



National
Qualifications
2022

X800/75/11

Accounting

MONDAY, 30 MAY

9:00 AM – 11:00 AM

Total marks — 130

SECTION 1 — 70 marks

Attempt BOTH questions.

SECTION 2 — 60 marks

Attempt ALL questions.

Write your answers clearly in the workbook provided.

You may use a calculator.

All working should be shown fully, and clearly labelled.

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

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.



* X 8 0 0 7 5 1 1 *

SECTION 1 — 70 marks
Attempt BOTH questions

1. The following balances were taken from the ledger of Pamela's Pastries, a sole trader, on 31 December Year 3.

	£
Administrative Expenses	14,000
Bad Debts	450
Cash and Cash Equivalents	11,000
Cleaning Expenses	260
Discount Allowed	700
Discount Received	2,300
Drawings	12,000
Electricity	2,600
Equity at 1 January Year 3	110,000
Furniture and Fittings at cost	20,000
Insurance	1,110
Inventory at 1 January Year 3	1,500
Loan	25,000
Motor Vehicles at cost	30,000
Property at cost	100,000
Provision for Bad Debts	400
Provision for Depreciation:	
Furniture and Fittings	6,000
Motor Vehicles	10,000
Purchases	125,000
Sales Revenue	280,000
Trade Payables	8,000
Trade Receivables	15,000
VAT (Cr)	4,000
Wages and Salaries	112,080

NOTES AT 31 DECEMBER YEAR 3

- Inventory is £2,000.
- Amounts Payable – Administrative Expenses is £250.
- Amounts Receivable – Interest due is £150.
- Provide for Depreciation for Year 3 on Furniture and Fittings at 10% on cost and on Motor Vehicles at 5% on cost.
- The Income Statement for year ending 31 December Year 3 showed a Profit for the Year of £23,000.

- (a) Select the **relevant** information and prepare the Statement of Financial Position as at 31 December Year 3 on **pages 02-03 of your workbook**.

1. (continued)

After the completion of the final accounts, Pamela's Pastries discovered the following errors:

1. Repairs to Motor Vehicles costing £48 had been entered in the Repairs Account as £84.
2. The Sales Revenue figure included £5,000 for the sale of a Motor Vehicle.
3. The Trade Receivables Account had been over-added by £100.
4. No entry had been made for the purchase of Furniture and Fittings costing £850.
5. Discount Allowed of £150 was entered in Discount Received by mistake.
6. An invoice for Cleaning Expenses valued at £64 had been entered into the accounts twice.
7. A payment for Electricity, £250, paid by direct debit had been entered in the Electricity Account but had not been entered in the Cash and Cash Equivalents Account.

Use **page 04 of your workbook** to answer the following questions.

- (b) Complete the table in your workbook showing the effect of correcting these errors on Profit for the Year. You must highlight the effect as follows:

- Increase
- Decrease
- No effect

10

- (c) Calculate the new Profit for the Year for Pamela's Pastries.

1

- (d) Outline 2 duties of a Financial Accountant.

2

- (e) State 2 reasons why Non-current Assets depreciate.

2

[Turn over

2. Use *pages 05-08* of your workbook to answer this question.

The following data has been provided by Katrina Black, a sole trader, for Year 3 of her business.

	PER UNIT
Selling Price	£80 per unit
Raw Materials	£10 per unit
Labour (3 hours)	£12 per labour hour
Overheads	£8 per labour hour

	ANNUAL COSTS
Administration	£40,000
Advertising	£30,000

(a) Using the above information, **calculate** the:

- | | |
|--|----------|
| (i) variable cost per unit | 3 |
| (ii) contribution per unit | 2 |
| (iii) fixed costs | 1 |
| (iv) break-even point in units and sales value | 3 |
| (v) margin of safety (in units and sales value) at a level of output of 10,000 units | 3 |
| (vi) profit or loss at a level of output of 5,000 units | 3 |
| (vii) number of units which must be sold to make a profit of £50,000. | 3 |

2. (continued)

Katrina expects the following changes in Year 4:

- Fixed Costs will decrease by 10%.
- Labour increases to 4 hours but the rate per hour remains the same.
- Raw materials increase by £2 per unit.
- Overheads remain unchanged at £8 per labour hour.
- Selling price will increase by 25%.

- | | | |
|-----|--|---|
| (b) | (i) Calculate the new contribution per unit for Year 4. | 6 |
| | (ii) Calculate the difference in break-even point (in units) based on the expected changes. | 3 |
| | (iii) Calculate the number of units which would now need to be sold in order to make the same profit as in (a)(vii). | 3 |
| (c) | Katrina wishes to expand the business in Year 5. Other than borrowing funds : | |
| | (i) Identify one source of finance available to a sole trader like Katrina. | 1 |
| | (ii) Outline 2 advantages and 2 disadvantages of your chosen source. | 4 |

[Turn over

SECTION 2 — 60 marks

Attempt ALL questions

3. The following balances were extracted from the ledger of Zheng Zhi as at 30 April Year 2.

	£
Wages and Salaries	36,850
Trade Receivables	4,750
Trade Payables	3,550
Purchases	150,440
Sales Revenue	259,600
Purchases Returns	7,860
Sales Revenue Returns	9,900
Overdraft – Cash and Cash Equivalents	4,700
Provision for Bad Debts	350
Property	300,000
Loan – Mortgage	150,000
Carriage In	1,100
Carriage Out	850
Drawings	6,700
Equity	97,780
Discount Allowed	950
Rent Received	1,150
Inventory	13,450

Complete the Trial Balance on the worksheet provided on *page 09* of your workbook.

15

4. Use *pages 10-11* of your workbook to answer this question.

Easy Paint is a decorating business. They have been contracted to paint a workplace within a week. A painter, S Richards, was assigned to the job and submitted the following time sheet:

Day	Hours Worked
Monday	9
Tuesday	10
Wednesday	9
Thursday	9
Friday	9.5
Saturday	4
Sunday	6

Wage information

- The basic working week for a painter is 40 hours at a basic rate of £12 per hour.
- The first 5 hours of any overtime worked is paid at time and a half, and any hours above that are paid at double time.
- Easy Paint gave the customer an estimate that it would take 60 hours to complete the job.
- A bonus of one third of the basic rate will be paid on any time saved and charged to the customer.

(a) Calculate the labour cost for the job.

8

The following information for the job is also available.

Paint Used: 65 litres of paint. Paint comes in 5 litre tubs at a cost of £25 per tub.

Overheads: Charged at a rate of £0.50 per labour hour worked.

Mark-up: 40%

VAT: 20%

(b) Using your answer from (a), prepare the Job Cost Statement to be sent to the customer clearly showing the final sales price.

7

[Turn over

5. Jemma Turner commenced business on 1 June making candles. The following information relates to the movement of candle wax from her storeroom for the month of June.

	PURCHASES		ISSUES	
DATE	QUANTITY	PRICE	JOB NO	QUANTITY
2 June	150 kg	£4.20 per kg		
5 June			01	40 kg
19 June	80 kg	£4.30 per kg		
20 June			02	30 kg
21 June	Jemma returned 15 kg of candle wax that was bought on 2 June as it was found to be mouldy.			
29 June			03	75 kg

Use **page 12 of your workbook** to answer the following questions.

- (a) Complete the Inventory Record Card for the month of June using the Last-In-First-Out (LIFO) method. 11
- (b) Outline **one** advantage and **one** disadvantage to Jemma of selling her candles on credit. 2
- (c) Jemma receives a Cash Discount from her supplier. State a reason why this type of discount is given. 1
- (d) Jemma is charged for 'Carriage' when she purchases candle wax. Outline how she would treat this in her Income Statement. 1

6. Use *pages 13-15* of your workbook to answer this question.

NOTE – some ledger accounts already contain existing balances.

The following transactions relate to the accounts of Brian Rankin:

- | | |
|------------|---|
| 5 October | Brian purchased goods on credit from Champ Sports costing £1,000 plus VAT. |
| 10 October | Brian bought an office printer on credit from Office World for £550 plus VAT. |
| 18 October | Brian withdrew £700 from the business for his own personal use. |
| 25 October | Brian made a bank transfer to Champ Sports for £1,080, in full settlement of the amount owing, after taking up 10% Cash Discount. An adjustment should be made for the amount of VAT recorded on 5 October that now no longer has to be paid. |

VAT is to be applied at 20% where appropriate.

Using the information given above, make the necessary entries in Brian Rankin's ledger accounts.

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