

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										



General Certificate of Education
Advanced Subsidiary Examination
January 2012

Accounting

ACCN1

Unit 1 Introduction to Financial Accounting

Tuesday 10 January 2012 1.30 pm to 3.00 pm

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
4	
TOTAL	

For this paper you must have:

- a calculator.

Time allowed

- 1 hour 30 minutes

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- All workings must be shown and clearly labelled; otherwise marks for method may be lost.
- Make and state any necessary assumptions.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80.
Four of these marks will be awarded for:
 - using good English
 - organising information clearly
 - using specialist vocabulary where appropriate.



J A N 1 2 A C C N 1 0 1

Answer **all** questions in the spaces provided.

1

Total for this question: 12 marks

1 (a) Explain the following accounting terms.

1 (a) (i) Accrued expenses

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(2 marks)

1 (a) (ii) Prepaid expenses

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(2 marks)

1 (a) (iii) Cost of sales (cost of goods sold)

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(2 marks)



The following is a summary of information to be entered in the rent and rates expense account for the year ended 30 November 2011.

		£
1 December 2010	Rent accrued brought forward	12 800
1 December 2010	Rates prepaid brought forward	960
30 November 2011	Cheques paid for rent and rates	19 200
30 November 2011	Rent prepaid carried forward	3 200
30 November 2011	Rates prepaid carried forward	800

- 1 (b)** Prepare the rent and rates expense account for the year ended 30 November 2011. Dates are **not** required.

Rent and Rates

Dr

Cr

Details	£	Details	£

(6 marks)

12

Turn over for the next question

Turn over ►



2

Total for this question: 23 marks

Paula Richards sells men's clothing. Paula has received a bank statement for her business account dated 24 November 2011. The figures shown on the bank statement are correct. Her cash book balance at that date did not agree with the closing balance on her bank statement.

Cash Book extract

Dr

Cr

Date	Details	£	Date	Details	£
16 Nov	P Hunter	80	16 Nov	Balance b/d	988
22 Nov	M Burns	255	20 Nov	K Hill	208
22 Nov	Umar Alam	163			
24 Nov	Balance c/d	698			
		1 196			1 196
			24 Nov	Balance b/d	698

Bank Statement extract

Date	Details	Dr	Cr	Balance
16 Nov	Balance b/f			988Dr
18 Nov	P Hunter		80	908Dr
20 Nov	Bank charges	85		993Dr
24 Nov	Umar Alam		136	857Dr
24 Nov	Bank interest		46	811Dr
24 Nov	P Hunter – unpaid cheque	80		891Dr
24 Nov	Direct debit Shop Maintenance Ltd	316		1 207Dr



- 2 (a)** Make the necessary entries in Paula Richards' cash book. Dates are **not** required. Bring down the updated balance at 24 November 2011.

Cash Book			
Dr		Cr	
Details	£	Details	£

(7 marks)

- 2 (b)** Prepare a bank reconciliation statement at 24 November 2011.

Bank Reconciliation Statement at 24 November 2011

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(4 marks)

Turn over ►



2 (c) Explain the meaning of the following terms relating to a bank reconciliation statement.

2 (c) (i) Unpresented cheque

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(2 marks)

2 (c) (ii) Outstanding lodgement

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(2 marks)



2 (d) Explain **three** benefits to Paula Richards of reconciling her cash book and bank statement balances.

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(8 marks)

(includes 2 marks for quality of written communication)

Extra space

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23

Turn over for the next question

Turn over ►



3

Total for this question: 31 marks

Alison Novak sells electronic games. The following is an extract of the balances from Alison's books of account at 30 November 2011.

	£
Bank loan (repayable October 2012)	8 400
Bank overdraft	6 220
Capital account at 1 December 2010	21 220
Carriage inwards	1 350
Discounts received	1 190
Drawings	28 360
Inventory (stock) at 30 November 2011	59 280
Motor expenses	5 540
Motor vehicle – cost	26 540
– provision for depreciation at 1 December 2010	11 270
Purchases	210 620
Rent and rates	36 510
Revenue (sales)	364 550
Trade payables (creditors)	15 740
Trade receivables (debtors)	9 830

Alison has prepared a draft income statement (trading and profit and loss account) for the year ended 30 November 2011 that shows a profit for the year of £56 480.

However, Alison has now become aware of the following additional information.

- (1) Inventory (stock) at 30 November 2011 was incorrectly entered in the draft income statement (trading and profit and loss account) as £52 980.
- (2) Rates of £3360 have been paid for the full year ending 31 March 2012.
- (3) A bad debt of £360 is to be written off at 30 November 2011.
- (4) The annual charge for rent payable on the business premises is £34 200. At 30 November 2011, two months' rent is outstanding.
- (5) The motor vehicle is depreciated using the straight-line method over four years. The estimated residual value of the motor vehicle at the end of the fourth year is £4000. No depreciation charge for this year has been included in the draft income statement (profit and loss account).
- (6) On 30 November 2011, Alison transferred £2500 from her personal savings into the business bank account. This has not yet been recorded in the books of account.
- (7) Discounts allowed of £810 have been incorrectly credited to the discounts received account.



	Effect on profit			£
	Increase	Decrease	No effect	
(Net) profit for the year				56 480
1. Inventory (stock)	✓			6 300
2. Rates				
3. Bad debt written off				
4. Rent				
5. Motor vehicle depreciation				
6. Transfer from personal savings				
7. Discounts allowed				
Adjusted (net) profit/loss for the year				

Workings



[illegible]

[illegible]

31

4

Total for this question: 14 marks

The following is an extract from the latest business bank statement received by Timoko Mitsui.

Date	Details	Dr £	Cr £	Balance £
1 Dec	Balance			2 845Cr
2 Dec	Standing order: maintenance	675		2 170Cr
6 Dec	Credit transfer: M Gregory		318	2 488Cr
8 Dec	Cheque 486612	185		2 303Cr
12 Dec	Dishonoured cheque: G Roberts	165		2 138Cr
12 Dec	Direct debit: Reece Property Rental	2 100		38Cr
12 Dec	Balance			38Cr

M Gregory and G Roberts are customers of the business.

- 4 Explain the meaning of each of the following terms. State the double entry to record each transaction in Timoko Mitsui's books of account.

- 4 (a) (i) Standing order £675

Explanation

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Account to be debited

Account to be credited

(4 marks)

- 4 (a) (ii) Credit transfer £318

Explanation

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Account to be debited

Account to be credited

(4 marks)



4 (b) Explain the meaning of the following terms. Identify the source document that will be used by Timoko Mitsui for making entries in her business's books of account.

4 (b) (i) Direct debit £2100.

Explanation

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Source document

(3 marks)

4 (b) (ii) Cheque 486612 £185

Explanation

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Source document

(3 marks)

14

END OF QUESTIONS



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