

Pearson LCCI

Certificate in Book-keeping

Level 1

Monday 17 November 2014

Time: 2 hours 30 minutes

Paper Reference

ASE1017

You will need:

An answer book

Instructions

- Do **not** open this examination paper until you are told to do so by the supervisor.
- Use **black/blue** ink or ball-point pen
 - *pencil can only be used for graphs, charts, diagrams, etc.*
- Ensure your answers are written clearly.
- Begin your answer to each question on a new page.
- Write on both sides of the page.
- All answers must be correctly numbered but need not be in numerical order.
- If you need more space, use the additional sheets provided. Write your name, candidate number and question number on each sheet and attach them to the inside of your answer book. State, on the front of your answer book, the number of additional sheets attached.
- Answer **all** questions.
- Study the **Required** sections of each question carefully and extract the data required for your answers from the information supplied.
- Workings must be shown.

Information

- The total mark for this paper is 100.
- There are four questions in this question paper
 - *each question carries equal marks.*
- The marks for **each** question are shown in brackets
 - *use this as a guide as to how much time to spend on each question.*
- 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.

Advice

- Read each question carefully before you start to answer it.
- Check your answers carefully if you have time at the end.

Turn over ►

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Answer ALL questions.

1 Hapsah's Trial Balance at 31 March 2014 shows:

	Dr	Cr
	£	£
Premises at cost	52,500	
Office equipment at cost	15,400	
Stock	3,850	
Capital		48,000
Depreciation provisions:		
Premises		15,750
Office equipment		6,140
Debtors and Creditors	18,689	5,483
Bank		1,654
Petty cash	125	
Purchases and Sales	32,564	107,248
Purchases returns and Sales returns	486	345
Wages	28,751	
Drawings	9,600	
Office expenses	9,420	
Bank charges	365	
General expenses	12,870	
	<u>184,620</u>	<u>184,620</u>

Additional information at 31 March 2014

- (1) Stock £4,100
- (2) Wages accrual £570
- (3) A debt of £249 is to be written off as irrecoverable
- (4) General expenses, £45, had been paid from the petty cash. No entries had been made in the books
- (5) Office expenses prepaid £280
- (6) The bank statement showed bank charges of £115, on 28 March 2014. These have not yet been recorded in the books
- (7) Annual depreciation is calculated using the straight line method:
 - Premises 2% per annum
 - Office equipment 10% per annum.

Required

Prepare the:

- (a) Trading and Profit & Loss Account for the year ended 31 March 2014 (14)
- (b) Balance Sheet at 31 March 2014. (11)

(Total for Question 1 = 25 marks)

2 Following the production of Intan's provisional final accounts for the year ended 30 September 2014 the following errors were discovered:

- (1) A motor vehicle, purchased during the year for £12,500, has been debited to the Motor Expenses Account. Depreciation on Motor Vehicles for the year was £2,500
- (2) A purchase invoice for £860, from Angus, was recorded in the Purchases Day Book as £680
- (3) Bank charges, £57, recorded in the Cash Book in February, have been debited to the Motor Expenses Account
- (4) Stock taken by Intan for private use, valued at £520, has not been recorded
- (5) Interest received, £200, was recorded on the credit side of the Bank Account, and debited to the Interest Receivable Account.

Required

- (a) For each of the items (1) to (5) above:
 - (i) name the type of error (5)
 - (ii) prepare the Journal entries to correct the error. Narratives are **not** required. (12)
- (b) Copy the format below into your answer book and show the effect of each of your corrections on the provisional net profit of £30,000. If an adjustment does not affect net profit insert 'no effect'. (8)

Correction of provisional net profit

	£	£	£
	Decrease in profit	Increase in profit	
Net profit as per Provisional Accounts			30,000
(1)			
(2)			
(3)			
(4)			
(5)			
Net adjustment to the provisional profit	_____	_____	
	=====	=====	
Revised net profit			_____
			=====

(Total for Question 2 = 25 marks)

3 Juwita prepares her accounts to 31 March annually. Her depreciation policy for Motor Vehicles is as follows:

- a rate of 30% per annum, using the reducing balance method
- a full year's charge is made in the year of purchase.

The account balances at 31 March 2011 showed Motor Vehicles £30,000 and the Provision for Depreciation of Motor Vehicles £18,000.

Since then the following Motor Vehicle purchases have been made by cheque:

			£
2012	September	Vehicle K	8,000
2013	January	Vehicle L	9,600
	June	Vehicle M	9,000

Required

Prepare the:

- (a) Motor Vehicles Account for the years ended 31 March 2012, 31 March 2013, and 31 March 2014 (11)
- (b) Provision for Depreciation of Motor Vehicles Account for the years 31 March 2012, 31 March 2013, and 31 March 2014 (10)
- (c) Profit & Loss Account extract for the year ended 31 March 2014, showing the Depreciation of Motor Vehicles (2)
- (d) Balance Sheet extract at 31 March 2014 showing the Motor Vehicles. (2)

(Total for Question 3 = 25 marks)

- 4 Keffi keeps his Petty Cash Book on the imprest system with a float of £200.00. He uses **four** payment analysis columns only:

Postage and stationery
Office expenses
Ledger
Travelling expenses

The last voucher number used in July 2014 was 45.

Petty cash transactions during August 2014 were:

			£
July	31	Petty cash in hand	43.25
August	1	Restored imprest by cheque	
	3	Postage	30.00
	5	Tea and coffee	8.56
	7	Rail fare	16.50
	10	Rent received	25.00
	11	Stationery	5.80
	13	Seri – a creditor	17.50
	16	Petrol	26.34
	17	Received from sale of stationery	3.50
	22	Tea and coffee	9.60
	23	Rail fare	35.40
	27	Baba – a creditor	22.75
	29	Postage	25.00

Required

- (a) **Remove and use the sheet on page 7 to present and submit your answer.**

Prepare Keffi's Petty Cash Book for August 2014, and restore the imprest on 1 September 2014.

(18)

- (b) Prepare the following accounts showing the August entries:

(i) Postage and Stationery

(ii) Travelling Expenses

(3)

- (c) For each of the following, give **two** reasons why:

(i) organisations have a petty cash float

(2)

(ii) a limit will be set on the amount of any individual petty cash payment.

(2)

(Total for Question 4 = 25 marks)

TOTAL FOR PAPER = 100 MARKS

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For Question 4(a) – remove and return this sheet.

Candidate No:
Centre No:

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

Please staple this completed sheet into your answer book

For Question 4(a) – remove and return this sheet.

Candidate No:
Centre No:

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

Please staple this completed sheet into your answer book