

0010/31/01

NATIONAL
QUALIFICATIONS
2013

TUESDAY, 4 JUNE
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 Worksheet for Question 1(a) has been provided.



Apply VAT where appropriate at 20% throughout the paper.

1. James Wann is the owner of Scottish Salon Suppliers. On 9 April 2013 he sold 8 Volume Conditioners and 3 Mega M50 Hairdryers to Julia Morgan who runs her own hairdressing salon.

SCOTTISH SALON SUPPLIERS			
PRICE LIST FOR 2013			
Shampoo		Conditioner	
Moisturising 300 ml	£4.00	Shine 500 ml	£5.00
Volumising 300 ml	£5.50	Repair 500 ml	£6.00
Colour Protect 300 ml	£6.00	Volume 500 ml	£8.75
Brushes		Hairdryers	
Ceramic Brush	£8.00	Turbo 220	£32.00
Vent Brush	£4.00	Mega M50	£40.00
Curling Brush	£6.00	UltraPro	£25.00
TERMS: Trade Discount – 10% Cash Discount – 5% one month VAT – 20%		DELIVERY: £10.00 on orders under £250 FREE on orders of £250 or more	

- (a) Using the information from the Price List above, complete the Invoice to be sent to Julia Morgan (**on the Worksheet provided**).
- (b) State **2** reasons why James would keep a copy of the invoice sent to Julia Morgan on 9 April 2013.
- (c) Identify **2** accounting documents, other than an Invoice, which James could use in credit transactions. Explain their use.
- (d) James plans to expand his business. Identify **2** sources of finance that could fund this without James having to share control of the business. Suggest **one** advantage and **one** disadvantage of each source. **Advantages and disadvantages of each source of finance must be different.**

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Marks

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2. Ternan plc provided the following financial information as at 31 March 2013 after the Trading, Profit and Loss Accounts have been prepared.

	£000
Net Profit	56
Equipment	230
VAT (CR)	16
Unappropriated Profit at 1 April 2012	28
Debtors	40
Interim Preference Dividend	2
Creditors	22
5% Debentures	20
Stock at 31 March 2013	130
Bank	50
Issued Share Capital:	
10% Preference Shares (80,000)	80
Ordinary Shares (200,000)	200
Provision for Bad Debts	6
Insurance prepaid	8
Provision for Depreciation of Equipment	26
Rent Owing	5
Debenture Interest due	1

The Board of Directors proposed that:

- an Ordinary Share dividend of 4% is to be paid in full
- the Preference Share dividend is to be paid in full

- (a) Prepare Ternan plc's Appropriation Account and Balance Sheet using the above information.
- (b) Ternan plc offers Trade and Cash Discounts. Explain **one** benefit of each to the company.
- (c) Explain the difference between Bad Debts and Provision for Bad Debts.
- (d) A profitable business can suffer liquidity problems. Suggest **2** reasons why this could arise.

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[Turn over

Marks

4. Lochton Athletics Club is planning an end of season Awards Dinner/Disco. The following information has been provided.

Disco hire	£135
Hire of Venue for event	£265
Food/Refreshments per person	£15
Price of ticket per person	£20

- (a) Calculate the number of tickets which the club need to sell for the Awards Dinner/Disco to break even. **5**
- (b) Calculate the number of tickets that would have to be sold to make a £250 profit. **3**
- (c) Calculate the selling price of the tickets for the event to allow the club to break even if 200 people want to attend. **4**
- (d) The club Treasurer prepares a Receipts and Payments Account and a Cash Budget. Suggest **2** other financial statements that could be prepared and explain the information they would provide to members. **6**
- (e) (i) A club will incur both capital and revenue expenditure. Explain the difference between capital and revenue expenditure. **4**
- (ii) Give an example of each type of expenditure. **2**

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FOR OFFICIAL USE

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0010/31/11

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2013

TUESDAY, 4 JUNE
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ACCOUNTING AND
FINANCE
STANDARD GRADE
Credit Level
Worksheet for
Question 1(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

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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



INVOICE

SCOTTISH SALON SUPPLIERS
48 Waterside Way
DUNDEE
DD2 5TP



Tel: 01382 559001

email: scotsalon@bmail.com

To: Julia Morgan
 Eclipse Hairdressing
 56 Kintore Road
 ABERDEEN
 AB11 6QQ

Tel: 01224 870022

Vat No: 4225 6070

Date: 09 April 2013

Quantity	Description	Unit Price		Cost	
		£	p	£	p

WORKING:

[END OF WORKSHEET]