

Book-keeping and Accounts

Level 2

8991-02-002
(NU-BKA 02)
81022

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 book-keepers. Your prime job is to assist small businesses with all aspects of their book-keeping and accountancy work. There are a number of tasks that you are required to complete today and these are outlined below.

Task 1

You have been asked by Kevin Magee to help him correct the following errors and omissions in the books of his business:

- an amount paid of \$850 for vehicle repairs had been correctly entered in the bank account but had been debited to the vehicles account
- drawings of \$1 400 by Kevin Magee had been debited to salaries account
- the total of the sales day book for the month of August of \$78 482 had been posted to the sales account at \$87 482
- the total of the discount received column for June amounting to \$974 on the credit side of the cash book had not been posted to the discount received account
- bank interest received of \$764 had been credited to bank charges 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 Serena Shah who runs a gift 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 \$12 750
- Rent and rates have been prepaid by \$1 400
- Selling and office expenses owing at 30 April amount to \$3 100
- Provision for doubtful debts is to be 6% of trade debtors
- Depreciation is to be provided for as follows:

Motor vehicles – 20% straight line method
Fixtures and fittings – 15% 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		Serena Shah				Year to 30 April		Balance Sheet	
	Trial Balance		Adjustments		Profit & Loss		Balance Sheet			
	Dr \$	Cr \$	Dr \$	Cr \$	Dr \$	Cr \$	Dr \$	Cr \$	Dr \$	Cr \$
Sales		210 500								
Purchases	114 500									
Opening Stock	14 100									
Motor vehicles at cost	20 000									
Motor vehicles – provision for depreciation		4 000								
Fixtures and fittings at cost	16 000									
Fixtures and fittings – provision for depreciation		2 400								
Trade debtors	14 500									
Trade creditors		10 800								
Cash at bank	13 840									
Provision for doubtful debts		600								
Salaries and wages	21 600									
Rent and rates	12 400									
Selling & office expenses	15 900									
Capital		36 800								
Drawings	22 260									
Closing stock										
Accruals										
Prepayments										
Doubtful debts										
Depreciation – Motor vehicles										
Depreciation – Fixtures & fittings										
Net profit	265 100	265 100								

Task 3

Next you have to complete some ledger accounts for the business of Rita Patel, in order to calculate the depreciation charges for the end of her financial year. She has two fixed assets; the balances of these accounts at the start of her financial year were computer equipment \$120 000 and office fixtures and equipment \$44 000.

The balances in the provision for depreciation accounts were as follows; computer equipment \$30 000 and office fixtures and equipment \$6 600.

The policy of Rita Patel is to depreciate computer equipment at 25% using the straight line method and office fixtures and 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).

Computer Equipment Account			
Details	Amount \$	Details	Amount \$

(1 mark)

Provision for Depreciation Account – Computer Equipment			
Details	Amount \$	Details	Amount \$

(4 marks)

Office Fixtures and Equipment Account			
Details	Amount \$	Details	Amount \$

(1 mark)

Provision for Depreciation Account – Office Fixtures & Equipment			
Details	Amount \$	Details	Amount \$

(4 marks)

(Total 10 marks)

Task 4

An inexperienced clerk 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
Legal charges for debt collection		
Purchase of new machine		
Installation costs of fitting new machine		
Rent of premises		
Carriage on sales		
Redecorating existing offices		
Electricity charges for using machinery		
Repairs to machinery		

(8 marks)

Task 5

A client, Omar Doshi, has requested your help to deal with the bad and doubtful debts position of his business. He provides you with the following information:

- Trade debtors control account has a balance of \$150 000
- Two trade debtors balances need to be written off from the control account

H Tiley	\$ 986
L Raya	\$ 714
- After writing off the above bad debts the provision for doubtful debts account needs to be adjusted to 5% of outstanding debtors. The balance on the provision for doubtful debts account currently stands at \$6 055.

Complete the ledger accounts below for the business of Omar Doshi 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 requested that you complete the following general ledger accounts of Kirran Chadda. These accounts need the following adjustments to be made:

- Advertising has been paid in advance at the year end by \$6 400.
- There was a vehicle repair bill owing at the end of the financial year amounting to \$588.
- Interest due from the bank amounting to \$4 830 at the year end was not received until early in the new financial year.

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

Advertising Account			
Details	Amount \$	Details	Amount \$
Balance b/f	17 880		

(3 marks)

Vehicles Repairs Account			
Details	Amount \$	Details	Amount \$
Balance b/f	19 341		

(3 marks)

Bank Interest Receivable Account			
Details	Amount \$	Details	Amount \$
		Balance b/f	14 537

(3 marks)

(Total 9 marks)

Task 7

You are required to write up the purchase ledger accounts of Baljit Kaur, a client of the firm. This task also includes writing up the control account and reconciling the personal account balances with the control account. The following information is available:

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

	\$
B. Sen	6 542 cr
R. Boupy	5 861 cr
W. Singh	591 dr

During the month of May the following transactions took place:

	Cash Purchases \$	Credit Purchases \$	Purchase Returns \$	Payments on Account \$	Discount Received \$
B. Sen	826	5 362	491	4 710	310
B. Boupy	725	2 744	361	1 500	-
W. Singh	-	1 789	422	829	21

- a) Write up the purchase ledger accounts for the month ended 31 May.
- b) Prepare the purchase ledger control account for the month ended 31 May.
- c) Reconcile the control account balance with the ledger account balances at 31 May.

B Sen Account			
Details	Amount \$	Details	Amount \$

(4 marks)

R Boupy Account			
Details	Amount \$	Details	Amount \$

(2 marks)

W Singh 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