\_

- (e) Who would receive an honorarium and why would they receive it?

Who? \_\_\_\_\_

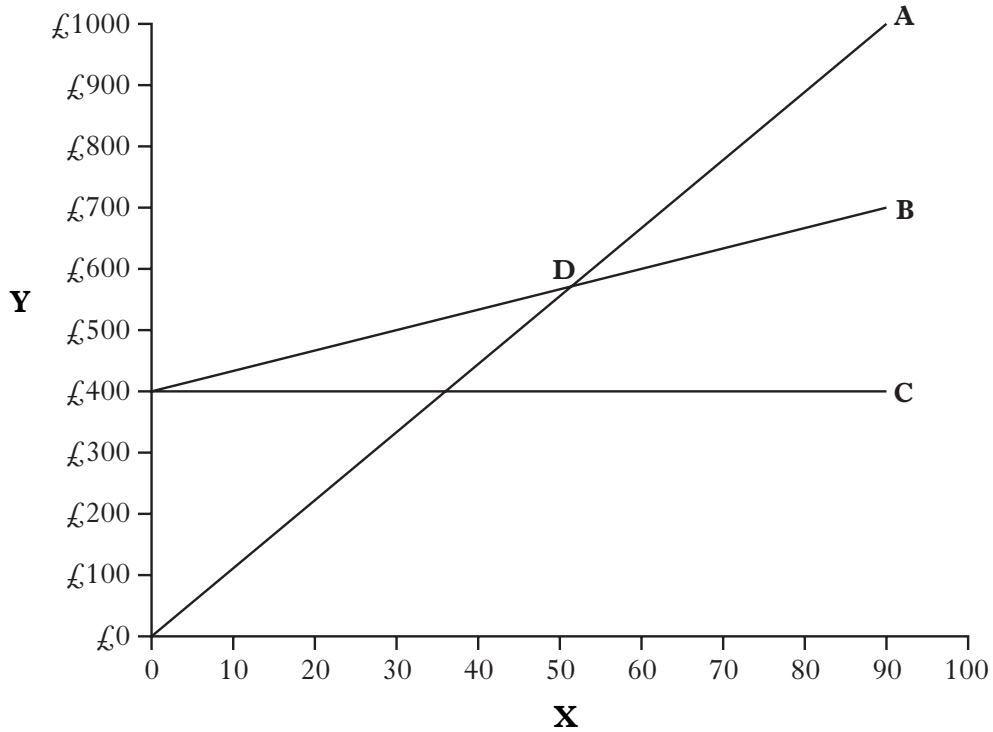
Why? \_\_\_\_\_

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4. (a) Cassio and Emilia are in partnership selling wooden tables.

**Breakeven Chart for Wooden Tables**



Refer to the Breakeven Chart above and complete the table below.

| Chart Letter | Chart Name or Label |
|--------------|---------------------|
| A            |                     |
| B            |                     |
| C            |                     |
| D            |                     |
| X            |                     |
| Y            |                     |

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**[Turn over for Question 5 on *Page fourteen***

5. The following is the Trading and Profit and Loss Account of Ricardo Poseidone a sole trader.

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**Trading and Profit and Loss Account of Ricardo Poseidone  
for the year ended 30 April 2007**

|                                 | £      | £       |
|---------------------------------|--------|---------|
| Sales                           |        | 80,000  |
| <b>less</b> Cost of Goods Sold: |        |         |
| Opening Stock                   | 10,000 |         |
| <b>add</b> Purchases            | 52,000 |         |
|                                 | 62,000 |         |
| <b>less</b> Closing Stock       | 6,000  |         |
| Cost of Goods Sold              |        | 56,000  |
| Gross Profit                    |        | 24,000  |
| <b>less</b> Expenses            |        | 14,000  |
| Net Profit                      |        | £10,000 |

(a) Using the information above, calculate the following.

(i) Average Stock

4

(ii) Rate of Stock Turnover

3

(iii) Gross Profit Percentage

3

(iv) Net Profit Percentage

3

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5. (continued)

(b) Name **2** ratios that could be calculated from the Balance Sheet.

\_\_\_\_\_

\_\_\_\_\_

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| Name of Business       | Zeus    | Helios  |
|------------------------|---------|---------|
| Rate of Stock Turnover | 6 times | 9 times |
| Net Profit Percentage  | 15%     | 22%     |

Using the information above, answer the following.

(c) Which business has been the most successful?

\_\_\_\_\_

\_\_\_\_\_

2

(d) State **one** possible reason why Helios has a higher rate of stock turnover.

\_\_\_\_\_

\_\_\_\_\_

2

(e) Suggest how a firm could improve its Net Profit Percentage.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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6. (a) Using the information below, complete the following Trial Balance for Telemachas, a partnership, on 30 April 2007.

|                   | £      |
|-------------------|--------|
| Capital—Tele      | 26,050 |
| Capital—Machas    | 26,050 |
| Drawings—Tele     | 2,000  |
| Drawings—Machas   | 1,000  |
| Bank Overdraft    | 2,400  |
| Debtors           | 800    |
| Sales             | 10,000 |
| Sales Returns     | 500    |
| Purchases         | 5,600  |
| Rent              | 100    |
| Creditors         | 5,000  |
| Discount Received | 500    |
| Equipment         | 60,000 |



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**6. (continued)**

(d) Name **or** describe **3** types of errors that would **not** be shown by the Trial Balance.

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[END OF QUESTION PAPER]

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