

Book-keeping and Accounts Level 2

8991-02-002
(NU-BKA 02)
81008

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 for a firm of accountants and your work is varied. There are a number of tasks that you are required to complete today and these are outlined below.

Task 1

A junior accounts trainee has requested your help in correcting some errors and omissions in the books of Susan Smith one of the firm's clients. These are as follows:

- a cheque of £268 received from a customer in respect of cash sales had been returned by the bank marked 'Refer to Drawer'. No entries had been made to record the return of this cheque
- the purchases day book total of £45 624 had been posted to the purchases account as £45 426
- Susan Smith purchased a model car costing £75 as a birthday present for her son. However, although the correct entry has been made in the bank account the other entry had been posted in error to the sundry expenses account
- Brian Jones a debtor, who owed £493 had been declared bankrupt. There were no funds available to pay any of his creditors. Thus Brian Jones, account is to be written off
- the total of the discount allowed column amounting to £147 on the debit side of the cash book had not been posted to the discount allowed account.

Correct these errors and omissions in the journal on the opposite page with suitable narratives.

(12 marks)

Task 2

Your next task is to complete the extended trial balance of one of the firm's clients, Jane Hubbard who owns a dress shop. The initial trial balance is shown on the opposite page. A number of adjustments need to be made before this can be done and these are as follows:

- Closing stock was valued at cost - £14 500
- Rent and rates have been prepaid by £850
- Salaries and wages owing at 31 December amount to £1 100
- Provision for doubtful debts is to be 4% of trade debtors
- Depreciation is to be provided for as follows:

Motor vehicles – 20% straight line method

Fixtures and fittings – 10% reducing balance method

- a) Complete the adjustments in the extended trial balance
- b) Complete the profit and loss account in the extended trial balance
- c) Complete the balance sheet in the extended trial balance.

(10 marks)

(11 marks)

(14 marks)

(Total 35 marks)

Account	Extended Trial Balance		Jane Hubbard				Year to 31 December			
	Trial Balance		Adjustments		Profit & Loss		Balance Sheet			
	Dr £	Cr £	Dr £	Cr £	Dr £	Cr £	Dr £	Cr £		
Sales		120 000								
Purchases	64 000									
Opening Stock	12 000									
Motor vehicles at cost	32 000									
Motor vehicles – provision for depreciation		6 400								
Fixtures and fittings at cost	18 000									
Fixtures and fittings – provision for depreciation		1 800								
Trade debtors	17 500									
Trade creditors		8 900								
Cash at bank	11 300									
Provision for doubtful debts		400								
Salaries and wages	21 600									
Rent and rates	7 800									
Administration and office expenses	8 500									
Capital		63 200								
Drawings	8 000									
Closing stock										
Accruals										
Prepayments										
Doubtful debts										
Depreciation – Motor vehicles										
Depreciation – Fixtures and fittings										
Net profit	200 700	200 700								

Task 3

Next you have to complete some ledger accounts for A & P Baker, in order to calculate their depreciation charges for the end of their financial year. The firm has two fixed assets; the balances in these accounts at the start of their financial year were motor vehicles £84 000 and office equipment £16 000.

The balances in the provision for depreciation accounts were as follows; motor vehicles £50 400 and office equipment £5 100.

The policy of A & P Baker is to depreciate motor vehicles at 20% using the straight line method and office equipment at 15% operating the reducing balance 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).

Motor Vehicle Account			
Details	Amount £	Details	Amount £

(1 mark)

Provision for Depreciation Account – Motor Vehicle			
Details	Amount £	Details	Amount £

(4 marks)

Office Equipment Account			
Details	Amount £	Details	Amount £

(1 mark)

Provision for Depreciation Account – Office Equipment			
Details	Amount £	Details	Amount £

(4 marks)

(Total 10 marks)

Task 4

A client of the firm has asked you whether certain items of expenditure are capital expenditure or revenue expenditure.

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

Item of Expenditure	Revenue Expenditure	Capital Expenditure
Purchase of a computer for office use		
Rates on a new office building		
Wages of a workforce in construction of new office building		
Building insurance in respect of fire		
Commission paid to salesmen		
Bank charges		
New tyre replaced on lorry as part of annual service		
Temporary hire of car for manager while awaiting replacement		

(8 marks)

Task 5

A colleague has requested your help to deal with a client's (B Corby) bad and doubtful debts position. She provides you with the following information concerning the business of B Corby

- Trade debtors control account has a balance of £95 000
- Two trade debtors balances need to be written off from the control account
 - R Wilks £480
 - A Cousins £320
- After writing off the above bad debts the provision for doubtful debts account needs to be adjusted to 6% of outstanding debtors. The balance on the provision for doubtful debts account currently stands at £4 980.

Complete the ledger accounts below for the business of B Corby 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 £

(2 marks)

Provision for Doubtful Debts Account			
Details	Amount £	Details	Amount £

(3 marks)

(Total 8 marks)

Task 6

Your manager has left you to complete the following general ledger accounts of Ruth Green. These accounts need the following adjustments to be made:

- Insurance has been prepaid at the year end by £1 850.
- At the year end electricity of £492 is outstanding.
- The sum of £4 210 in respect of commission receivable is owed to the business at the year end.

Complete the accounts below to record the adjustments, showing clearly the amounts to be transferred to the profit and loss account and bringing down the balances. Dates are not required.

Insurance Account			
Details	Amount £	Details	Amount £
Balance b/f	4 200		

(3 marks)

Electricity Account			
Details	Amount £	Details	Amount £
Balance b/f	8 452		

(3 marks)

Commission Receivable Account			
Details	Amount £	Details	Amount £
		Balance b/f	7 988

(3 marks)

(Total 9 marks)

Task 7

The accounts of one of the firms client's Ken Chopque are maintained by yourself. You are required at the end of each month to write up the purchase ledger accounts of Ken Chopque. This task also includes reconciling the personal account balances with the control account. The following information is available:

The personal account balances on the purchase ledger on 1 December were as follows:

	£
S. Smyth	4 825 cr
B. Huggett	361 dr
H. Pincher	7 948 cr

During the month of December the following transactions took place:

	Cash Purchases £	Credit Purchases £	Purchase Returns £	Payments on Account £	Discount Received £
S. Smyth	458	6 107	579	4 583	242
B. Huggett	167	1 652	162	1 000	-
H. Pincher	932	6 036	387	5 400	162

- 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.

G Smythe Account			
Details	Amount £	Details	Amount £

(4 marks)

B Huggett Account			
Details	Amount £	Details	Amount £

(2 marks)

H Pincher Account			
Details	Amount £	Details	Amount £

(4 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