Surname				Othe	r Names			
Centre Numb	er				Candida	ate Number		
Candidate Sig	gnature							

Leave blank

General Certificate of Secondary Education June 2004

ACCOUNTING Higher Tier Paper 1

3122/1H



Wednesday 23 June 2004 9.00 am to 10.15 am



No additional materials are required.
You may use a calculator.

Time allowed: 1 hour 15 minutes

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer all questions in the spaces provided.
- Do all rough work in the answer book. Cross through any work you do not want marked.

Information

- The maximum mark for this paper is 84. This includes up to 4 marks for Quality of Written Communication.
- Mark allocations are shown in brackets.

Advice

• In all calculations, show clearly how you work out your answer.

For Examiner's Use						
Number	Mark	Number	Mark			
1						
2						
3						
4						
5						
6						
7						
8						
Total (Column	1)	-				
Total (Column	2)	→				
Quality of Written Communication						
TOTAL						
Examine	r's Initials					

Answer all questions in the spaces provided.

1

Total for this question: 8 marks

Show, by placing **one** tick (\checkmark) in the appropriate column, where each of the following would appear in the final accounts of a Partnership. The first one has been completed as an example.

Item	Trading Account	Profit & Loss Account	Appropriation Account	Balance Sheet
(a) Interest on capital			✓	
(b) Vehicles				
(c) Sales				
(d) Opening stock				
(e) Debtors				
(f) Partners' salaries				
(g) Shares of profit				
(h) Rent received				
(i) Carriage outwards				

(8 marks)



Total for this question: 10 marks

The following is a trial balance of a company after the production of the trading and profit and loss accounts for the year ended 31 March 2004.

	£	£
Net Profit for the year		65 000
Fixed Assets	200 000	
Current Assets	120 000	
General Reserve		25 000
Balance of profits b/f		20 000
Current liabilities		60 000
Issued share capital:		
100 000 £1 ordinary shares		100 000
50 000 £1 10% preference shares		50 000
	320 000	320 000

The directors have decided to pay the preference dividend for the year and propose an ordinary dividend of 20p per share. They also agree to transfer £10 000 to the general reserve.

Select the relevant items from the information above and prepare the Appropriation Account to comply with these instructions. A balance sheet is not required.
(10 marks)



3

Total for this question: 15 marks

The following accounting statements relating to The Country Dancing Social Club have several items and figures missing.

(a) Insert the relevant word or figures in the shaded areas.

The Trading Account for the year ended 31 March 2004

		£	£
Sales			
Cost of goods sold:			
Opening stock		5 000	
Purchases		15 000	
Closing stock		7 500	
Gross Profit			10 000
e	and		Account
for the ye	ear ended 31	March 2004	
		£	£
Subscriptions for the year		£	£ 15 000
Subscriptions for the year Profit from fundraising ac	tivities	£	
	tivities	£	15 000
Profit from fundraising ac	tivities	£	15 000 5 000
Profit from fundraising ac	tivities	£	15 000 5 000
Profit from fundraising act Gross profit b/d	tivities	£	15 000 5 000
Profit from fundraising act Gross profit b/d Expenses for the year	tivities	£ 6 000	15 000 5 000
Profit from fundraising act Gross profit b/d Expenses for the year Rent	tivities		15 000 5 000
Profit from fundraising actors profit b/d Expenses for the year Rent Costumes	tivities	6 000	15 000 5 000
Profit from fundraising actors of the year Rent Costumes Travelling costs	tivities	6 000 4 000	15 000 5 000 10 000

(b)	A riv	al dancing club is to open in the area soon. The treasurer is worried that the club may lose bers.
	(i)	Advise the club of two financial actions it could take to keep its current membership.
	(ii)	Analyse the effect that each of your suggestions might have on the club's surplus.
		(6 marks)



Total for this question: 4 marks

A friend is considering investing in shares in a Limited Company. He cannot decide whether to buy ordinary shares or preference shares. Explain two differences between ordinary shares and preference
shares to help him decide.
(AL.)
(4 marks)



5

Total for this question: 8 marks

The table below gives selected details relating to the bookkeeping system for the business owned by Barbara Clark. Complete the table by entering the appropriate information in the blank spaces provided. The first one has been completed as an example.

	Source document	Item	Book of original entry	Account to be debited	Account to be credited
(a)	Cheque stub	Rent	Cash book	Rent	Bank
(b)		Goods returned to Brown Ltd			
(c)		Vehicle purchased on credit from Bristol Motors			

(8 marks)



6 Total for this question: 11 marks

Barry rents the flat above his shop to a tenant at a monthly rent of £250.

At 1 January 2003, the tenant owed Barry £250 for the previous month.

During 2003, Barry received cheques as follows.

 15 February
 £ 750

 15 July
 £1000

 19 September
 £ 750

 15 November
 £ 500

Complete the Rent Received Account below for the year ended 31 December 2003. Show clearly the amount transferred to the Profit and Loss Account. Bring down the balance as at 1 January 2004.

Rent Received Account

Date	Details	£	Date	Details	£

(11 marks)



Total for this question: 14 marks

The following items remained in the trial balance of Neil Andrews at 31 March 2004 after production of the trading account.

	£	£
Gross Profit		12 577
Wages	4 070	
Vehicle running costs	1 636	
Capital		15 716
Debtors and Creditors	2 337	1 472
Discount received		350
Commission	780	
Drawings	3 412	
Rent and rates	951	
Vehicles	5 800	
Heating and lighting	2 070	
Stock	8 500	
Cash in hand	642	
Bank balance		186
Carriage outwards	103	
	30 301	30 301

Additional information at 31 March 2004:

£500 was owed for wages;

7

£33 rent was paid in advance;

vehicles should be depreciated by 25%;

an analysis of the debtors revealed that £337 should be written off as bad;

it was decided to create a provision for doubtful debts at 2% of the remaining debtors.

Construct the Profit and Loss Account for the year ended 31 March 2004.			
(14 marks)			



Total for this question: 10 marks

Fred Stone prepared the following Balance Sheet at the end of his business's accounting year.

It contains certain errors and omissions.

8

Balance Sheet for the year ended 31 May 2004

	£	£
FIXED ASSETS		
Motor vehicles at net book value		45 000
CURRENT ASSETS		
Stock	4 000	
Debtors	6 500	
Cash at bank	3 500	
	14 000	
CURRENT LIABILITIES		
Creditors	4 000	
		18 000
		27 000
CAPITAL		
Opening balance		41 000
Net Profit for the year		25 000
		16 000
Drawings		11 000
		27 000

On checking the accounts it was discovered that the following transactions, which occurred during May, had not been recorded.

- A vehicle, included in the motor vehicles figure above at its net book value of £2500, had been sold for £1800. The sale proceeds had been paid into the bank account.
- Fred had taken £600 cash from the bank account for his own use.
- Purchase of goods on credit for resale for £750 had been omitted. At 31 May 2004, these goods had not been sold but had not been included in the stock take.

Redraft the Balance Sheet, taking all the unrecorded information into account and correcting any errors.	
(10 mark)	



THERE ARE NO QUESTIONS PRINTED ON THIS PAGE