

Sample Paper 2008

CERTIFICATE IN BOOK-KEEPING

Level 1

Subject Code: 1017

Time allowed: **2 hours 30 minutes**

INSTRUCTIONS FOR CANDIDATES

- Answer **all 4** questions.
- All questions carry equal marks.
- Study the “**REQUIRED**” section of each question carefully and extract the data required for your answers from the information supplied.
- Write your answers in blue or black ink/ballpoint. You can only use pencil for graphs, charts, diagrams, etc.
- Begin your answer to each question on a new page.
- All answers must be correctly numbered but need not be in numerical order.
- Workings must be shown.
- You may use a calculator provided the calculator gives no printout, has no word display facilities, is silent and cordless. The provision of batteries and their condition is your responsibility.
- Marks may be lost through lack of neatness and poor presentation.

QUESTION 1

Stanley Heung had the following list of balances at 31 May 2006:

	£
Bank (Dr)	6,000
Delivery vehicles	22,500
Debtors	9,000
Office furniture	12,000
Creditors	750
Loan (repayable 31 June 2007)	7,500
Stock	2,250
Capital	43,875
Cash	375

REQUIRED

- (a) List and total the opening balances at 31 May 2006 under the following headings:

Capital, Fixed Assets, Current Assets, Liabilities.

(6 marks)

The following transactions took place during June 2006:

- (1) Paid a cheque for £450 to N. Tan a creditor.
- (2) Purchased stock, £550, on credit from T. Leung.
- (3) Purchased office furniture, £4,500, by cheque.
- (4) Paid a cheque, £1,500, in part repayment of the loan.
- (5) Received a cheque for £4,500 from S. Moy, a debtor.
- (6) Withdrew £750 cash from the bank for use in the business.
- (7) Purchased stock, £3,000, on credit from R. Tzang.

REQUIRED

- (b) Prepare a Balance Sheet at 30 June 2006, to show **what effect** each of the seven transactions has on the totals of your answer to part (a).

(18 marks)

(Total 25 marks)

QUESTION 2

Nicola Ho prepared the following Trial Balance on 30 June 2006:

	Dr £	Cr £
Cash	531	
Bank	3,006	
Sales		414,234
Purchases	247,050	
Stock at 30 June 2005	35,781	
Carriage	15,432	
Equipment at cost	174,000	
Provision for depreciation - equipment		57,000
Capital		159,273
Drawings	23,400	
Rent and insurance	19,866	
Postage and stationery	9,003	
Debtors	36,360	
Creditors		19,803
Salaries and wages	79,260	
Bad debts	2,631	
Heating and lighting	3,990	
	<u>650,310</u>	<u>650,310</u>

Additional information at 30 June 2006:

- (1) Stock at cost £40,653.
- (2) Rent prepaid £2,640.
- (3) Heating and lighting owing £630.
- (4) The carriage balance includes carriage inwards, £6,633.
- (5) Equipment is to be depreciated at 10% on cost.

REQUIRED

Prepare:

- (a) A Trading and Profit and Loss Account for the year ended 30 June 2006. (13 marks)
- (b) A Balance Sheet at 30 June 2006. (12 marks)
- (Total 25 marks)**

QUESTION 3

At 31 January 2006, Rodney Tang discovered the following errors:

- (1) A receipt of £2,175 from a debtor, M. Parkins, had been correctly entered in the cash book but had been credited to the account of M. Parkinson.
- (2) Discount received of £510 had been entered on the debit side of the discounts allowed account as £645.
- (3) Rent receivable of £1,200 had been correctly debited in the cashbook, but the credit entry had been recorded in the rent payable account.
- (4) The purchases daybook for January 2006 had been undercast by £1,050.
- (5) Rodney Tang had taken goods, valued at cost £525, for his personal use. No entries had been made to record this transaction.
- (6) Materials at a cost of £10,950 bought to repair the office roof had been debited to the purchases account.
- (7) The purchase of office equipment, on credit, from Ace Supply for £2,250 had not been recorded in the books.
- (8) Cash sales, £6,480, had been correctly recorded in the cashbook. The double entry had not been completed.
- (9) A payment by cheque of £1,445 to M. Floyd, a creditor, had been correctly recorded in the cashbook. The corresponding entry in the account of M. Floyd was recorded as £1,454.
- (10) An extension to the business premises had been built by some of Rodney Tang's employees. The wages paid, £27,980, had been recorded in the wages account.

REQUIRED

- (a) Prepare Journal entries, without narrations, to correct the above errors.

(21 Marks)

- (b) From the above list of errors state **four** which will **not affect** the agreement of the trial balance.

(4 Marks)

(Total 25 Marks)

QUESTION 4

(a) M. Lanos recorded the following sales for the month of April 2006:

2006	Customer	List Price £
April 1	H. Mazda	2,850
April 6	Honda and Sons	1,855
April 10	B. Micra	2,350
April 14	S. Ford	6,100
April 17	B. Micra	1,450
April 20	H. Mazda	8,650
April 25	B Micra	4,100
April 28	S. Ford	5,440

Trade discount is given as follows:

H.Mazda	10%
S. Ford	5%
B. Micra	12%

Returns for the month of April were as follows:

2006	Customer	List Price £
April 10	H. Mazda	970
April 20	S. Ford	1,240
April 27	Honda and Sons	625
April 30	S. Ford	1,200

REQUIRED

Prepare for the month ended 30 April 2006:

- (a) Sales Day Book (9 Marks)
- (b) Sales Returns Day Book (5 Marks)

QUESTION 4 CONTINUED

(b)

The following information relating to the month of August 2006 was extracted from the books of M. Patel:

At 1 August 2006

	£
Sales ledger Dr balances	15,682
Purchases ledger Cr balances	11,670

Transactions for the month ending 31 August 2006:

Credit Sales	30,870
Payments to suppliers	10,860
Returns inwards	888
Credit purchases	14,808
Cash sales	2,472
Bad debts written off	320
Returns outwards	285
Receipts from customers	29,852

REQUIRED

Prepare for the month ended 31 August 2006:

(a) Sales Ledger Control Account

(6 Marks)

(b) Purchases Ledger Control Account

(5 Marks)

(Total 25 Marks)