



National  
Qualifications  
2024

**X800/75/11**

**Accounting**

MONDAY, 22 APRIL

9:00 AM – 11:00 AM

**Total marks — 130**

**SECTION 1 — 70 marks**

Attempt BOTH questions.

**SECTION 2 — 60 marks**

Attempt ALL questions.

Write your answers clearly in the workbook provided.

**You may use a calculator.**

All working should be shown fully, and clearly labelled.

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

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 8 0 0 7 5 1 1 \*

**SECTION 1 — 70 marks**  
**Attempt BOTH questions**

**MARKS**

**1. PART A**

The following balances were taken from the ledger accounts of Jamal’s Repair Shop on 31 December Year 2.

	£
Advertising	5,720
Bad Debts	800
Carriage Out	26,900
Cash and Cash Equivalents	20,600
Drawings	14,900
Employee Costs	183,100
Equipment at cost	110,000
Equity at 1 January Year 2	120,000
General Expenses	24,000
Heat & Light	32,210
Inventory at 1 January Year 2	2,000
Investment Revenues – Interest Received	380
Loan	30,000
Provision for Bad Debts	700
Provision for Depreciation on Equipment	12,000
Purchases	78,000
Rent	18,250
Sales Revenue	345,000
Trade Payables	17,400
Trade Receivables	16,700
VAT (Cr)	7,700

**NOTES AT 31 DECEMBER YEAR 2**

- Inventory is £4,900.
- Provide for Depreciation for Year 2 on Equipment at 10% on cost.
- Rent receivable is £1,500.
- Heat & Light payable is £300.

The Income Statement for 31 December Year 2 has already been completed and showed a Loss for the Year of £30,500.

Select the **relevant** information and prepare the Statement of Financial Position for Jamal’s Repair Shop as at 31 December Year 2 on **pages 02–03** of your workbook.

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## 1. PART B

Use *pages 04–05* of your workbook to answer this question.

Charlie's Grocery Supplies sold the following to Top Table Restaurant on 17 May:

3 × 10 kg bags of Galia Melons

4 × 2 kg bags of Garden Peas

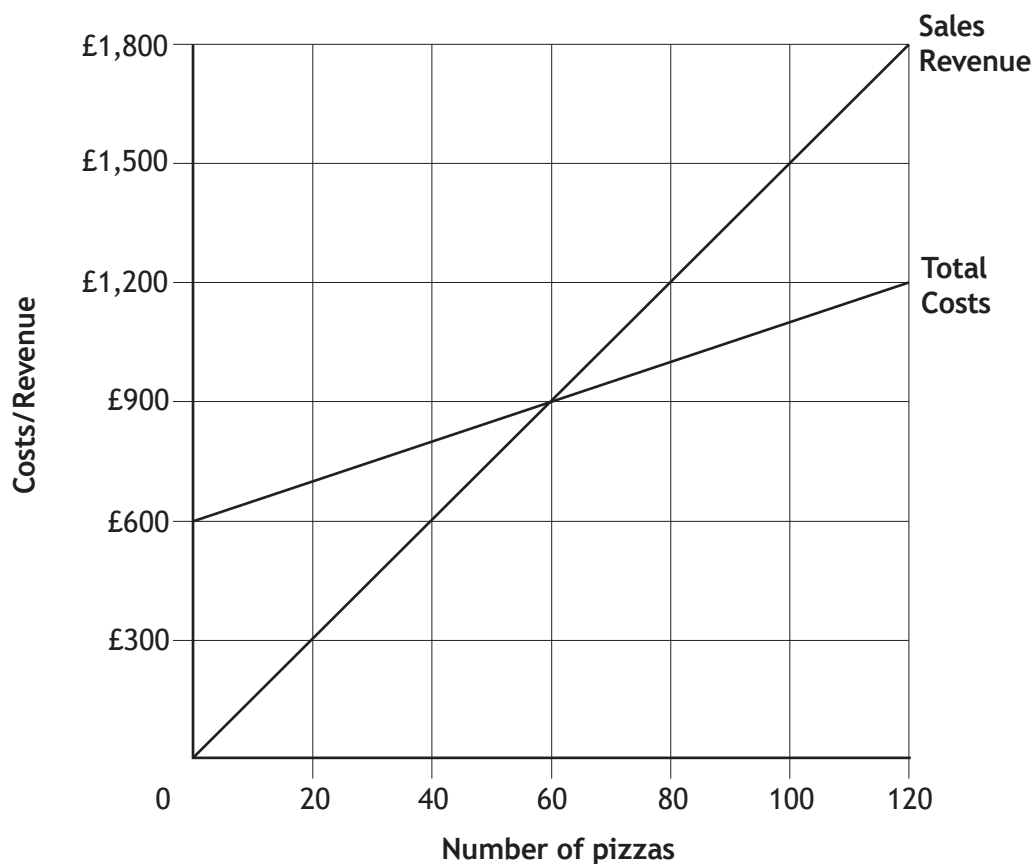
<b>FRUIT</b>		2kg bag	10kg bag	<b>VEGETABLES</b>		2kg bag	10kg bag
Apples		£1.20	£5.10	Potatoes		£0.80	£3.40
Oranges		£1.05	£4.46	Carrots		£0.65	£2.76
Pears		£2.20	£9.35	Turnips		£1.00	£4.25
Bananas		£0.75	£3.19	Sweetcorn		£1.50	£6.38
Galia Melons		£1.60	£6.80	Green Beans		£1.25	£5.31
Figs		£1.80	£7.65	Parsnips		£1.10	£4.68
Pomegranates		£1.95	£8.29	Garden Peas		£1.40	£5.95
<b>TERMS</b>							
Trade Discount			25%				
Cash Discount (one month)			10%				
Delivery Charge			£5.00	(on all orders over 35kg)			
VAT			20%				

- (a) Using the price list above, complete the illustrative invoice to be sent to Top Table Restaurant on 17 May, assuming the Cash Discount will be taken up. 10
- (b) Describe what is meant by the following terms:
- (i) • Current Assets 2
  - Non-Current Assets
  - (ii) • Trade Payables 2
  - Trade Receivables
  - (iii) • Bad Debts 2
  - Provision for Bad Debts.

## 2. PART A

Use *pages 06–07* of your workbook to answer this question.

Dino Zecchino is a sole trader who makes and sells luxury pizzas. The chart below shows his estimated costs and revenue for August Year 2.



- (a) Using the chart above, state the following:
- |                                      |   |
|--------------------------------------|---|
| (i) Break-even point in units        | 1 |
| (ii) Break-even point in sales value | 1 |
| (iii) Fixed costs.                   | 1 |
- (b) Calculate the following for one luxury pizza:
- |                     |   |
|---------------------|---|
| (i) Selling price   | 2 |
| (ii) Variable costs | 2 |
| (iii) Contribution. | 1 |
- (c) Calculate the margin of safety (in units and sales value) at a level of output of 110 units.
- |   |
|---|
| 2 |
|---|

## 2. PART A (continued)

In September Year 2, the following changes are expected:

- the cost of raw materials will rise by £3.50 per unit
- selling price will increase by 10%
- fixed costs will rise by 1/3.

- (d) Calculate the new break-even point (in units) based on the expected changes. 5
- (e) Using your answers calculated in (d), calculate for September Year 2:
- (i) The number of units which must be sold to earn a profit of £2,400. 3
- (ii) The profit or loss if Dino sells 235 pizzas. 3
- (f) Describe what is meant by the term 'Variable Costs'. 1

## 2. PART B

Use **page 08 of your workbook** to answer this question.

The following information relates to the inventory of compost for Garden Supplies:

- 1 May    Opening Balance of 300 bags (already entered in inventory record card).
- 3 May    Purchased 200 bags costing £7.90 per bag.
- 9 May    Issued 350 bags.
- 15 May   Purchased 500 bags costing £8.10 per bag.
- 21 May   Returned 30 bags bought on 15 May.
- 27 May   Issued 230 bags.

- (a) Complete the Inventory Record Card using the First-In-First-Out (FIFO) method. 11
- (b) Describe 2 benefits of using a spreadsheet to prepare accounting information. 2

[Turn over

## SECTION 2 — 60 marks

## Attempt ALL questions

3. Wendy Campbell is a sole trader. At the end of Year 3 the following errors were discovered in her accounts:
- (1) Rent Received of £1,500 had been entered as a Debit instead of a Credit in the ledger.
  - (2) Sales of £750 had not been entered into the Sales Revenue Account.
  - (3) Insurance of £460 had been entered into the ledger as £640.
  - (4) A payment of £300 from K Stevens had been entered into the M Stevens Account in error.
  - (5) Closing Inventory had been over-added by £900.
  - (6) Carriage Out of £25 had been entered as Carriage In by mistake.

Use **page 09** of your workbook to answer the following questions:

- (a) Complete the table in your workbook showing the effect of correcting these errors on both Gross Profit and Profit for the Year. You must highlight the effect as follows:

- Increase
- Decrease
- No Effect.

**Note** — Error 1 has already been entered into the workbook.

10

- (b) Calculate the total effect on Profit for the Year.

**Note** — Include Error 1 in your calculation.

1

- (c) Wendy had originally calculated a Profit for the Year of £49,800. Calculate her new Profit for the Year.

1

- (d) Error 1 is known as an 'Error of Complete Reversal'. State the name given to the following errors:

- Error 2
- Error 3
- Error 4.

3

4. Use *page 10 of your workbook* to answer this question.

The following estimated information is available for Lisa Petrovic's business during Year 3.

1. Sales in February are expected to be 5,000 units. Thereafter, sales will rise by 1,000 units every month.
2. Sales Data:

Credit Sales (paid one month after sale)	Cash Sales
70% of monthly sales	30% of monthly sales
£45 per unit	Discount on the credit sale price of 20%

3. Production (in units):

February	4,200
March	5,100
April	6,600
May	7,300

4. Production costs are as follows:
  - Materials cost £12 per unit, paid for one month **after production**.
  - Labour costs £19 per unit, paid in the **same** month as production.
  - Variable Overheads cost £8 per unit, paid for one month **before production**.
5. The Cash and Cash Equivalents balance on 28 February Year 3 is expected to be £35,000.

Prepare a Cash Budget for the 2 months, March and April, clearly showing the opening and closing cash and cash equivalents balances for each month.

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[Turn over

5. Using the following instructions and documents, enter the transactions into the ledger accounts of Bikes-are-Us on **pages 11–13 of your workbook**.
- Enter an Opening Balance of £1,400 Dr in the Bank (Cash and Cash Equivalents) Account at 1 April.
  - Enter an Opening Balance of £390 Cr in the VAT Account at 1 April.

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INVOICE			
Date: 10 April		VAT No: 992 10 12	
From: Bikes-are-Us Mains Industrial Estate New Kilbride KB6 8TT		To: The Cycle Shop 2 Grosvenor Drive GLASGOW G2 6QT	
Quantity	Description	Unit Price	Cost
3	Speedo Racers	£117.00	£351.00
		VAT @ 20%	£70.20
		<b>TOTAL</b>	<b>£421.20</b>

<b>Bikes-are-Us Cheque Counterfoil</b>
_____
15 April
_____
Cleaner's Wages
_____
£160.00
_____
002641

<b>Receipt</b>	
McAlpine Hardware Supplies 16 Ashton Road Glasgow G10 XY1	
Date: 16 April	
1 Electric Drill	70.00
VAT – 20%	14.00
<b>Total</b>	<u>84.00</u>
<b>Paid by Bank Transfer</b>	

30 April	John Boyce Solicitor 41 High Street Edinburgh EH3 9NN
Bikes-are-Us Mains Industrial Estate New Kilbride KB6 8TT	
Dear Sir/Madam	
I am writing to inform you that The Cycle Shop, has been declared bankrupt. As a result, I have settled their account with you by enclosing a cheque which represents a payment of £0.75 per pound due to you.	
Yours sincerely	
<i>J Boyce</i>	

6. Use *pages 14–15 of your workbook* to answer this question.

A factory has 2 production departments — Department A and Department B. The following Labour information is available for Week 31:

Basic working week for full-time employees	40 hours
Basic working week for part-time employees	20 hours

	Dept A	Dept B
Number of full-time employees	10	7
Number of part-time employees	3	2
Basic Labour rate (per hour)	£12	£15

(a) Calculate for Week 31:

- (i) The number of basic hours worked for each department, and in total. 3
- (ii) The total basic wages paid. 3

During Week 31, overtime needed to be worked to complete customer orders. The following information is available:

	Dept A	Dept B
Total number of hours worked (including basic hours)	530	370
Overtime rates	Time and a half	Double time

(b) Calculate for Week 31:

- (i) The overtime hours worked in each department. 2
- (ii) The total overtime wage paid. 3

The factory pays a bonus for every hour saved compared to the estimated hours. The bonus is split equally between employees in each department regardless of full-time/part-time status. Details for Week 31 were as follows:

	Dept A	Dept B
Hours saved	20 hours	15 hours
Bonus	£130 per hour	£150 per hour

(c) Calculate the bonus paid per employee in each department for Week 31. 4

[END OF QUESTION PAPER]

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Question 1 PART B (a) — Alexander Raths/shutterstock.com