

Series 2 Examination 2012

CERTIFICATE IN BOOK-KEEPING

Level 1

Monday 2 April

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

Lara's Cash Book showed a credit bank balance of £953.48, on 31 March 2012. A comparison with her Bank Statement showed the following:

- (1) The Bank Statement showed a debit balance of £196.77, at 31 March 2012
- (2) A cheque for £125.00, payable to Winston was incorrectly recorded in the Cash Book as £152.00. The bank had correctly charged the account with £125.00.
- (3) A cheque for £254.27, banked on 31 March, did not appear on the Bank Statement.
- (4) The transactions below appear on the Bank Statement, but have not been recorded in the Cash Book:

	£
March 15 – Credit Transfer from Mavis	687.43
19 – Bank charges	45.80
23 – Direct debit for gas	100.00

- (5) The following cheques recorded in the Cash Book during March, did not appear on the Bank Statement for March:

	£
Joyce	352.99
Zoe	89.36

REQUIRED

- (a) Prepare the:
 - (i) Cash Book update to reflect the items from above (6 marks)
 - (ii) Bank Reconciliation Statement at 31 March 2012. (6 marks)

Peter's Balance Sheet at 31 December 2009 shows:

	£
Motor vehicles at cost	15,000
Aggregate depreciation	<u>9,600</u>
	5,400

Peter purchased additional vehicles as follows:

	£
1 January 2010	6,500
1 April 2011	8,000

Peter calculates depreciation using the reducing balance method, at 40% per annum on all motor vehicles owned at the end of the year.

REQUIRED

- (b) Prepare the:
 - (i) Motor Vehicles Account for the years ended 31 December 2010 and 31 December 2011 (5 marks)
 - (ii) Provision for Depreciation – Motor Vehicles Account for the years ended 31 December 2010 and 31 December 2011 (6 marks)
 - (iii) Balance Sheet extract at 31 December 2011. (2 marks)

(Total 25 marks)

QUESTION 2

Eric started in business on 1 April 2012, paying £2,500 into a business bank account. The following transactions took place during the first week of April:

Purchased goods on credit from:				£
April	1	Joe	250	
	3	Steve	325	
	4	Joe	490	
	5	Steve	185	

Goods returned to:			
April	3	Joe	20
	5	Steve	14

Sold goods on credit to:			
April	2	Enid	120
	3	Gerry	45
	5	Enid	264

Goods returned by:			
April	3	Enid	13
	5	Gerry	6

Bankings:			
April	2	Cash sales	55
	3	Cash sales	90
	4	Enid Cash sales	107
		Cash sales	123
	5	Gerry Cash sales	39
		Cash sales	86

Cheques paid:			
April	2	Joe	230
	3	Office equipment	425
	4	Steve	250

REQUIRED

- (a) Prepare the following ledger accounts for the week ended 5 April 2012, balance the accounts and carry down the balances where required

Day Books are not required.

- (i) Capital
- (ii) Bank
- (iii) Joe
- (iv) Steve
- (v) Enid
- (vi) Gerry
- (vii) Purchases
- (viii) Purchases returns
- (ix) Sales
- (x) Sales returns
- (xi) Office equipment.

(15 marks)

- (b) Prepare Eric's Trial Balance at 5 April 2012.

(10 marks)

(Total 25 marks)

QUESTION 3

John's Trial Balance at 30 June 2011 was listed after a provisional Trading and Profit & Loss Account for the year had been prepared:

	Dr £	Cr £
Provisional net profit for the year		18,921
Cash	550	
Equipment	35,000	
Provision for depreciation of equipment		14,000
Premises	100,000	
Provision for depreciation of premises		18,000
Debtors and Creditors	23,895	12,548
Drawings	12,000	
Bank		2,476
Capital at 1 July 2010		120,000
Stock	<u>14,500</u>	
	<u>185,945</u>	<u>185,945</u>

Your enquiries have identified the followings errors in calculating the provisional net profit for the year

- (1) A stock sheet was undercast by £100
- (2) A debt of £150 was bad and should be written off
- (3) £245 motor expenses should be accrued
- (4) During the year, John has taken goods valued at £600, from stock for his private use
- (5) Bank interest to 30 June 2011, £130 was debited to the bank account on 6 July. This had not been recorded when calculating the provisional net profit.
- (6) In arriving at the provisional net profit, the amount charged for insurance included a payment of £360 for the year to 31 December 2011.

REQUIRED

- (a) Prepare for John a:
- (i) Calculation of the revised Net Profit for the year ended 30 June 2011 (9 marks)
 - (ii) Balance Sheet at 30 June 2011. (10 marks)

Carol made the following payments for:

- (1) A new computer network
- (2) 3 year maintenance contract for the new computers
- (3) A second hand delivery vehicle
- (4) Signwriting on the above delivery vehicle
- (5) Loan interest to Arnold
- (6) A loan repayment to Arnold

REQUIRED

- (b) Make a list identifying whether each payment is:
- capital expenditure
 - revenue expenditure
 - neither.
- (6 marks)

(Total 25 marks)

QUESTION 4

Alfred keeps his Petty Cash Book on the imprest system. The imprest, £200.00, is restored on the first day of each month. Alfred uses three analysis columns, "Travel Expenses", "Office Expenses" and "Postage and Stationery". The following transactions took place in June 2011 and July 2011:

		Voucher	£
June	1	Balance brought down	55.48
		Restored Imprest	
	5	Petrol	34 35.38
	6	Postage	35 10.50
	8	Coffee	36 3.49
	14	Postage	37 12.60
		Cash sale	18.50
	19	Rail tickets	38 55.00
	22	Postage	39 9.60
	23	Tea	40 3.50
	26	Petrol	41 28.45
	28	Envelopes	42 8.72
July	1	Restored Imprest	
		Postage	43 8.56
	2	Coffee	44 3.52
		Rail ticket	45 28.50
	8	Petrol	46 28.89
		Postage	47 12.35
	11	Tea	48 3.50
	15	Postage	49 6.50
	29	Postage	50 8.95

REQUIRED

- (a) Write up Alfred's Petty Cash Book for June and July using the detachable proforma, carrying forward the balance at the end of each month.

(Remove and use the sheet(s) on page 7 to present your answer)

(21 marks)

- (b) Prepare the following accounts for June and July:

(i) Travel Expenses

(2 marks)

(ii) Postage and Stationery.

(2 marks)

(Total 25 marks)

BLANK PAGE

For Question 4 (a)

Candidate No:.....
Centre No:.....

Petty Cash Book					
Receipts	Date	Details	Voucher number	Total	Analysis Columns
£				£	£
					£
					£
					£
					£
					£

Please staple the completed sheet into your answer book

For Question 4 (a)

Candidate No:.....
Centre No:.....

Petty Cash Book					
Receipts	Date	Details	Voucher number	Total	Analysis Columns
£				£	£
					£
					£
					£
					£
					£
					£

Please staple the completed sheet into your answer book