

Write your name here

Surname	Other names
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**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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Accounting

Paper 1

Friday 9 May 2014 – Morning
Time: 2 hours 30 minutes

Paper Reference
4AC0/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided – *there may be more space than you need.*

Information

- The total mark for this paper is 100.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used

Advice

- Read each question carefully before you start to answer it.
- Write your answers neatly in good English.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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Section B

Answer ALL questions.

11 Fatima, a sole trader, maintains a sales ledger and a purchases ledger. At the end of each month she prepares a sales ledger control account and a purchases ledger control account.

(a) State **one** benefit of maintaining these control accounts.

(1)

On 1 December 2013 the balances on the control accounts were:

	£
Sales ledger control account	6 878
Purchases ledger control account	4 932

At the end of December 2013 the following information was obtained from the books.

	£
Credit sales	81 257
Cash sales	6 297
Credit purchases	49 369
Goods returned by credit customers	5 931
Goods returned to credit suppliers	2 497
Bad debts written off	630
Payment to credit suppliers	39 874
Receipts from credit customers	68 975
Discount allowed	3 200
Discount received	4 587
Customer's cheque dishonoured	500
Credit balance in purchases ledger transferred to sales ledger	650



(b) Prepare the sales ledger and purchases ledger control accounts for the month of December 2013. Balance the accounts on 31 December 2013 and bring the balances down on 1 January 2014.

(16)

Sales Ledger Control Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)

Purchases Ledger Control Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)



On 31 December 2013 the balance on the purchases ledger control account agreed with the sum of the balances in the purchases ledger. Fatima’s suppliers allow her 30 days credit.

- (c) (i) Using the closing balance calculated in (b) for the purchases ledger control account, calculate the creditors’ payment period in days. State clearly the formula used.

(3)

Formula	Creditors’ payment period

- (ii) Comment on the creditors’ payment period stating whether Fatima’s suppliers will be satisfied with this figure.

(5)

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(Total for Question 11 = 25 marks)



Section B

Question Number	Answer	Mark
11(a)	<p>Award (1) mark for a correctly stated benefit.</p> <p>Sample answers.</p> <p>Enable the total of debtors (and/or creditors) to be readily available. Helpful when preparing final accounts.</p> <p>Provide a check on the accuracy of the ledgers.</p> <p>To help the prevention or detection of fraud.</p> <p>(Do not accept 'detects errors')</p>	(1)

Question Number	Answer	Mark																																																																																																						
11(b)	<p style="text-align: center;">Sales Ledger Control Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> </tr> </thead> <tbody> <tr> <td>Dec 1</td> <td>Bal b/f</td> <td style="text-align: right;">6 878 (1)</td> <td>Dec 31</td> <td>Returns in</td> <td style="text-align: right;">5 931 (1)</td> </tr> <tr> <td>Dec 31</td> <td>Credit sales</td> <td style="text-align: right;">81 257 (1)</td> <td>Dec 31</td> <td>Bad debts</td> <td style="text-align: right;">630 (1)</td> </tr> <tr> <td>Dec 31</td> <td>Dis cheque</td> <td style="text-align: right;">500 (1)</td> <td>Dec 31</td> <td>Cash book</td> <td style="text-align: right;">68 975 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>Discount allowed</td> <td style="text-align: right;">3 200 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>PL Set off</td> <td style="text-align: right;">650 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>Bal c/d</td> <td style="text-align: right;">9 249</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>88 635</u></td> <td></td> <td></td> <td style="text-align: right;"><u>88 635</u></td> </tr> <tr> <td>Jan 1</td> <td>Bal b/d</td> <td style="text-align: right;">9 249 (1of)</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: center;">Purchases Ledger Control Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> </tr> </thead> <tbody> <tr> <td>Dec 31</td> <td>Returns out</td> <td style="text-align: right;">2 497 (1)</td> <td>Dec 1</td> <td>Bal b/f</td> <td style="text-align: right;">4 932 (1)</td> </tr> <tr> <td>Dec 31</td> <td>Cash book</td> <td style="text-align: right;">39 874 (1)</td> <td>Dec 31</td> <td>Credit purchases</td> <td style="text-align: right;">49 369 (1)</td> </tr> <tr> <td>Dec 31</td> <td>Discount received</td> <td style="text-align: right;">4 587 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dec 31</td> <td>SL set off</td> <td style="text-align: right;">650 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dec 31</td> <td>Bal c/d</td> <td style="text-align: right;">6 693</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>54301</u></td> <td></td> <td></td> <td style="text-align: right;"><u>54 301</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Jan 1</td> <td>Bal b/d</td> <td style="text-align: right;">6693 (1of)</td> </tr> </tbody> </table>	Date	Narrative	Amount (£)	Date	Narrative	Amount (£)	Dec 1	Bal b/f	6 878 (1)	Dec 31	Returns in	5 931 (1)	Dec 31	Credit sales	81 257 (1)	Dec 31	Bad debts	630 (1)	Dec 31	Dis cheque	500 (1)	Dec 31	Cash book	68 975 (1)				Dec 31	Discount allowed	3 200 (1)				Dec 31	PL Set off	650 (1)				Dec 31	Bal c/d	9 249			<u>88 635</u>			<u>88 635</u>	Jan 1	Bal b/d	9 249 (1of)				Date	Narrative	Amount (£)	Date	Narrative	Amount (£)	Dec 31	Returns out	2 497 (1)	Dec 1	Bal b/f	4 932 (1)	Dec 31	Cash book	39 874 (1)	Dec 31	Credit purchases	49 369 (1)	Dec 31	Discount received	4 587 (1)				Dec 31	SL set off	650 (1)				Dec 31	Bal c/d	6 693						<u>54301</u>			<u>54 301</u>				Jan 1	Bal b/d	6693 (1of)	(16)
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11(c)	<p>(i)</p> <table border="1" data-bbox="280 398 1366 568"> <tr> <td data-bbox="280 398 850 450">Formula</td> <td data-bbox="850 398 1366 450">Creditors payment period</td> </tr> <tr> <td data-bbox="280 450 850 568">Creditors/(Credit) purchases x 365 (1)</td> <td data-bbox="850 450 1366 568">6 693/49 369 x 365(1 for both of) = 50 days (1) of</td> </tr> </table> <p>(ii) Award (1) mark for stating whether the creditors would be satisfied with a further (1) mark for developing this point. A further (2) marks can be awarded for the implications of not paying your creditors on time. Conclusion (1)</p> <p>Sample Answer</p> <p>Fatimas’s suppliers will not (1) be happy with this figure as it exceeds the 30 day period allowed by her creditors (1). Fatima may find it difficult to obtain credit in the future from other suppliers (1) as her credit rating will be poor which could affect her ability to purchase stock for resale (1).Therefore it is important for Fatima to pay her creditors on time (1)</p>	Formula	Creditors payment period	Creditors/(Credit) purchases x 365 (1)	6 693/49 369 x 365 (1 for both of) = 50 days (1) of	<p>(3)</p> <p>(5)</p>
Formula	Creditors payment period					
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- 12 C Shaw provided the following information for the year ended 30 November 2013 after the preparation of the profit and loss account.

	£
Fixtures and fittings – cost	50 000
Fixtures and fittings – accumulated depreciation	16 000
Motor vehicles – cost	32 000
Motor vehicles – accumulated depreciation	10 000
Bank loan – November 2020	20 000
Closing stock	41 289
Creditors	24 367
Debtors	48 521
Petty cash	400
Cash at bank	5 703 (Cr)
Capital	60 000
Drawings	17 500
Profit for the year	53 640



(a) Prepare the balance sheet for C Shaw as at 30 November 2013.

(12)

**C Shaw
Balance Sheet
as at 30 November 2013**

(b) Calculate the working capital (current) ratio. State clearly the formula used.

(3)

Formula	Working capital ratio



(c) Evaluate the working capital (current) ratio, stating whether C Shaw will be satisfied with this figure.

(5)

A series of horizontal dotted lines for writing an answer.

(Total for Question 12 = 20 marks)



Question Number	Answer	Mark																																																																																																				
12(a)	<p>C Shaw Balance Sheet at 30 November 2013</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> </tr> <tr> <th>Fixed Assets</th> <th style="text-align: right;">Cost</th> <th style="text-align: right;">Total Dep.</th> <th style="text-align: right;">N.B.V.</th> </tr> </thead> <tbody> <tr> <td>Fixtures and fittings</td> <td style="text-align: right;">50 000</td> <td style="text-align: right;">16 000</td> <td style="text-align: right;">34 000(1 cf)</td> </tr> <tr> <td>Motor vehicles</td> <td style="text-align: right;"><u>32 000</u></td> <td style="text-align: right;"><u>10 000</u></td> <td style="text-align: right;"><u>22 000(1 cf)</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>82 000</u></td> <td style="text-align: right;"><u>26 000</u></td> <td style="text-align: right;">56 000</td> </tr> <tr> <td colspan="4">Current Assets</td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">41 289(1 cf)</td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">48 521 (1 cf)</td> <td></td> <td></td> </tr> <tr> <td>Petty cash</td> <td style="text-align: right;"><u>400 (1 cf)</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">90 210</td> <td></td> </tr> <tr> <td colspan="4">Current liabilities</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">24 367 (1 cf)</td> <td></td> <td></td> </tr> <tr> <td>Bank</td> <td style="text-align: right;"><u>5 703 (1 cf)</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>30 070</u></td> <td></td> </tr> <tr> <td>Working capital</td> <td></td> <td></td> <td style="text-align: right;"><u>60 140 (1 of)</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>116 140</u></td> </tr> <tr> <td colspan="4">Long term liabilities</td> </tr> <tr> <td>Bank loan</td> <td></td> <td></td> <td style="text-align: right;"><u>20 000 (1 cf)</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>96140</u></td> </tr> <tr> <td colspan="4">Financed by</td> </tr> <tr> <td>Capital – opening balance</td> <td></td> <td style="text-align: right;">60 000 (1 cf)</td> <td></td> </tr> <tr> <td>Net profit</td> <td></td> <td style="text-align: right;"><u>53 640 (1 cf)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">113 640</td> <td></td> </tr> <tr> <td>Drawings</td> <td></td> <td style="text-align: right;"><u>17 500 (1 cf)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>96 140</u></td> </tr> </tbody> </table>		£	£	£	Fixed Assets	Cost	Total Dep.	N.B.V.	Fixtures and fittings	50 000	16 000	34 000(1 cf)	Motor vehicles	<u>32 000</u>	<u>10 000</u>	<u>22 000(1 cf)</u>		<u>82 000</u>	<u>26 000</u>	56 000	Current Assets				Stock	41 289(1 cf)			Debtors	48 521 (1 cf)			Petty cash	<u>400 (1 cf)</u>					90 210		Current liabilities				Creditors	24 367 (1 cf)			Bank	<u>5 703 (1 cf)</u>					<u>30 070</u>		Working capital			<u>60 140 (1 of)</u>				<u>116 140</u>	Long term liabilities				Bank loan			<u>20 000 (1 cf)</u>				<u>96140</u>	Financed by				Capital – opening balance		60 000 (1 cf)		Net profit		<u>53 640 (1 cf)</u>				113 640		Drawings		<u>17 500 (1 cf)</u>					<u>96 140</u>	(12)
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12(b)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Formula</td> <td style="width: 50%;">Working capital ratio</td> </tr> <tr> <td>Current assets/current liabilities (1)</td> <td>90210/30070 (1 for both of) = 3:1 (1 of)</td> </tr> </table>	Formula	Working capital ratio	Current assets/current liabilities (1)	90210/30070 (1 for both of) = 3:1 (1 of)	(3)
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Question Number	Answer	Mark
12(c)	<p>Award (1) mark for indication satisfaction/dissatisfaction with the ratio with a further (1) mark for any development. Award up to a further (2) marks for an indication that the current ratio may be too high. A final (1) mark can be awarded for an appropriate conclusion.</p> <p>Sample answer</p> <p>Shaw will be satisfied (1) with this ratio as it indicates that he is able to meet his short term debts (1)</p> <p>However Shaw may have too much money tied up in his current assets (1) as a ratio which exceeds 2:1 can indicate poor management of the current assets (1)</p> <p>Although ratios between 1.5:1 and 2:1 are generally regarded as satisfactory consideration also needs to be given to the size and type of the business which Shaw operates (1)</p>	(5)

Question Number	Answer	Mark
13(a)	<p>Direct wages is the term used to describe the cost of the wages of the people who are employed in the factory making the goods (1) whereas indirect wages refers to the wages of those staff that are not directly involved in the manufacture of the product such as supervisors (1)</p>	(2)

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13 The following information was extracted from the books of Ajit Manufacturing on 31 March 2014.

	1 April 2013	31 March 2014
Stocks:		
Raw materials	£26 000	£31 000
Work in progress	£15 000	£12 000
Finished goods	£186 000	£217 500

For the year ended 31 March 2014

Purchases of raw materials	£134 000
Carriage inwards	£1 000
Factory wages:	
Direct	£70 000
Indirect	£22 000

(a) Explain the difference between direct and indirect factory wages.

(2)

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(b) Calculate the prime cost.

(6)

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On 31 March 2014 Ajit’s Manufacturing’s trial balance failed to agree and the difference was entered into a suspense account. The following errors and omissions were later discovered.

- 1 An invoice from a supplier for £500 had not been entered in the books.
- 2 Stock valued at £360, taken by Ajit, had been debited to both the drawings account and the purchases account.
- 3 A sale of goods, £245, had been entered correctly in the bank account but no other entries had been made.
- 4 The total of discount received, £68, recorded correctly in the cash book, had been debited to discount allowed.

(c) Complete the following table to show the necessary entries to correct these errors and omissions.

(8)

Errors/ omissions	Account(s) to be debited	Amount (£)	Account(s) to be credited	Amount (£)
1				
2				
3				
4				

(Total for Question 13 = 16 marks)



Question Number	Answer	Mark
12(c)	<p>Award (1) mark for indication satisfaction/dissatisfaction with the ratio with a further (1) mark for any development. Award up to a further (2) marks for an indication that the current ratio may be too high. A final (1) mark can be awarded for an appropriate conclusion.</p> <p>Sample answer</p> <p>Shaw will be satisfied (1) with this ratio as it indicates that he is able to meet his short term debts (1)</p> <p>However Shaw may have too much money tied up in his current assets (1) as a ratio which exceeds 2:1 can indicate poor management of the current assets (1)</p> <p>Although ratios between 1.5:1 and 2:1 are generally regarded as satisfactory consideration also needs to be given to the size and type of the business which Shaw operates (1)</p>	(5)

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13(a)	<p>Direct wages is the term used to describe the cost of the wages of the people who are employed in the factory making the goods (1) whereas indirect wages refers to the wages of those staff that are not directly involved in the manufacture of the product such as supervisors (1)</p>	(2)

Question Number	Answer	Mark																											
13(b)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Opening stock raw materials</td> <td style="text-align: right;">26 000</td> <td></td> </tr> <tr> <td>Purchases raw materials</td> <td style="text-align: right;">134 000 (1 cf)</td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">1 000 (1 cf)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">161 000</td> <td></td> </tr> <tr> <td>Closing stock raw materials</td> <td style="text-align: right;">31 000 (1 cf both)</td> <td></td> </tr> <tr> <td>Cost of raw materials consumed</td> <td></td> <td style="text-align: right;">130 000 (1 of)</td> </tr> <tr> <td>Direct wages</td> <td></td> <td style="text-align: right;">70 000 (1 cf)</td> </tr> <tr> <td>Prime Cost</td> <td></td> <td style="text-align: right;">200 000 (1 of)</td> </tr> </tbody> </table>		£	£	Opening stock raw materials	26 000		Purchases raw materials	134 000 (1 cf)		Carriage inwards	1 000 (1 cf)			161 000		Closing stock raw materials	31 000 (1 cf both)		Cost of raw materials consumed		130 000 (1 of)	Direct wages		70 000 (1 cf)	Prime Cost		200 000 (1 of)	(6)
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Question Number	Answer						Mark
13(c)	Error	Account(s) to be debited	Amount (£)	Account(s) to be credited	Amount (£)	(8)	
	1	Purchases	500(1)	Supplier/Creditors control	500(1)		
	2	Suspense	720 (1)	Purchases	720(1)		
	3	Suspense	245 (1)	Sales	245(1)		
	4	Suspense	136 (1)	Discount allowed	68(1 for both)		
				Discount received	68		
Award (1) mark for each correct entry – mark for both correct account name and amount. Do not accept names of books.							

Question Number	Answer				Mark
14 (a)	Date	Transaction	Explanation	Double Entry	(8)
	Oct 12	Cash book	A cheque or cash payment has been made for insurance (1)	Credit side of the bank/cash account OR credit cash book (1)	
	Oct 12	Discount	Cash discount received (1) by Rekha	Credit side of the discount received account (1)	
	Oct 31	Profit and loss	The transfer to the profit and loss account for the expense of insurance for the period (1)	Debit side of the profit and loss account (1)	
	Oct 31	Balance c/d	The value of insurance prepaid/paid in advance (1) at the end of the period.	Debit side of the insurance account (1)	

14 The following account appeared in the ledger of Rekha, a bookseller.

Insurance Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)
Oct 12	Cash book	3 300	Oct 1	Balance b/d	678
Oct 12	Discount	200	Oct 31	Profit and loss	2 393
			Oct 31	Balance c/d	429
		<u>3 500</u>			<u>3 500</u>

(a) Explain each entry in the above account stating clearly where the other part of the double entry for each transaction would have been made. The first row has been completed for you.

(8)

Date	Transaction	Narrative	Double Entry
Oct 1	Balance b/d	The value of insurance accrued/owing at the end of the previous period	Debit side of the insurance account
Oct 12	Cash book		
Oct 12	Discount		
Oct 31	Profit and loss		
Oct 31	Balance c/d		



Rekha is considering investing in a computerised accounting package.

(b) (i) Evaluate the advantages of this proposal.

(5)

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(ii) Evaluate the disadvantages of this proposal.

(5)

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(Total for Question 14 = 18 marks)



Question Number	Answer						Mark
13(c)	Error	Account(s) to be debited	Amount (£)	Account(s) to be credited	Amount (£)	(8)	
	1	Purchases	500(1)	Supplier/Creditors control	500(1)		
	2	Suspense	720 (1)	Purchases	720(1)		
	3	Suspense	245 (1)	Sales	245(1)		
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Question Number	Answer				Mark
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Question Number	Answer	Mark
14 (b)	<p>Rekha is considering investing in a computerised accounting package.</p> <p>(i) Evaluate the advantages of this proposal</p> <p>Award (1) mark for identification of an advantage and a further (1) mark for development of the response. A further (1) mark to be awarded for any appropriate conclusion. (Max 5)</p> <p>Sample answer</p> <p>The accuracy of the bookkeeping process will improve (1) as the calculations are done automatically by the program (1). The processing of financial information will be faster (1) as Rekha will only have to make one entry and the system will process the other entry automatically (1). Therefore Rekha’s business could benefit from this investment (1)</p> <p>(ii) Evaluate the disadvantages of this proposal</p> <p>Award (1) mark for identification of a disadvantage and a further (1) mark for development of the response. A further (1) mark to be awarded for any appropriate conclusion. (Max 5)</p> <p>Sample answer</p> <p>The cost (1) of the hardware and software may require a fresh injection of capital (1). (Candidates may also refer to the cost of training staff or the cost of making staff redundant.) There is a risk (1) that data may be lost or corrupted due to computer viruses (1). Therefore Rekha’s business may not benefit from this investment. (1)</p> <p>In both (i) and (ii) where candidate has only provided a list award Max (2) in each instance.</p>	(10)

Question Number	Answer	Mark
15 (a)	<p>Award up to (2) marks for each suggestion.</p> <p>Sample Answers</p> <p>1. Barat could offer his debtors a cash discount if they pay their accounts within a specified period (1) which would improve his cash flow (1).</p> <p>2. Barat could ensure that invoices are issued promptly (1) or send regular monthly statements(1) to his debtors which should remind them to pay the amount due on time (1) (Max 2)</p>	(4)

15 Barat, a trader, is experiencing late payments from debtors.

(a) Explain **two** ways in which he can encourage his debtors to pay their accounts on time.

(4)

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Barat maintains a provision for doubtful debts of 5% of debtors. His debtors amounted to £35 000 on 1 April 2013 and £40 000 on 31 March 2014.

(b) Prepare the provision for doubtful debts account for the year ended 31 March 2014. Balance the account at that date and bring the balance down on 1 April 2014.

(5)

Provision for doubtful debts account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)



(c) Explain the effect on the net profit for the year ended 31 March 2014 if Barat's debtors had decreased and his provision for doubtful debts was maintained at 5%.

(2)

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(Total for Question 15 = 11 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 100 MARKS



Question Number	Answer	Mark
14 (b)	<p>Rekha is considering investing in a computerised accounting package.</p> <p>(i) Evaluate the advantages of this proposal</p> <p>Award (1) mark for identification of an advantage and a further (1) mark for development of the response. A further (1) mark to be awarded for any appropriate conclusion. (Max 5)</p> <p>Sample answer</p> <p>The accuracy of the bookkeeping process will improve (1) as the calculations are done automatically by the program (1). The processing of financial information will be faster (1) as Rekha will only have to make one entry and the system will process the other entry automatically (1). Therefore Rekha’s business could benefit from this investment (1)</p> <p>(ii) Evaluate the disadvantages of this proposal</p> <p>Award (1) mark for identification of a disadvantage and a further (1) mark for development of the response. A further (1) mark to be awarded for any appropriate conclusion. (Max 5)</p> <p>Sample answer</p> <p>The cost (1) of the hardware and software may require a fresh injection of capital (1). (Candidates may also refer to the cost of training staff or the cost of making staff redundant.) There is a risk (1) that data may be lost or corrupted due to computer viruses (1). Therefore Rekha’s business may not benefit from this investment. (1)</p> <p>In both (i) and (ii) where candidate has only provided a list award Max (2) in each instance.</p>	(10)

Question Number	Answer	Mark
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Question Number	Answer	Mark																														
15 (b)	Provision for doubtful debts account	(5)																														
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Question Number	Answer	Mark
15 (c)	<p>Increase (1)</p> <p>As Barat's debtors have decreased then his provision would also decrease resulting in additional income (1) which would increase his profit.</p>	(2)