

Certificate in Book-keeping

ASE1017

Level 1

Tuesday 2 April 2013

Time allowed: 2 hours 30 minutes

Information

- There are 4 questions in this examination.
 - Total marks available: 100
 - All questions carry equal marks.
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Instructions

- Do **not** open this paper until you are told to do so by the supervisor.
 - Answer **all questions**.
 - 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.
 - Please ensure your answers are written clearly.
 - 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.
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QUESTION 1

Igor started trading on 1 April. He made the following business transactions:

		£	
April	1	Introduced cash, paying it into a business bank account	500
	2	Paid a month's rent	100
	3	Bought goods on credit from Alice	120
	13	Sold goods on credit to Zac	60
	14	Cash sales banked	295
		Bought goods on credit from Alice	505
	20	Zac returned goods	10
		Returned goods to Alice	15
	21	Paid Alice, after deducting cash discount of 5%	114

REQUIRED

(a) Write up the following accounts in Igor's books. Where appropriate, balance the accounts at 21 April and carry down the balances. (Day books are **not** required):

- (i) Capital
- (ii) Bank
- (iii) Rent
- (iv) Alice
- (v) Zac
- (vi) Sales
- (vii) Purchases
- (viii) Sales Returns
- (ix) Purchases Returns
- (x) Discount Received.

(20 marks)

(b) Prepare the Trial Balance at 21 April.

(5 marks)

(Total 25 marks)

QUESTION 2

Ezra has drawn up the following Trial Balance at 31 October 2012, after preparing his draft Trading Account for the year:

	Dr £	Cr £
Capital		35,000
Gross profit		155,000
Wages	66,258	
General expenses	25,487	
Motor expenses	6,871	
Carriage	945	
Office expenses	12,823	
Drawings	6,320	
Equipment	16,200	
Motor vehicles	25,400	
Stock at 31 October 2012	18,740	
Debtors	32,490	
Creditors		17,910
Provisions for depreciation:		
equipment		7,500
motor vehicles		12,200
Bank	<u>16,076</u>	<u> </u>
	<u>227,610</u>	<u>227,610</u>

Additional information at 31 October 2012:

- (1) Carriage £945 included £300 for goods delivered to Ezra's business
- (2) Wages accrued £1,050
- (3) Office expenses prepaid £250
- (4) A debt of £190 should be written off as irrecoverable
- (5) Depreciation is calculated as follows:
 - equipment – 10% per annum straight line method
 - motor vehicles – 30% per annum reducing balance method.

REQUIRED

- (a) Prepare the:
- (i) Profit & Loss Account for the year ended 31 October 2012 (11 marks)
 - (ii) Balance Sheet at 31 October 2012. (12 marks)
- (b) Explain the term **accrued expenses**. (2 marks)

(Total 25 marks)

QUESTION 3

At 31 August 2012 Anil had cash in hand £68, and a bank balance of £328Dr. Below is a list of Anil's cash and bank transactions for September 2012:

		Cheque N ^o .	£
September	2	Cash sale	271
	4	Paid Pietr	115
		Received, and banked, from Icos	648
	9	Banked cash	100
		Paid Jasen	729
	14	Received, and banked, from Simon	868
		Wages paid in cash	165
	16	Received, and banked, from Icos	958
		Paid motor expenses	135
		Paid Ajax	86
	21	Cashed cheque for office use	120
	25	Paid Kit	68
	27	Cash sale	145
	28	Wages paid in cash	165

REQUIRED

(a) Write up the Two-column Cash Book for the month of September.

The following Bank Statement was received on 2 October 2012:

		Money out £	Money in £	Balance £	
September	1			428	Cr
	3	100		328	Cr
			285	613	Cr
	4		648	1,261	Cr
	9		100	1,361	Cr
	12	25		1,336	Cr
	14		868	2,204	Cr
		108		2,096	Cr
	16		958	3,054	Cr
		115		2,939	Cr
	20	958		1,981	Cr
		729		1,252	Cr
	20	120		1,132	Cr
	22	86		1,046	Cr
	30			1,046	Cr

(17 marks)

REQUIRED

(b) Update the bank columns of the Cash Book.

(5 marks)

(c) Prepare the Bank Reconciliation Statement at 30 September 2012.

(3 marks)

(Total 25 marks)

QUESTION 4

The following information is from Cyma's books:

Balances at 1 June 2012:	£
Debtors	34,649
Creditors	15,275

Transactions made during the month of June 2012:

Credit purchases	92,366
Cash purchases	1,053
Credit sales	215,382
Returns from customers	1,254
Returns to suppliers	2,631
Cheque payments to suppliers	85,721
Cheques received from customers	213,895
Cash received from credit customers	500
Suppliers cheque in respect of overpaid account	255
Interest charged by suppliers	32
Discount allowed	1,564
Discount received	1,030
Bad debts written off	345

REQUIRED

(a) Prepare, for the month of June 2012, the:

- (i) Sales Ledger Control Account (9 marks)
- (ii) Purchases Ledger Control Account. (9 marks)

(b) List the items (1) to (7) below and state whether each of those items is '**capital expenditure**', '**revenue expenditure**' or '**neither**'.

- (1) Purchase of a new car for business use
- (2) Insurance of the new car
- (3) Reimbursement of the petty cash float
- (4) Decorating the business office
- (5) Purchase of machine spares
- (6) Goods taken from stock, for private use by the owner
- (7) Staff training.

(7 marks)

(Total 25 marks)