

Certificate in Book-keeping

ASE1017

Level 1

Monday 18 November 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

Aang has drawn up the following Trial Balance at 30 June 2013:

	Dr £	Cr £
Capital		30,000
Purchases and Sales	156,487	325,641
Returns outwards		646
Carriage inwards	275	
Carriage outwards	559	
Wages	69,752	
General expenses	24,580	
Motor expenses	6,875	
Loan interest	1,200	
Drawings	9,250	
Motor vehicles	32,560	
Stock at 1 July 2012	19,500	
Debtors	54,560	
Creditors		13,850
8% loan		20,000
Provision for depreciation of motor vehicles:		14,600
Bank	<u>29,139</u>	
	<u>404,737</u>	<u>404,737</u>

Additional information at 30 June 2013:

- (1) A sales invoice for £685 has not been recorded in the books
- (2) Stock £20,250
- (3) Wages accrued £1,750
- (4) General expenses prepaid £225
- (5) A debt of £220 is to be written off as irrecoverable
- (6) The 8% loan was received on 1 January 2007, and is repayable on 1 January 2014
- (7) Depreciation on motor vehicles is calculated as 30% per annum, using the reducing balance method

Required

Prepare the:

- (a) Trading and Profit and Loss Account for the year ended 30 June 2013 (13 marks)
- (b) Balance Sheet at 30 June 2013. (12 marks)

(Total 25 marks)

Question 2

Bari maintains her Petty Cash Book on the imprest system, restoring the balance on the first day of each month, the imprest being maintained at £100.00. The Petty Cash Book has **two** expenditure analysis columns:

Office expenses
Travelling expenses

On 31 May 2013, there was £33.65 cash in the Petty Cash Box. The last voucher recorded in May was number 56.

The following petty cash transactions occurred:

June	1	Restored imprest	
	4	Tea	£2.57
	8	Petrol	£25.94
	11	Stationery	£7.99
	15	Coffee	£4.56
	22	Rail ticket	£15.00

July	1	Restored imprest	
	5	Postage	£20.00
	9	Cash sale	£23.50
	13	Petrol	£32.16
	15	Coffee	£4.58
	18	Rail ticket	£16.70
	24	Stationery	£15.25

August 1 Restored imprest

Required

(a) Prepare for June and July the:

(i) Petty Cash Book, restoring the imprest on August 1

(Remove and use the sheet on pages 7 and 8 to present your answer)

(21 marks)

(ii) Office Expenses Account

(2 marks)

(iii) Travelling Expenses Account.

(2 marks)

(Total 25 marks)

Question 3

Following preparation of the draft accounts to 31 July 2013, the following errors were found:

- (1) A purchase invoice for £283 was recorded as £238
- (2) A sales returns note, £35, for goods returned by Ciro, a debtor was not recorded
- (3) Redecoration of offices, £2,500, was recorded in the Premises Account
- (4) Carriage outwards, £1,730, includes £470 for carriage of goods purchased by the business
- (5) Goods, valued at £500, taken by the proprietor for private use have not been recorded
- (6) No adjustment has been made for £160 accrued interest receivable at 31 July 2013
- (7) A debt of £125 should be written off as uncollectable
- (8) A stock sheet, at 31 July 2013, was overcast by £200

Required

- (a) Prepare a statement showing the increase or decrease **on the Gross Profit and Net Profit** following the correction of each error. Where there will be no effect, state **no effect**.

Present your answer in the following format (error **(1)** has been completed as an example):

	Gross Profit		Net Profit	
	Increase £	Decrease £	Increase £	Decrease £
(1)		45		45
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				

(14 marks)

- (b) State the **type** of accounting error made in items (2), (3) and (4) above.

(3 marks)

- (c) Prepare the Journal entries to correct errors (2), (3), (4) and (5) above. (Narratives are **not** required.)

(8 marks)

(Total 25 marks)

Question 4

Damara made the following credit sales during May 2013:

Date	Customer	Units	Unit price	Trade discount
May			£	%
4	Liang	120	12.00	30
12	Fang	300	15.00	50
15	Guo	50	8.00	20
18	Fang	500	17.50	50
25	Guo	75	6.00	20
28	Liang	240	14.00	30
30	Fang	400	11.00	50

The following returns were received from customers:

Date	Customer	Units	
May			
11	Liang	10	From May 4 sale
30	Guo	5	From May 25 sale

Damara's Sales Ledger debit balances at 1 May 2013 were:

	£
Liang	400
Fang	1,800
Guo	<u>250</u>
	2,450

Damara's Cash Book (debit) extract for May 2013 showed:

		Discount	Bank
May		£	£
11	Fang	36	1,764
20	Liang	8	392
25	Guo	<u>-</u>	<u>250</u>
		44	2,406

Required

(a) Prepare, for the month of May, the:

- (i) Sales Day Book (7 marks)
- (ii) Sales Returns Day Book (2 marks)
- (iii) Sales Ledger Accounts of Liang and Guo. Balance the accounts and bring down the balances (11 marks)
- (iv) Sales Ledger Control Account. (5 marks)

(Total 25 marks)

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For Question 2 (a)

Candidate No:.....

Centre No:.....

Petty Cash Book

Receipts	Date	Details	Voucher Number	Total Payments	Analysis Columns (Please refer to the question for number of columns to be used)				
£				£	£	£	£	£	£

Please staple the completed sheet into your answer book

For Question 2 (a)

Candidate No:.....

Centre No:.....

Petty Cash Book

Receipts	Date	Details	Voucher Number	Total Payments	Analysis Columns (Please refer to the question for number of columns to be used)				
£				£	£	£	£	£	£

Please staple the completed sheet into your answer book