

Certificate in Bookkeeping (VRQ) Level 1

Monday 6 June 2016
Time: 2 hours

Paper Reference
ASE20091

Complete the details below in block capitals.

Candidate name

Centre Code

--	--	--	--	--	--	--	--

Candidate Number

--	--	--	--	--	--	--	--

Candidate ID Number

--	--	--	--	--	--	--	--

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen
– *pencil can only be used for graphs, charts, diagrams, etc.*
- **Fill in the boxes** at the top of this page with your name, candidate number, centre code and your candidate ID number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- Answers should be given to an appropriate degree of accuracy.

Information

- The total mark for this paper is 100.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- You are advised to show your workings.
- Check your answers if you have time at the end.

Turn over ►

P49727A

©2016 Pearson Education Ltd.

1/1/1/1



PEARSON

Answer ALL questions. Write your answers in the spaces provided.

1 Romeo Clothing supplies clothing to several retailers on credit.

(a) Complete the document below.

(3)

Credit Note				
ROMEO CLOTHING				
3 Verona Street Stratford				
Juliat Fashions Ricardo Strada Milan				
10 January 2016				
Quantity	Code	Description	Unit Cost \$	Total Cost \$
5	WS1	Barbary Coats	68	
Trade Discount 10%				
Total				

(b) State **one** reason for the preparation of this document.

(1)



(c) Explain the purpose of providing trade discount.

(4)

On 1 January 2016 Juliat Fashions owed Romeo Clothing \$1 300.

Juliat Fashions made further purchases on credit on 20 January 2016, list price \$900.

On 31 January 2016 Juliat Fashions paid the full amount due on its account on 1 January 2016 by cheque, after taking advantage of a 5% cash discount.

(d) Prepare the account of Juliat Fashions in the books of Romeo Clothing for the month of January 2016 showing **all** the transactions for the month. Balance the account on 31 January 2016 and bring the balance down to 1 February 2016.

(8)

Juliat Fashions Account

(Total for Question 1 = 16 marks)



- 2 Shylock, a sole trader, maintains a three column cash book and petty cash book.

During the week ending 31 March 2016 Shylock made the following petty cash transactions.

Date	Transaction
March	
26	Five stationery items costing \$10 in total
28	Postage stamps costing \$16
30	Refreshments costing \$12

- (a) Complete the petty cash vouchers for each transaction. The last petty cash voucher number used was 105.

(6)

Petty Cash Voucher	
Date	
Voucher number	
Details:	
Amount	\$
Allocate expenditure to:	
Signed: Shylock	



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Petty Cash Voucher	
Date	
Voucher number	
Details:	
Amount	\$
Allocate expenditure to:	
Signed: Shylock	

Petty Cash Voucher	
Date	
Voucher number	
Details:	
Amount	\$
Allocate expenditure to:	
Signed: Shylock	



On 1 March 2016 the balances in the three column cash book were:

- Cash in hand \$125
- Cash at bank \$831

During the month of March 2016 the following transactions took place.

Date	Transaction
March	
3	Goods sold for \$320 cash.
7	Received a cheque from Adrian Moore, a trade receivable, in settlement of his account of \$250 less 2% cash discount.
10	Received a cheque from Abram Basset, a trade receivable, in full settlement of his account of \$80.
12	Withdrew \$300 from the bank to purchase goods for resale.
15	Paid Christine Bates, a trade payable, \$456, by cheque after deducting 4% cash discount.
21	Purchased stationery, \$28, paying by cash.
25	Goods sold for cash, \$1 210, paid directly into the bank.
27	The cheque received from Adrian Moore on 7 March 2016 was returned by the bank as 'dishonoured'.
28	Transferred \$350 from the cash account into the bank account.
31	Paid wages and salaries, \$425, by cheque.

- (b) Prepare the cash book on the next page for the month of March 2016. Balance the cash book on 31 March 2016 and bring the balances down to 1 April 2016.

(16)



Cash Book

Date	Details	Discount allowed \$	Cash \$	Bank \$	Date	Details	Discount received \$	Cash \$	Bank \$



At the end of the month Shylock reconciles the bank columns of the cash book with the bank statement.

- (c) (i) State **two** items that may appear in the cash book but **not** on the bank statement.

(2)

1

2

- (ii) State **two** items that may appear on the bank statement but **not** in the cash book.

(2)

1

2

(Total for Question 2 = 26 marks)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



- 3 The following balances were extracted from the books of Iago at the end of his first year's trading on 31 December 2015.

	\$
Bank	2 344
Bank loan	30 000
Carriage inwards	1 443
Carriage outwards	2 500
Cash	980
Drawings	20 400
Fixtures and fittings – accumulated depreciation	8 640
Fixtures and fittings – cost	24 000
General expenses	41 777
Irrecoverable debts	250
Loan interest	1 000
Motor vehicles – accumulated depreciation	3 420
Motor vehicles – cost	18 000
Purchases	46 980
Returns inwards	1 124
Returns outwards	2 436
Revenue	87 100
Trade payables	11 222
Trade receivables	12 370
Wages	12 600

- (a) Prepare a trial balance at 31 December 2015, showing the amount of equity invested by Iago.

(14)



Iago
Trial Balance
At 31 December 2015

Account	Debit \$	Credit \$
Bank		
Bank loan		
Carriage inwards		
Carriage outwards		
Cash		
Drawings		
Fixtures and fittings – accumulated depreciation		
Fixtures and fittings – cost		
General expenses		
Irrecoverable debts		
Loan interest		
Motor vehicles – accumulated depreciation		
Motor vehicles – cost		
Purchases		
Returns inwards		
Returns outwards		
Revenue		
Trade payables		
Trade receivables		
Wages		

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



P 4 9 7 2 7 A 0 1 1 2 0

(b) Explain **one** type of error that would **not** affect the balancing of the trial balance.

(2)

(c) Explain **one** way in which the use of control accounts can enable a business to manage its receivables and payables ledgers more effectively.

(2)

(Total for Question 3 = 18 marks)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



- 4 Tamora has recently purchased two non-current assets for use in her business.

Asset 1	5 February 2015	Motor vehicle – Cost \$ 4 000 Purchased from Celia's Cars, paid by cheque
Asset 2	3 March 2015	Office machinery – Cost \$ 2 100 Purchased from Hank Rekok on credit

- (a) Prepare the journal entries to record these two transactions. Narratives **are** required.

(6)

Journal

Date	Details	Debit \$	Credit \$



(b) Explain the following **two** methods of depreciation:

(i) straight line

(2)

(ii) reducing (diminishing) balance.

(2)



Tamora decides to depreciate her new non-current assets as follows:

Asset 1	Reducing (diminishing) balance method at a rate of 25% per annum
Asset 2	Straight line method at a rate of 20% per annum assuming nil residual value

- (c) Calculate the depreciation charge for the years ending 31 March 2015 and 31 March 2016 for **each** asset.

The business's policy is to charge a full year's depreciation in the year of purchase.

(6)

	Year ended 31 March 2015	Year ended 31 March 2016
Asset 1		
	Year ended 31 March 2015	Year ended 31 March 2016
Asset 2		



(d) Calculate the carrying value of each non-current asset at 31 March 2016.

(4)

Asset 1

.....

.....

.....

.....

.....

.....

.....

.....

Asset 2

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 4 = 20 marks)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



5 (a) State the accounting concept being applied in **each** situation.

(4)

	Accounting Concept
A business maintains the same method of inventory valuation	
A business assumes operation of the business will continue for the foreseeable future	
A business should not overstate profits but must account for future losses	
A business's transactions must be kept separate from those of its owners	

The following balances remained in the books of Tristan after the preparation of his income statement for the year ended 31 March 2016.

	\$
Accrued expenses	563
Bank loan (repayable June 2016)	5 000
Cash at bank	2 300
Cash in hand	120
Drawings	3 628
Equity at 1 April 2015	24 000
Fixtures and fittings (cost)	25 000
Fixtures and fittings (accumulated depreciation)	8 000
Inventory	12 378
Profit for the year	6 900
Trade payables	2 177
Trade receivables	3 214



(b) Prepare Tristan's statement of financial position at 31 March 2016.

(12)

Tristan
Statement of financial position
At 31 March 2016

DO NOT WRITE IN THIS AREA



- (c) Prepare Tristan's capital account for the year ended 31 March 2016. Balance the account on that date and bring the balance down to 1 April 2016.

(4)

Capital Account

(Total for Question 5 = 20 marks)

TOTAL FOR PAPER = 100 MARKS

