

FOR OFFICIAL USE

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**0010/402**

NATIONAL QUALIFICATIONS 2009  
 MONDAY, 1 JUNE  
 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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Scottish candidate number

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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.



Marks

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1. Deegan & Kerr ordered the following from Grove Office Supplies on 19 February 2009.

3 operator chairs @ £60.00 each

1 cross-cut shredder @ £20.00 each

10% Trade Discount is allowed on all orders

**Total VAT for the goods is £31.50.**

(a) Complete the Order Form below using the above information.

<h1 style="margin: 0;">ORDER FORM</h1> <div style="display: flex; justify-content: space-around; align-items: center; margin: 10px 0;"> <div style="text-align: center;"> <h2 style="margin: 0;">Deegan &amp; Kerr</h2> <h3 style="margin: 0;">PLUMBING AND HEATING SERVICES</h3> <p style="margin: 0;">29 Ronan Drive PERTH PH3 4GH</p> </div> </div>			
To: Grove Office Supplies 90 Strachan Drive Dundee DD2 9TT		Tel: 01738 991243 Order No: 256 VAT No: 901 265 771 Date: 19 February 2009	
Quantity	Description	Unit Price	Cost
		£      p	£      p
	Less 10% Trade Discount		
	<b>Net Goods Value</b>		
	Add VAT @ (17.5%)		
	<b>Total</b>		

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**1. (continued)**

(b) Name the ledger accounts that Deegan & Kerr would use to record the transaction when the items ordered are received.

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(c) Grove Office Supplies gives Deegan & Kerr a 10% trade discount.

(i) What does this mean?

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(ii) Give **one** reason why trade discount is given.

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(d) Suggest **2** reasons why Deegan & Kerr may return goods to Grove Office Supplies.

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(e) State **one** benefit of buyings goods on credit.

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**[Turn over**

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

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**Ledger of Craigmyle Catering**

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

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)

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

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

25

(b) Craigmyle Catering will send a Statement of Account to Food 2 U at the end of each month. Explain the purpose of this document.

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[Turn over

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**2. (continued)**

(c) Craigmyle Catering operates as a sole trader. Give **2** reasons why the business would benefit from forming a partnership.

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(d) Both sole traders and partnerships have unlimited liability. Explain this term.

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

3. (a) JS Technologies plc has recently appointed a trainee accountant who produced the company's Trial Balance as at 31 March 2009.

There are 6 entries on the wrong side of the Trial Balance.

You are required to rewrite the Trial Balance, correcting the 6 errors.

<b>JS Technologies plc</b>		
<b>Trial Balance as at 31 March 2009</b>		
	<b>DR</b>	<b>CR</b>
Wages and Salaries	146,000	
Debtors	44,000	
Purchases		291,000
Bank	27,000	
Debentures	30,000	
Sales Returns	1,500	
Discount Allowed	1,250	
Ordinary Shares	88,000	
Premises	160,000	
Stock		22,750
Discount Received	1,500	
Creditors	30,000	
Sales		534,000
Unappropriated Profit		10,000
	<b>£529,250</b>	<b>£857,750</b>

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3. (a) (continued)

<b>JS Technologies plc</b>		
<b>Trial Balance as at 31 March 2009</b>		
	<b>DR</b>	<b>CR</b>
Wages and Salaries		
Debtors		
Purchases		
Bank		
Debentures		
Sales Returns		
Discount Allowed		
Ordinary Shares		
Premises		
Stock		
Discount Received		
Creditors		
Sales		
Unappropriated Profit		

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[Turn over

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**3. (continued)**

(b) Suggest **2** reasons why JS Technologies plc would prepare a Trial Balance at the end of the financial period.

1 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

2 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(c) Even if the Trial Balance totals are equal, there may still be errors in the ledger. Complete the table below with the name of each error. The first one has been completed as an example.

Name of Error
Principle
Reversal
Omission
Compensating
Original entry

Description of Error	Name of Error
<i>A transaction has been completely missed out.</i>	<b>Omission</b>
The account which should have been debited is credited and the account which should have been credited is debited.	
The wrong type of account has been used eg Purchases Account instead of Equipment Account.	
The correct accounts were used but the wrong figure entered eg £345 entered instead of £453.	
Two or more errors have cancelled each other out.	

**[Turn over for Question 4 on *Page twelve***

4. (a) Sophie McPherson owns The Magic Carpet Store which sells carpets, rugs and floor coverings.

From the following information, prepare the Trading and Profit and Loss Accounts for the year ended 30 April 2009.

	£
Purchases	80,200
Insurance	9,600
Sales	124,500
Stock at 1 May 2008	8,000
Rent Received	4,400
Carriage In	1,600
Sales Returns	2,700
Wages	6,400
Furniture (at cost)	25,000
Advertising	5,600
Carriage Out	730

**Notes:**

- (1) Stock at 30 April 2009 was valued at £7,400
- (2) Insurance prepaid — £1,600
- (3) Furniture to be depreciated by 10% on cost
- (4) Wages due — £580



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**4. (continued)**

(b) Explain the meaning of the following terms found in a Balance Sheet.

(i) Current Liability

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(ii) Drawings

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(c) The Magic Carpet Store keeps a Petty Cash Book. Suggest **2** reasons for this.

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

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5. The Treasurer of the Ochil Outdoor Activities Club has provided the following information from the Bar Trading Account for the year ended 31 January 2009.

	£
Cost of Goods Sold	11,250
Opening Stock	1,050
Gross Profit	3,750
Closing Stock	1,200
Bar Sales	15,000

(a) From the information provided, calculate the following ratios.

(i) The Gross Profit Percentage

(ii) The Rate of Stock Turnover

(b) State 2 reasons why the club calculates these ratios.

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**5. (continued)**

(c) Suggest **one** way the club could improve its Gross Profit percentage.

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(d) Explain the following terms associated with a not-for-profit organisation.

(i) Subscriptions

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(ii) Surplus

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(iii) Accumulated Fund

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(e) Name **2** items which would appear in a Receipts and Payments Account but not in an Income and Expenditure Account.

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(f) Suggest **2** ways in which the Ochil Outdoor Activities Club could raise finance other than by increasing subscriptions.

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**[Turn over**

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6. Tynadee plc are producers of golf umbrellas. The estimated costs and revenues are shown below.

Bank Balance at 1 July 2009	£3,800	
Wages	£7,200	per annum paid monthly
Insurance	£200	per month

	June	July	August
Credit Sales	£1,500	£1,820	£740
Cash Purchases	£1,200	£1,100	£1,220

Credit Sales will be paid for in the month following the sale.

Production equipment costing £3,000 will be bought in July and paid in 2 equal instalments in August and September.

(a) Complete the Cash Budget of Tynadee plc for the 2 months ending August 2009.

**ESTIMATED CASH BUDGET FOR JULY AND AUGUST 2009**

	July £	August £
OPENING BALANCE		
<b>Receipts</b>		
Credit Sales	_____	_____
<b>Payments</b>		
Purchases		
Wages		
Insurance		
Production Equipment	_____	_____
CLOSING BALANCE	_____	_____

13

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6. (continued)

(b) Suggest **one** advantage to Tynadee plc of preparing a Cash Budget.

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(c) Explain the following terms which relate to a plc.

Debentures \_\_\_\_\_

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Unappropriated Profit \_\_\_\_\_

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(d) Suggest **one** reason why dividends paid to ordinary shareholders of Tynadee plc can vary from one year to another.

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(e) Explain the meaning of the following.

(i) Authorised Capital

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(ii) Issued Capital

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[END OF QUESTION PAPER]

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