

0010/31/01

NATIONAL
QUALIFICATIONS
2012

TUESDAY, 29 MAY
1.00 PM – 2.45 PM

ACCOUNTING AND
FINANCE
STANDARD GRADE
Credit Level

- 1 Answer **all** the questions.
- 2 Read each question carefully.
- 3 Write your answers in the answer book provided.
- 4 Candidates should start each question on a new page in the answer book.
- 5 Calculators may be used.
- 6 Check that Worksheets for Questions 3(a) and 4(a) have been provided.



Apply VAT where appropriate at 20% throughout the paper.

1. (a) Using the information below, make the necessary entries in the ledger of Fraser Forbes.

Ledger balances at 1 April 2012

Bank	£3,500
Sales	£8,450
Debtor – D Allan	£420
Stock	£1,275

- April 8 S Hardie purchased goods on credit costing £270 plus VAT.
- April 12 Goods worth £305 were taken from the business by Fraser Forbes for his own use.
- April 15 D Allan has been declared bankrupt and can only pay 45p in the £. This amount was received by cheque and the remainder is to be written off.
- April 21 S Hardie returned goods worth £50 plus VAT as they were damaged.

- (b) "A Trial Balance has limited use as a checking device."

Explain this statement and outline **2** examples which support your explanation.

- (c) Fraser operates as a sole trader but is considering going into partnership in order to expand his business. Suggest **3** limitations of operating as a partnership rather than a sole trader.

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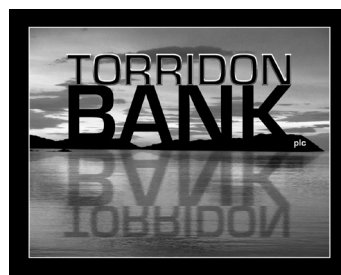
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3. The Bank Statement and Bank Account of Deaconberry plc are shown below.

TORRIDON BANK plc

Glen Road
EDINBURGH
EH22 5YP



Deaconberry plc
Unit 2
Webster Industrial Estate
KINROSS
KY13 9XW

Account No: 60653900
Branch Code: 29-12-62

Date: 30 April 2012

Date	Description	DR £	CR £	Balance £
1/4/12	Balance		2,200	2,200
4/4/12	Deposit		450	2,650
5/4/12	00256	270		2,380
5/4/12	DD – Electricity	180		2,200
8/4/12	00257	320		1,880
12/4/12	Deposit		550	2,430
13/4/12	BGC – Rent Received		330	2,760
15/4/12	00258	250		2,510
16/4/12	Cash	100		2,410
17/4/12	SO – Insurance	160		2,250
18/4/12	Deposit		400	2,650
21/4/12	00259	300		2,350
23/4/12	Deposit		240	2,590
26/4/12	Bank Charges	50		2,540
27/4/12	Cash	120		2,420

3. (continued)

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The Bank Account for the month of April is shown below.

BANK ACCOUNT				
Date	Details	DR £	CR £	Balance £
1/4/12	Balance	2,200		2,200
2/4/12	Sales	450		2,650
4/4/12	Repairs		270	2,380
8/4/12	Purchases		320	2,060
12/4/12	Sales	350		2,410
12/4/12	Sales	200		2,610
13/4/12	Travel Expenses		50	2,560
16/4/12	Cash		100	2,460
17/4/12	Sales	400		2,860
17/4/12	Advertising		130	2,730
18/4/12	Purchases		300	2,430
21/4/12	Petrol		60	2,370
22/4/12	Sales	240		2,610
27/4/12	Cash		120	2,490
28/4/12	Sales	235		2,725

Note: An error has been detected relating to the cheque presented for payment on 15 April. It has been wrongly entered in the Bank Account of Deaconberry plc.

(a) **On the Worksheet provided:**

- (i) update and correct the bank account of Deaconberry plc at 30 April 2012;
- (ii) prepare a Bank Reconciliation Statement as at 30 April 2012.

(b) Bank charges have been applied to the Deaconberry plc account by its bank. Explain **3** reasons why this may have happened.

(c) Deaconberry plc has chosen to pay its electricity by Direct Debit. State **2** reasons why this is the most suitable bank service to use.

(d) Explain what a debit balance on its Bank Statement would mean to Deaconberry plc. Justify your answer.

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4. (a) Tamara Rose operates as a sole trader. Her business, MediaMass, specialises in video, audio and IT equipment used at outdoor events.
- On 31 January 2012 MediaMass sent a Statement of Account to customer Eddie Law Promotions.
- From the following information, complete the Statement of Account (**on the Worksheet provided**) to be sent to Eddie Law Promotions on 31 January 2012.
- | | |
|------------|--|
| 1 January | Eddie Law Promotions owed MediaMass £650·45. |
| 12 January | Sold goods on credit to Eddie Law Promotions. The catalogue price of the goods was £240 (excluding VAT).
20% Trade Discount was allowed and Terms of Payment were 5% – 30 days |
| 24 January | Some of the goods sold on 12 January were damaged in transit and returned by Eddie Law Promotions. They were valued at £85·68 (including VAT). |
| 28 January | Eddie Law Promotions paid £629·95 by cheque in full settlement of the amount owed to MediaMass on 1 January. |
- (b) Name the documents that MediaMass would have sent on 12 and 24 January and explain their uses.
- (c) Tamara is concerned that in the future some of her debtors may be unable to pay. Suggest how she may be able to prepare for this happening and explain how your suggestion will affect her final accounts.

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5. (a) The accountant at Imprint plc has just prepared a Cash Budget. Explain **2** benefits of preparing this financial statement.
- (b) Imprint plc intends to buy new laptops for their 5 salesmen next month and pay for the purchase by cheque. Suggest and justify an alternative method of financing this new equipment.
- (c) A Cash Budget contains both **Capital Expenditure** and **Revenue Expenditure**. Explain these terms.
- (d) Imprint plc has recently issued Preference Shares. Explain **one** benefit of this type of share to:
- (i) preference shareholders;
 - (ii) Imprint plc.

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[Turn over for Question 6 on *Page eight*

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6. Murray and Khan operate a partnership selling sports equipment. They have provided the following financial information for year ending 29 February 2012.

Opening Stock	£3,600
Closing Stock	£2,400
Net Sales	£45,000
Purchases	£27,300
Gross Profit	£16,500
Expenses	£10,300

- (a) Murray and Khan have calculated the Expenses Ratio to analyse the business's performance. Calculate **3** other appropriate ratios.
- (b) Murray and Khan also use their Balance Sheet to calculate the following ratios:
- Working Capital Ratio (Current Ratio)
 - Return on Capital Invested
- Explain **2** ways to improve each of these ratios.
- (c) Name the document that is drawn up when a partnership is formed. Explain the importance of this document.

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[END OF QUESTION PAPER]

FOR OFFICIAL USE

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2012

TUESDAY, 29 MAY
1.00 PM – 2.45 PM

ACCOUNTING AND
FINANCE
STANDARD GRADE
Credit Level
Worksheets for
Questions 3(a) and 4(a)

Fill in these boxes and read what is printed below.

Full name of centre

Town

Forename(s)

Surname

Date of birth

Day Month Year

--	--	--	--	--	--

Scottish candidate number

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Number of seat

To be inserted inside the front cover of the candidate's
answer book and returned with it



Worksheet for Question 3(a)

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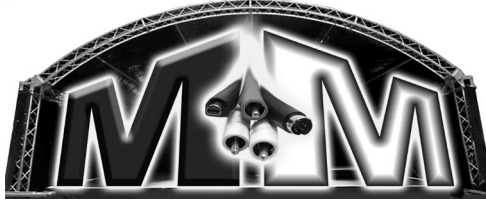
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(a) (i)

UPDATED BANK ACCOUNT				
Date	Details	DR £	CR £	Balance £

(ii) **BANK RECONCILIATION STATEMENT AS AT 30 APRIL 2012**

STATEMENT OF ACCOUNT



MediaMass
Glengorn Business Park
DUNDEE
DD2 4LB

Eddie Law Promotions
 Sydney Road
 Glenrothes
 Fife
 KY7 4TR

Tel: 01382 558529

Vat No: 0509 6446

Date: 31 January 2012

Date	Details	Debit £	Credit £	Balance £
BALANCE NOW DUE FOR PAYMENT				£

WORKING:

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