

Book-keeping and Accounts

Level 2

8991-02-002

Sample paper 001

This paper must be returned with the candidate's work, otherwise the entry will be void and no result will be issued.



Candidate's name (Block letters please)

Centre no

Date

Time allowed: 2 hours
(plus 5 minutes' reading time)

Note making is not allowed during reading time.

The marks allocated to each question are shown in brackets.

All answers must be written in ink.

Calculators may be used.

Show all your workings.

If additional separate sheets of paper are used, make sure each page is clearly labelled with your name.

For examiner's use only

T1	T2	T3	T4	T5	T6	T7	Total
/12	/35	/10	/8	/8	/9	/18	/100

Scenario

You work as an accounts clerk and your work is quite varied. There are a number of tasks that you need to complete today and these are outlined below.

Task 1

One of the accounts trainee's needs your help in correcting some errors and omissions from the books of James Company. These are as follows:

- \$200 cash received from sale of an old motor vehicle had been entered in the discount received account
- A cash payment of \$250 for rent entered in the cash book had not been entered in the rent account
- The sales account had been under-cast by \$360
- A private purchase of a \$3 000 motor vehicle had been included in the business motor vehicles account
- Sale of goods to Ruth Brooks had been correctly entered in the sales account as \$2 850 but had been entered in the personal account as \$2 580

Correct these errors in the journal below with suitable narratives.

(12 marks)

Task 2

Your next task is to complete the extended trial balance of one of your clients, The Stone Pony Company, shown below. A number of adjustments need to be made before this can be done and these are as follows:

- Closing stock was valued at cost - \$4 000
- Provision for doubtful debts is to be 3% of debtors
- Wages and salaries of \$550 are accrued due
- Rent and rates have been prepaid by \$150
- Depreciation is to be provided for as follows:
 - Motor vehicles – 10% straight line method
 - Machinery – 15% reducing balance method

a) Complete the adjustments in the extended trial balance.

(10 marks)

b) Complete the profit and loss account in the extended trial balance.

(11 marks)

c) Complete the balance sheet in the extended trial balance.

(14 marks)

(Total 35 marks)

Extended Trial Balance		The Stone Pony Company				Year to 31 January			
Account	Trial Balance		Adjustments		Profit & Loss		Balance Sheet		
	Dr \$	Cr \$	Dr \$	Cr \$	Dr \$	Cr \$	Dr \$	Cr \$	
Creditors		5 000							
Sales		99 500							
Purchases	32 600								
Cash at bank	1 350								
Debtors	11 400								
Provision for doubtful debts		228							
Machinery at cost	55 000								
Motor vehicles at cost	30 000								
Machinery – provision for depreciation		25 000							
Motor vehicles – provision for depreciation		10 000							
Rent and rates	10 840								
Wages & salaries	31 250								
Bad debts	450								
Opening stock	5 000								
Capital		38 662							
Drawings	500								
Accruals									
Prepayments									
Closing stock									
Doubtful debts									
Depreciation – Machinery									
Depreciation – Motor vehicles									
Net Profit									
Totals	178 390	178 390							

Task 3

Next you have to complete some ledger accounts for Jimmy Company who need to know their depreciation charges for the end of their financial year. They have two fixed assets; the balances in these accounts at the start of their financial year was Machinery \$60 000 and Motor vehicles \$45 000.

The balances in the provision for depreciation accounts was as follows; Machinery \$25 000 and Motor vehicles \$15 000.

Their policy is to depreciate Machinery at 15% reducing balance method and Motor vehicles at 12% straight line method. In both cases there is no residual value on these assets

Complete the **four** ledger accounts below for the end of the financial year, bringing down the balances (dates are not required).

Machinery Account			
Details	Amount \$	Details	Amount \$

(1 mark)

Provision for Depreciation Account – Machinery			
Details	Amount \$	Details	Amount \$

(4 marks)

Motor Vehicles Account			
Details	Amount \$	Details	Amount \$

(1 mark)

Provision for Depreciation Account – Motor Vehicles			
Details	Amount \$	Details	Amount \$

(4 marks)

(Total 10 marks)

Task 4

Timmy Tucker has a grocers shop.

Classify the expenditure below by placing a tick (✓) in the correct box for each item.

Item	Revenue	Capital
Wages of shop staff		
New delivery van		
New box of apples		
Carriage on new box of apples		
Installing new kitchen area and sink		
Repainting of shop front		
Insurance of shop		
New fixtures and fittings		

(8 marks)

Task 5

The Jimmy Company have come back to you for some more help with their accounts, this time looking at their bad and doubtful debts. The company's trade debtors control account has a balance of \$150 000 before any bad debts have been written off. Two trade debtors, for \$350 and \$650 respectively, need to be written off.

Once this has been done you need to adjust the Provision for doubtful debts account to be 2% of outstanding debtors. The balance on this account currently stands at \$2 800.

Complete the ledger accounts below for the Jimmy Company bringing down the balances (dates are not required).

Trade Debtors Control Account			
Details	Amount \$	Details	Amount \$

(3 marks)

Bad Debts Account			
Details	Amount \$	Details	Amount \$

(1 mark)

Provision for Doubtful Debts Account			
Details	Amount \$	Details	Amount \$

(4 marks)

(Total 8 marks)

Task 6

Now you look at the accounts of Gary Connolly which need the following adjustments making to them:

- A prepayment of rates has been made amounting to \$76
- Wages amounting to \$338 have been accrued due
- Gary sublets part of his premises. The tenant still owes Gary \$64

Complete the accounts below to record the adjustments bringing down the balances. Show clearly the amount to be transferred to the profit and loss.

Rates Account			
Details	Amount \$	Details	Amount \$
Balance b/d	1 162		

(3 marks)

Wages Account			
Details	Amount \$	Details	Amount \$
Balance b/d	12 316		

(3 marks)

Rent Received Account			
Details	Amount \$	Details	Amount \$
		Balance b/d	982

(3 marks)

(Total 9 marks)

Task 7

Now you look at some Purchase ledger accounts which need reconciling with the control account. On 1 December the balances on Nunu Miah's Purchase Ledger were as follows:

	\$
F. Begum	2,120 cr
J. Singh	4,005 cr
A. Patel	35 dr

During the month of December the following transactions took place:

	Cash Purchases \$	Credit Purchases \$	Purchase Returns \$	Payments on Account \$	Discount Received \$
F. Begum	980	9 440	770	6 790	260
J. Singh	80	9 995	275	7 996	357
A. Patel	1 005	4 690	386	-	-

- a) Write up the Purchase Ledger Accounts for the month ended 31 December.
- b) Prepare the Purchase Ledger Control Account for the month ended 31 December.
- c) Reconcile the Control Account balance with the Ledger Account balances.

F Begum Account			
Details	Amount \$	Details	Amount \$

(4 marks)

J Singh Account			
Details	Amount \$	Details	Amount \$

(4 marks)

A Patel Account			
Details	Amount \$	Details	Amount \$

(2 marks)

Purchase Ledger Control Account			
Details	Amount \$	Details	Amount \$

(4 marks)

Reconciliation of Ledger Balances with Control Account Balances

(4 marks)

(Total 18 marks)

End of Examination