



**2012 Accounting**

**Intermediate 1 – Solutions**

**Finalised Marking Instructions**

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## 2012 Accounting and Finance

### Intermediate 1

### Solutions

#### Question 1

#### Torviscas plc

#### Profit and Loss Account for year ended 31 December Year 2

	£000	£000	£000	
Gross Profit			140	1
+ Revenue		25	1	
+ Revenue due		<u>2</u>	<u>1</u>	
			27	
			<u>167</u>	
Less: Expenses				
Expenses	50	1		
- Expenses prepaid	<u>5</u>	<u>1</u>		
		45		
Debenture Interest		6	1	
Depreciation on Machinery		<u>4</u>	<u>2</u>	
			55	
NET PROFIT (BEFORE TAX) ✓			<u>112</u>	
- Corporation Tax			28	1
<b>NET PROFIT AFTER TAX</b>			<u>84</u>	
+ Unappropriated profit last year			<u>50</u>	1
			134	
- Ordinary share dividend			<u>10</u>	2
<b>Unappropriated profit this year</b> ✓			<u>124</u>	1

(13)

**Balance Sheet as at 31 December Year 2**

<b>FIXED ASSETS</b>	<b>COST</b>	<b>AGG DEP</b>	<b>NBV</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Buildings	160	0	160	1
Machinery	40	24	16	1
	<u>200</u>	<u>24</u>	<u>176</u>	
<b>CURRENT ASSETS</b>				
Stock		50		1
Debtors		64		1
Cash		35		1
Bank		60		1
Revenue due		2		1
Prepaid Expenses		5		1
		<u>216</u>		
<b>CURRENT LIABILITIES</b>				
Creditors	45			1
VAT	25			1
Tax owing	28			1
Dividend owing	10			1
		<u>108</u>		
			<u>108</u>	
			<u>284</u>	
<b>Financed by:</b>				
Ordinary shares @ £1			100	1
Unappropriated profit			124	1
Debentures			60	1
			<u>284</u>	
				(17)
				(30)

**Question 2**

**(a) Khan Dowell**

**Trading, Profit and Loss Accounts for year ended 31 December Year 2**

	£000	£000	£000
Sales			200 1
- Sales Returns			<u>20 1</u>
			180
<b><u>Less: Cost of Goods Sold</u></b>			
Opening Stock		50 1	
+ Purchases	90 1		
+ Carriage in	<u>1 1</u>		
	91		
- Purchases Returns	<u>3 1</u>		
		<u>88</u>	
		138	
- Closing Stock		<u>30 1</u>	
<b>COST OF GOODS SOLD</b>			<u>108</u>
<b>GROSS PROFIT 1</b>			<u>72 1</u>
+ Discount Received			<u>10 1</u>
			82
<b><u>Less: Expenses</u></b>			
Rent		8 1	
Wages	10 1		
+ Wages due	<u>4 2</u>		
		14	
Insurance	12 1		
- Insurance prepaid	<u>6 2</u>		
		6	
Electricity		16 1	
Bad Debts		4 1	
Depreciation		2 1	
Carriage out		<u>2 2</u>	
			<u>52</u>
<b>NET PROFIT 1</b>			<u><u>30 1</u></u>

**(24)**

**(b)**

Net Profit Percentage	<b>2</b>	
Gross Profit Percentage	<b>2</b>	
Expenses Ratio	<b>2</b>	
Rate of Stock Turnover	<b>2</b>	<b>(6)</b>

**(30)**

**Question 3**


**PART A**

**TEE & COFFEY**

**PETTY CASH STATEMENT**

						Analysis Columns				
Date	Details	PCV No	Cash In	Cash Out	Balance	Stationery	Travel	Misc	Cleaning	Postage
Year 2			£	£	£	£	£	£	£	£
01-Sep	Imprest		50.00		50.00					
01-Sep	Bus Fare	10		2.50	47.50 1		2.50 1			
03-Sep	Coffee	11		3.85	43.65 1			3.85 1		
04-Sep	Window Cleaner	12		20.00	23.65 1				20.00 1	
05-Sep	A4 paper	13		5.50	18.15 1	5.50 1				
06-Sep	Envelopes	14		3.75	14.40 1	3.75 1				
07-Sep	Stamps	15		4.60	9.80 1					4.60 1
						9.25	2.50	3.85	20.00	4.60 1 line
07-Sep	Cash		40.20 2		50.00 1					<b>(16)</b>

**PART B**

<h1 style="margin: 0;">INVOICE</h1>	
<p>Archie McDonald 44 Goroamin Road GLASGOW G4 6PP</p>	<p><b>Invoice No: 7834</b></p> <p><b>Date: <u>11 May 2012</u></b></p>

1

To: Great Gardens plc  
8 Weston Green  
EDINBURGH  
EH4 7TP

Quantity	Description	Unit Price (£)	Cost (£)	
5	Shovels	25	125.00	1 line
5	Hand Trowels	8	40.00	1 line
			165.00	
	20% Trade Discount		33.00	2
			132.00	
	VAT @ 20%		26.40	2
	<b>TOTAL</b>		<b>158.40</b>	1 <b>(8)</b>

**PART C**

- More capital
- More skills/expertise
- Someone to consult before making decisions
- Easier to take holidays/time off
- Share workload

**Any 3, 2 marks each**

**(6)**  
**(30)**

## Question 4

### PART A

(a) **Eugenio**  
**Total Cost of running restaurant**

	£		
Rent	39,000		1
Laundry (£50 (1) x 52 (1))	2,600		2
Food and drink	40,080		1
Wages – basic (2 (1) x 35 (1) x 52 (1) x 8 (1))	29,120		4
Insurance	3,600		2
<b>TOTAL COST</b>	114,400		<b>(10)</b>

(b)  $100 (1) \times 52 (1) = 5,200$

$$\frac{114,400}{5,200} = \text{£}22$$

1      2

**(3)**

### PART B

#### Baking Process Account

	INPUTS				OUTPUTS				BALANCE		
	Qty (kg)	Price £	Value £		Qty (kg)	Price £	Value £		Qty (kg)	Price £	Value £
Materials	2,000	2	4,000	2					2,000	2	4,000
Labour			4,500	1							8,500
Overheads			2,300	1							10,800
Waste					200	0	0	1	1,800	6	10,800
To Decorating					1,800	1	6	2	10,800	0	0

$$\text{Cost per unit} = \frac{10,800}{1,800} = \text{£}6$$

#### Decorating Process Account

	INPUTS				OUTPUTS				BALANCE		
	Qty (kg)	Price £	Value £		Qty (kg)	Price £	Value £		Qty (kg)	Price £	Value £
From Baking	1,800	6	10,800	1					1,800	6	10,800
Materials	500	3	1,500	2					2,300		12,300
Labour			7,000	1							19,300
Overheads			500	1							19,800
Waste					100	0	0	1	2,200	9	19,800
To Shop					2,200	1	9	2	19,800	0	0

$$\text{Cost per unit} = \frac{19,800}{2,200} = \text{£}9$$

**(17)**

**ALTERNATIVE LAYOUTS**

<b>BAKING PROCESS ACCOUNT</b>							
	<b>INPUTS</b>			<b>OUTPUTS</b>			
	<b>Kg</b>	<b>£</b>	<b>£</b>		<b>Kg</b>	<b>£</b>	<b>£</b>
Materials	2,000	2	4,000	Waste	200	0	0
Labour			4,500	To Decorating	1,800	6	10,800
Overheads			2,300				
			10,800				10,800

<b>DECORATING PROCESS ACCOUNT</b>							
	<b>INPUTS</b>			<b>OUTPUTS</b>			
	<b>Kg</b>	<b>£</b>	<b>£</b>		<b>Kg</b>	<b>£</b>	<b>£</b>
From Baking	1,800	6	10,800	Waste	100	0	0
Materials	500	3	1,500	To Shop	2,200	9	19,800
Labour			7,000				
Overheads			500				
			19,800				19,800



**Question 5**

**PART A**

**Heather McMorran**

**CASH BUDGET FOR 3 MONTHS JUNE - AUGUST**

	June £		July £		August £	
Opening Balance	20,000	1	50,000		100,000	
<b>CASH IN</b>						
Cash Sales	80,000		105,000		85,000	1 line
Credit Sales	30,000	1	35,000	1	20,000	1
Bank Loan					10,000	1
	130,000		190,000		215,000	
<b>CASH OUT</b>						
Purchases	75,000	1	85,000	1	130,000	1
Wages	3,000		3,000		3,000	1
Motor Vehicle	2,000		2,000		2,000	1
	80,000		90,000		135,000	
Closing Balance	50,000		100,000		80,000	1 line

(12)

**PART B**

**(a)**

Basic Mon/Wed	12 x £25 =	£300	2	
Sunday	4 x £50	£200	2	
Bonus		£50	1	
		£550		(5)

**(b) Job Cost Statement – Job 5656**

	£		£	
Material X (50 x £20)	1000			2
Material Y (100 x £30)	3000			2
	4000			
Labour		550	1	
Overheads (£15 x 16)		240	2	
<b>TOTAL COST</b>		£4,790		(7)

**PART C**

More accurate (fewer arithmetic errors made) (1)

The use of formulae enables the data to update itself if a change is made (2)

Can be used to produce a graph (2)

Can set up a template (2)

Errors can be changed (1)

Does the calculations for you (1)

**Any 3, 2 marks each**

(6)

(30)

**Question 6**

**PART A**

**VEXHIM PLC  
Overhead Analysis Sheet**

Overhead	Basis	Rate	Total	X	Y	Z	Canteen	
<b>(a)</b> Indirect Wages	Allocated		63,000	10,000	15,000	30,000	8,000	<b>1 for line</b>
Rent and Rates	Floor Area (sq m)	£0.75	<b>1</b> 30,000	7,500	<b>1</b> 11,250	<b>1</b> 7,500	<b>1</b> 3,750	<b>1</b>
Supervision	No of Employees	400	<b>1</b> 20,000	4,000	<b>1</b> 6,000	<b>1</b> 8,000	<b>1</b> 2,000	<b>1</b>
Insurance of Machinery	Value of Machinery (£)	0.12	<b>1</b> 12,000	6,000	<b>1</b> 1,800	<b>1</b> 4,200	<b>1</b>	
	<b>DEPARTMENT TOTALS</b>			125,000	27,500	34,050	49,700	13,750
								<b>(15)</b>
<b>(b)</b> Re-apportion Canteen	%			4,125	<b>1</b> 2,750	<b>1</b> 6,875	<b>1</b>	
	<b>TOTAL DEPARTMENTAL OVERHEADS</b>			31,625	36,800	56,575		
								<b>(3)</b>

**PART B**

<b>(a) (i)</b>	A	Total Revenue/Sales	<b>1</b>	
<b>(ii)</b>	B	Total Cost	<b>1</b>	
<b>(iii)</b>	C	Fixed Cost	<b>1</b>	
<b>(b)</b>	6,000		<b>1</b>	
<b>(c)</b>	£15,000/6,000 = £2.50		<b>2</b>	<b>(6)</b>

**PART C**

<b>(a)</b>	FIFO (First In, First Out)	<b>2</b>	
<b>(b)</b>	Stock (Record) Card Stock/Purchase Requisition Bin Card Stock Requisition Goods Received Note		
	<b>Any 2, 2 each</b>	<b>4</b>	<b>(6)</b>
			<b>(30)</b>

[END OF MARKING INSTRUCTIONS]