

Certificate in Book-keeping

ASE1017

Level 1

Monday 5 November 2012

Time allowed: 2 hours 30 minutes

Information

- There are 4 questions in this examination.
 - Total marks available: 100
 - All questions carry equal marks.
 - Please ensure your answers are written clearly, or marks may be lost.
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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.
 - 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

Vito's Trial Balance at 31 October 2011 was as follows:

	Dr £	Cr £
Capital at 1 November 2010		33,167
Equipment	5,000	
Motor vehicles	21,000	
Provisions for depreciation at 1 November 2010:		
equipment		2,250
motor vehicles		6,500
Stock at 1 November 2010	5,250	
Debtors and Creditors	16,475	5,427
Bank	3,249	
Rent, rates and insurance	4,640	
Purchases and Sales	34,268	98,345
Carriage outwards	1,246	
Wages and salaries	36,170	
General expenses	18,391	
	<u>145,689</u>	<u>145,689</u>

Additional information at 31 October 2011:

- (1) Stock £5,500
- (2) Vito used a business cheque to pay for private home insurance £530
- (3) Rent prepaid £250
- (4) General expenses owing £325
- (5) On 28 October the bank credited Vito's account with £200 from Tari, this had not been recorded in the books.
- (6) Depreciation is calculated as follows:
 equipment – 15% on cost
 motor vehicles – 25% on cost.

REQUIRED

Prepare the:

- (a) Trading and Profit & Loss Account for the year ended 31 October 2011 (13 marks)
- (b) Balance Sheet at 31 October 2011. (12 marks)

(Total 25 marks)

QUESTION 2

Jenae provided the following from her financial records:

Balances at 1 June 2010:

Debtors	14,918
Creditors	5,244

Transactions for the year ended 31 May 2011:

Sales	87,524
Purchases	28,963
Returns outwards	294
Returns inwards	417
Discount received	65
Discount allowed	148
Cheques received from customers	84,621
Cheques paid to suppliers	28,437
Interest charged to customers	28
Bad debt written off (D Moon)	168

Included in debtors at 1 June 2010 was a balance of £125 due from D Moon.

Sales on 23 July 2010 included an invoice for £43 in respect of D Moon.

REQUIRED

Prepare, for the year ended 31 May 2011 the:

- (a) Sales Ledger Control Account (9 marks)
- (b) Purchases Ledger Control Account (7 marks)
- (c) D Moon Account. (3 marks)

REQUIRED

- (d) State whether each of the items (i) to (vi) below, is either '**capital expenditure**', '**revenue expenditure**' or '**neither**'.
 - (i) Wages of the shop assistant
 - (ii) Second hand shop fixtures
 - (iii) Installing shop fixtures
 - (iv) Paying £10,000 into a deposit account
 - (v) Insurance of shop fixtures
 - (vi) Drawings by the shop owner (6 Marks)

(Total 25 marks)

QUESTION 3

Kyaya's provisional accounts for the year ended 30 June 2011 show a Gross Profit of £53,684 and a Net Profit of £13,862.

The following errors were then found:

- (1) Goods taken from stock and used privately by Kyaya, valued at £350, have not been recorded in the books
- (2) A payment for motor expenses, £83, has been posted to the Purchases Account
- (3) Closing stock was overvalued by £400
- (4) Wages includes £3,000 drawings
- (5) A bad debt, £180, should be written off.

REQUIRED

- (a) Prepare the Journal entries to correct each of the errors in (1) to (5) above
Narratives are not required. (10 marks)
- (b) Prepare a table to show the effect, on the Gross Profit and the Net Profit, of the correction of each of the errors. The format of this table should be: (13 marks)

	Gross Profit		Net Profit	
	£	£	£	£
From provisional accounts			53,684	13,862
Adjustments:	Increase	Decrease	Increase	Decrease
(1)				
(2)				
(3)				
(4)				
(5)				
Net effect on profits				
Revised profits				

- (c) State the type of errors caused in the transactions (1) and (2) above. (2 marks)
- (Total 25 marks)**

QUESTION 4

On 31 January 2012 the bank balance in the Cash Book of Andreas Sialis was £5,130 Dr. This did not agree with the balance at that date, shown on the Bank Statement.

An examination of the records at 31 January 2012 identified the following:

- (1) On 20 January 2012 a payment by cheque of £1,575 to N Alesu, a creditor, had been entered in the Cash Book as £1,755
- (2) A standing order payment for insurance of £450 on 28 January 2012 had not been entered in the Cash Book
- (3) On 26 January 2012 a cheque for £1,075 from M Kousta, a debtor, had been received and banked on that date. The cheque was dishonoured on 29 January 2012. No entry recording of the dishonoured cheque had been made in the Cash Book
- (4) Bank charges of £175 had not been recorded in the Cash Book.
- (5) On 30 January 2012 a cheque for £1,800 from A Violari, a debtor, was received and banked. The bank did not credit the cheque until 3 February 2012.
- (6) The following cheques had not been presented to the bank:

Cheque Number	Amount £
1061	1,350
1064	490
1067	990
1069	630

REQUIRED

- (a) Commencing with the balance of £5,130 (Dr) bring the bank columns of the Cash Book up to date and bring down the balance at 1 February 2012. (10 marks)
- (b) Prepare a Bank Reconciliation Statement at 31 January 2012. (11 marks)
- (c) State what the following abbreviations stand for:
 - (i) C/T
 - (ii) D/D
 - (iii) S/O
 - (iv) Div.

(4 marks)

(Total 25 marks)