

**EDUCATION DEVELOPMENT INTERNATIONAL PLC
SAMPLE PAPER ANSWERS 2008
BOOK-KEEPING (ASE1017)
LEVEL 1**

QUESTION 1

(a)	Capital	=	Fixed Assets	+	Current Assets	-	Liabilities
	£		£		£		£
	43,875		22,500 12,000		6,000 9,000 2,250 375		750 7,500
	43,875		34,500		17,625		8,250

(7 marks)

(b)

Balance Sheet at 30 June 2006

	£	£
Fixed Assets		
Delivery vehicles		22,500
Office furniture (12,000 + 4,500)		<u>16,500</u>
		39,000
Current Assets		
Stock (2,250 + 550 + 3,000)	5,800	
Debtors (9,000 – 4,500)	4,500	
Bank (6,000 – 450 – 4,500 – 1,500 + 4,500 – 750)	3,300	
Cash (375 + 750)	<u>1,125</u>	
	14,725	
Less: Current Liabilities		
Creditors (750 - 450 + 550 + 3,000)	<u>3,850</u>	
Net Current Assets		<u>10,875</u>
		49,875
Less: Long Term Liabilities		
Loan (7,500 – 1,500)		<u>6,000</u>
		<u>43,875</u>
Financed by:		
Capital		<u>43,875</u>
		<u>43,875</u>

(18 marks)

QUESTION 2

(a)

Nicola Ho
Trading and Profit and Loss Account for the year ended 30 June 2006

	£	£	£
Sales			414,234
Less: Cost of goods sold:			
Stock at 30 June 2005		35,781	
Add: Purchases	247,050		
Add: Carriage inwards	<u>6,633</u>	<u>253,683</u>	
		289,464	
Less: Stock at 30 June 2006		<u>40,653</u>	<u>248,811</u>
Gross Profit			165,423
Less: Expenses:			
Carriage outwards		8,799	
Depreciation – equipment		17,400	
Rent and insurance (19,866-2,640)		17,226	
Salaries and wages		9,003	
Bad debts		79,260	
Heating and lighting (3,990 + 630)		2,631	
Net Profit		<u>4,620</u>	<u>138,939</u>
			<u>26,484</u>

(13 marks)

(b)

Balance Sheet at 30 June 2006

Fixed Assets	Cost	Depreciation To Date	Net Book Value
	£	£	£
Equipment	<u>174,000</u>	<u>74,400</u>	99,600
Current Assets			
Stock		40,653	
Debtors		36,360	
Bank		3,006	
Cash		531	
Rent Prepaid		<u>2,640</u>	
Less: Current Liabilities		83,190	
Creditors	19,803		
Heating and lighting owing	<u>630</u>	<u>20,433</u>	
Net Current Assets			<u>62,757</u>
			<u>162,357</u>
Financed by:			£
Capital			159,273
Add: Net Profit			<u>26,484</u>
Less: Drawings			185,757
			<u>23,400</u>
			<u>162,357</u>

(12 marks)

(Total 25 marks)

QUESTION 3

(a)

Journal

	Dr	Cr
	£	£
(1) M. Parkinson M. Parkins	2,175	2,175
(2) Discounts allowed Discounts received		645 510
(3) Rent payable Rent receivable	1,200	1,200
(4) Purchases	1,050	
(5) Drawings Purchases	525	525
(6) Repairs Purchases	10,950	10,950
(7) Office Equipment Ace Supply	2,250	2,250
(8) Sales		6,480
(9) M. Floyd		9
(10) Premises/Building Wages	27,980	27,980

(21 Marks)

(b)

(4 errors only)

Error 1
5
6
7
10

(4 Marks)

(Total 25 marks)

QUESTION 4

(A)

(a)	2006	Sales Day Book	£
	Amount	Customer	
	April 1	H.Mazda	2,565
	April 6	Honda and Sons	1,855
	April 10	B. Micra	2,068
	April 14	S.Ford	5,795
	April 17	B. Micra	1,276
	April 20	H.Mazda	7,785
	April 25	B.Micra	3,608
	April 28	S.Ford	<u>5,168</u>
			<u>30,120</u>

(9 Marks)

(b)	2006	Sales Returns Day Book	£
	Amount	Customer	
	April 10	H.Mazda	873
	April 20	S.Ford	1,178
	April 27	Honda and Sons	625
	April 30	S.Ford	<u>1,140</u>
			<u>3,816</u>

(5 Marks)

(B)

(a)	Sales Ledger Control Account			
	2006	£	2006	£
	Aug 31	Balances b/d	Aug 31	Returns Inwards
	Aug 31	Sales	Aug 31	Bad debts
			Aug 31	Bank/cash
			Aug 31	Balances c/d
		<u>46,552</u>		
	Sept 1	Balances b/d		<u>46,552</u>

(6 marks)

(b)	Purchases Ledger Control Account			
	2006	£	2006	£
	Aug 31	Bank/cash	Aug 31	Balances b/d
	Aug 31	Returns outwards	Aug 31	Purchases
	Aug 31	Balances c/d		
		<u>26,478</u>		<u>26,478</u>
			Sept 1	Balances b/d

(5 marks)

(Total 25 marks)