



National  
Qualifications  
2017

**X700/75/11**

**Accounting**

WEDNESDAY, 24 MAY

9:00 AM – 10:30 AM

**Total marks — 100**

**SECTION 1 — 60 marks**

Attempt ALL questions.

**SECTION 2 — 40 marks**

Attempt ALL questions.

Write your answers clearly in the Workbook provided.

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

All working should be shown fully, and clearly labelled.

**You may use a calculator.**

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 7 0 0 7 5 1 1 \*

**SECTION 1 – 60 marks**

**Attempt ALL questions**

1. James Dunn operates a small fishing supplies business called “On the Fly”. The following figures show some of his ledger balances which were extracted on 30 April Year 5:

	£
Equity	65,000
Purchases	24,650
Trade Receivables	3,000
Bank Loan	2,000
Wages	20,000
Drawings	1,500
Inventory at 1 May Year 4	4,600
Carriage Outwards	350
Carriage Inwards	175
Sales Revenue	73,250
Purchase Returns	900
Electricity	1,540
Provision for Depreciation of Van	3,000
Van (at cost)	10,000
Bad Debts	150
Rent Received	1,200
Trade Payables	2,500
Sales Revenue Returns	150
Loan Finance Costs	200
Discount Received	250

**NOTES AT 30 APRIL YEAR 5**

- Inventory is £5,000
- Electricity paid in advance was £90
- Wages owing were £1,000
- Depreciation of the van is to be provided at 15% on cost
- A provision for bad debts of 10% of trade receivables is to be created

## 1. (continued)

Use Pages 2–5 of the Workbook to answer this question.

- (a) Select the **necessary** information and prepare:
- (i) The Income Statement for the year ended 30 April Year 5. **18**
  - (ii) The Equity Section (“Bottom Section”) of the Statement of Financial Position as at 30 April Year 5. **7**
- (b) Outline why a Cash & Cash Equivalents account can have either a Debit or Credit balance in the Trial Balance. **2**
- (c) James Dunn is going to expand his business by buying new property.
- (i) Identify the source of finance **normally used to buy property**. **1**
  - (ii) Give **one** advantage and **one** disadvantage of this source of finance. **2**

[Turn over

2. Use Pages 6–8 of the Workbook to answer this question.

MARKS

Aidan Connelly runs a successful business in St Andrews. Demand for his products is expected to increase in the coming months. Aidan has estimated the following for the months May to August Year 2:

(1) The estimated opening balance at 31 May is £5,000.

(2) Sales (in units) will be:

May	June	July	August
3,200	3,500	4,000	3,800

- The selling price for credit sales will be £80 per unit and cash sales will be £10 less per unit.
- 40% of monthly sales units will be sold on a cash basis, with the remainder sold on one month's credit.

(3) Production (in units) will be:

May	June	July	August
3,600	3,700	4,100	3,850

(4) Unit data:

- Labour – £32 per unit
- Material – £18 per unit
- Variable overheads – £8 per unit

(5) Labour will be paid for in the same month as production.

(6) A bonus of £16 per unit will be paid for production above 3,500 units. The bonus payment will be paid in the month following production.

(7) Materials will be purchased in the same month as production and paid for one month later.

(8) Variable overheads will be paid for in the same month as production.

(9) Fixed costs will be £7,000 per month.

(10) Aidan currently leases equipment for £1,200 per month. He has signed a new contract to lease more equipment from July and the new total monthly cost will be 50% higher than the current monthly cost.

(11) Aidan receives an enterprise grant for £10,000 in July.

(a) Prepare a Cash Budget for the months June to August showing clearly opening and closing bank balances for each month.

26

(b) Describe 2 benefits to Aidan of preparing a Cash Budget.

2

(c) Other than Cash Budgeting, state 2 roles of a Management Accountant.

2

## SECTION 2 – 40 marks

Attempt ALL questions

3. Scotty McNish is a sole trader making and selling garden gnomes. There are 4 cost centres – Moulding, Decorating, Packing and Office.

The estimated overheads for next year are:

Overhead	Amount
Heat and Light	£20,000
Staff Admin	£9,000
Machinery Insurance	£5,000

The following information is available for the cost centres:

	Moulding	Decorating	Packing	Office	Total
Number of Employees	6	10	4	5	25
Floor Area (sq m)	10,000	7,000	20,000	3,000	40,000
Value of Machinery (£)	30,000	10,000	60,000	–	100,000

Using the **Overhead Analysis Sheet** provided on **Page 9 of the Workbook**, you are required to:

- (a) Prepare the Overhead Analysis Sheet to show the total estimated overhead apportioned to each cost centre. 7
- (b) Re-apportion the total overheads of the Office to the other cost centres on the basis of number of employees. 3

[Turn over

4. Suellyn Smith owns a shop called Smith Sports. Using the following documents enter the transactions into the ledger accounts of Smith Sports on **Pages 10–11 of your Workbook** (Active Health Studios' opening ledger balance has already been entered).

NOTE – There may be more blank ledger accounts than are required to complete the question.

INVOICE		NO: 417	
YOGA SUPPLIES 14 High Street PEEBLES EH45 7TP		Tel: 01721 723412 VAT NO: 123 231 112	
TO: Smith Sports 33 The Loan SELKIRK TD7 4BA		DATE: 6 March	
QUANTITY	DESCRIPTION	UNIT PRICE £	COST £
100	Yoga Mats (Pink)	9.50	950.00
50	Yoga Blocks (Blue)	3.50	175.00
			1,125.00
	Less 5% Trade Discount		56.25
	<b>Net Goods Value</b>		1,068.75
	Add VAT @ 20%		213.75
	<b>TOTAL</b>		1282.50

4. (continued)

<b>INVOICE</b>		NO: 142	
FURNITURE WORLD 30 Glebe Street Glasgow G42 5PT		Tel: 0141 627 6932 VAT NO: 124 998 177	
TO: Smith Sports 33 The Loan SELKIRK TD7 4BA		DATE: 18 March	
QUANTITY	DESCRIPTION	UNIT PRICE £	COST £
6	Changing Room Mirrors	11.20	67.20
	Add VAT @ 20%		13.44
	TOTAL		80.64

30 March	Jackson & Jackson Solicitors
Smith Sports 33 The Loan SELKIRK TD7 4BA	2 High Street GLASGOW, G2 7YB
Dear Sir/Madam	
It is with deep regret that I have to inform you that my client, Active Health Studios, to whom you have been providing sports equipment, has been officially declared bankrupt. As a result, I have settled their account with you by enclosing a cheque which represents a payment of £0.60 per pound due to you.	
Yours faithfully	
<i>M Jackson</i>	
Enc	

10

5. After preparing his Final Accounts for Year 1 Lee Chad discovered the following errors.

1. The Sales Revenue figure included £4,000 for the sale of a delivery van.
  2. Inventory valued at £300 was missing from the Closing Inventory figure.
  3. An invoice for advertising for £500 had been omitted from the accounts.
  4. A bill for electricity, £1,000, paid by cheque had been entered in the Electricity Account but had not been entered in the Bank Ledger Account.
  5. Repairs to Machinery costing £56 had been entered in the Repairs account as £65.
  6. Discount Allowed of £20 was entered in the Discount Received account in error.
- (a) On **Page 12 of your Workbook**, complete the template showing the effect of correcting these errors on the Profit for the Year. You must highlight the effect as follows:

Increase or Decrease or No Effect

8

- (b) State the name of **2** types of error which would not be revealed by a Trial Balance.

2

6. Garages Direct is providing a quote for Job 689. Details are as follows:

Materials      50,000 bricks at a cost of £10 per pack of 1,000 bricks  
                     Mortar at a cost of £1 per 1,000 bricks  
                     Garage Door and Windows – £720

Labour            300 hours – of which 50 hours will be overtime paid at double time.  
                     Basic rate is £10 per hour.

Overheads      Charged at a rate of £2 per labour hour

Mark-up is at the rate of 50% and VAT is charged at 20%

On **Page 13 of your Workbook**, prepare a quote for the customer clearly showing the Selling Price of Job 689.

10

[END OF QUESTION PAPER]





FOR OFFICIAL USE

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National  
Qualifications  
2017

Mark

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**X700/75/01**

**Accounting  
Workbook**

WEDNESDAY, 24 MAY

9:00 AM – 10:30 AM



\* X 7 0 0 7 5 0 1 \*

Fill in these boxes and read what is printed below.

Full name of centre

--

Town

--

Forename(s)

--

Surname

--

Number of seat

--

Date of birth

Day

--	--

Month

--	--

Year

--	--

Scottish candidate number

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

Write your answers clearly in this Workbook. You must clearly identify in the margin the question number you are attempting. Additional space for answers is provided at the end of this Workbook.

A template is provided for Questions 1, 2, 3, 4 and 5.

All working should be shown fully, and clearly labelled.

**You may use a calculator.**

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

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Overhead Analysis Sheet

Overhead	Basis	Total (£)	Moulding (£)	Decorating (£)	Packing (£)	Office (£)
Heat and Light						
Staff Admin						
Machinery Insurance						
<b>Total</b>						
Office						
<b>Total Dept Overheads</b>						



For use with Question 4

Ledger Accounts of Smith Sports

**IMPORTANT NOTE:** There may be more blank ledger accounts than are required to complete the question.

Account Name: Active Health Studios							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p
1 Mar	Balance					3,250	00

Dr

Account Name:							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name:							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name:							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p



Account Name:							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name:							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name:							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name:							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p

Account Name:							
Date	Details	Dr		Cr		Balance	
		£	p	£	p	£	p



For use with Question 5

(a)

Effect on Profit for the Year		
Error	Increase/Decrease/No Effect	Amount £
1		
2		
3		
4		
5		
6		

(b) Name of Error \_\_\_\_\_

Name of Error \_\_\_\_\_



\* X 7 0 0 7 5 0 1 1 2 \*







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