



National
Qualifications
SPECIMEN ONLY

SQ01/N5/01

Accounting

Date — Not applicable

Duration — 1 hour and 30 minutes

Total marks — 100

SECTION 1 — 60 marks

Attempt BOTH questions.

SECTION 2 — 40 marks

Attempt ALL questions.

Before attempting the questions you must check that your answer booklet is for the same subject and level as this question paper.

On the answer booklet, you must clearly identify the question number you are attempting.

All working should be shown fully, and clearly labelled.

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

You may use a calculator.

Before leaving the examination room you must give your answer booklet and any answer template to the Invigilator. If you do not, you may lose all the marks for this paper.



* S Q 0 1 N 5 0 1 *

SECTION 1 — 60 marks
Attempt BOTH questions

1. (a) **Using the Document Pack and ledger template provided, make the necessary entries in the ledger accounts of Olympia Sports.**
- Olympia Sports currently has a bank overdraft of £60·00. **25**
- (b) (i) Identify the document that Olympia Sports will send to ALL credit customers at the end of each month. **1**
- (ii) Describe the purpose of this document. **1**
- (c) The owner of Olympia Sports wishes to expand the business.
- Other than borrowing funds:**
- (i) identify one source of finance available to a sole trader;
- (ii) state one advantage of your chosen source;
- (iii) state one disadvantage of your chosen source. **3**
- Total marks** **30**

2. Brian Anwar plans to start up in business on 1 April Year 1 with £30,000 in his business bank account.

The following estimates relate to the first 3 months of his business from April to June.

Sales (in units)		
APRIL	MAY	JUNE
3,000	5,000	4,000

- (1) The selling price per unit for credit sales will be £30.
- (2) Cash sales will receive a discount of 10% on the selling price.
- (3) 60% of total monthly sales will be paid by cash and 40% will be sold on one month's credit.
- (4) Interest received will be £1,000 in the month of May.
- (5) Production in April will be 6,000 units and will rise by 1,000 units every month.
- (6) Material costs will be £7 per unit — these will be purchased in the same month as production and paid one month later.
- (7) Labour costs will be £5 per unit and will be paid in the same month as production.
- (8) Variable overheads will total £3 per unit, payable the month after production.
- (9) Fixed overheads will be £4,000 per month.
- (10) A van will be purchased in April for £20,000 — this will be paid in four equal instalments starting in June.
- (11) Rent payable will be £800 per month, increasing by 25% in June.

Candidates must show all working.

- | | |
|--|-----------|
| (a) Prepare a Cash Budget for the 3 months April to June showing clearly opening and closing bank balances for each month. | 27 |
| (b) Describe 3 ways Brian could deal with any cash shortfalls. | 3 |

Total marks	30
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SECTION 2 — 40 marks

Attempt ALL questions

3. A potential customer has asked WoodKraft to quote for a job. The following information is available.

JOB 88A

Direct materials:

30 metres of Material X @ £15 per metre

25 metres of Material Y @ £20 per metre

Direct labour:

Employee A — 30 hours

Employee B — 40 hours

Labour is paid at a basic rate of £12 per hour.

Hours worked in excess of 35 hours per employee are paid at double time.

Direct expenses: £250

Mark-up is 40%.

VAT at 20% should be charged.

Prepare a quote which WoodKraft will issue to the customer for Job 88A.**10**

4. Finlaysons operates a factory with three cost centres — X, Y, and the Canteen. The following information is available for the cost centres.

	X	Y	CANTEEN	TOTAL
Indirect wages (£)	30,000	50,000	20,250	100,250
Value of machinery (£)	60,000	140,000		200,000
No. of employees	20	28	12	60
Floor area (sq m)	25,000	50,000	5,000	80,000

The following information relates to the estimated costs for Year 1.

OVERHEAD	BASIS OF APPORTIONMENT	COST
Indirect wages	Allocated	£100,250
Supervision	No of employees	£30,000
Rent	Floor area (sq m)	£60,000

- (a) **Prepare** an Overhead Analysis Sheet for Finlaysons to show the total estimated overhead apportioned to each cost centre. 7
- (b) **Re-apportion** the Canteen costs between the other two cost centres based on indirect wages. 3

Total marks 10

5. After the Final Accounts were prepared, the following errors were discovered.
- (i) A misplaced invoice for the sale of goods £200 and VAT of £40 was discovered.
 - (ii) Purchase Returns were under-added by £25.
 - (iii) An advertising campaign costing £800 had still to be paid.
 - (iv) The sale of goods to A. Green had been correctly recorded in the Sales and VAT accounts but debited to B. Green.
 - (v) Discount Allowed of £50 had been recorded as Discount Received.
 - (vi) Insurance of £329 had been entered into the accounts as £239.
- (a) **Calculate** the effect on Net Profit after these errors have been corrected. Use the following layout.

Error	Increase/decrease	Amount	
1			
2			
3			
4			
5			
6			8

- (b) Other than correcting errors in the accounts, identify 2 responsibilities of the Financial Accountant. 2
- Total marks** **10**

6. Marge Spence is in business making and selling luxury hand cream. The following information is available.

Variable cost per unit	£10
Selling price per unit	£18
Fixed costs	£2,400
Break-even point in units	300

Marge has sold 675 units, making a profit of £3,000.

- (a) **Calculate** the change in break-even point in units if the selling price is reduced to £15. 4
- (b) If Marge does decide to reduce her selling price to £15 per unit, calculate the number of units she would have to sell to maintain a profit of £3,000. 3
- (c) Next year Marge estimates that fixed costs will rise by £400 and variable costs will be unchanged at £10 per unit. If Marge keeps her selling price at £15, calculate her new break-even point in units. 3

Total marks 10

[END OF SPECIMEN QUESTION PAPER]