

Pearson LCCI

# Certificate in Bookkeeping (VRQ)

## Level 1

Monday 4 July 2016

**Time: 2 hours**

Paper Reference

**ASE20091**

**Complete the details below in block capitals.**

Candidate name

Centre Code

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Candidate Number

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Candidate ID Number

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**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 ►

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

- 1** On 1 June 2016 Sharami started business as a sole trader with \$5 000 capital, which was paid into the business's bank account.

On the same day she purchased inventory for resale, costing \$800, and office equipment costing \$2 300, both transactions being on credit.

- (a) Prepare the opening journal entries on 1 June 2016 to record these transactions. A narrative **is** required.

(6)

	Debit \$	Credit \$

- (b) Complete the following table in respect of transactions during the month of June 2016.

(15)

Transaction	Book of original entry	Account to be debited	Account to be credited
Sold goods on credit			
Sharami's private motor vehicle was transferred to the business			
Credit customer returned goods			
Paid staff wages in cash			
Goods previously purchased on credit were returned to the supplier			



On 1 July 2016 Sharami made further purchases from a supplier of 45 items at \$20 each. The supplier offered Sharami the following terms:

- trade discount of 5%
- cash discount of 2% if the invoice amount is paid within 14 days.

(c) Explain why this supplier would offer Sharami trade discount.

(4)

(d) Calculate:

(i) the total amount of the invoice

(3)

(ii) the total amount if this invoice is paid on

(2)

8 July 2016 .....

18 July 2016 .....

(Total for Question 1 = 30 marks)



- 2 (a) Explain the operation of the imprest system of petty cash.

(2)

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- (b) State **two** reasons why a business would introduce a petty cash book.

(2)

1 .....

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2 .....

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On 15 June 2016 Anh Tung's petty cash box contained cash of \$65.

During the week commencing 15 June 2016 the following petty cash transactions took place.

June 2016	Voucher number	Transaction
15		Received \$35 from chief cashier
16	601	Paid travel expenses to office manager, \$10
18	602	Paid a creditor, E Bishop, \$27
19	603	Purchased coffee, tea and sugar, \$12.50
20	604	Purchased a train ticket, \$8
21	605	Paid a creditor, N Cole, \$12
21	606	Purchased postage stamps, \$6.50

- (c) Prepare the petty cash book, on page 5, for the period 15 June 2016 to 21 June 2016. Balance the petty cash book on 21 June 2016 and bring the balance down on 22 June 2016.

(10)



Petty Cash Book

Receipts \$	Date	Details	Voucher number	Payments \$	Postage \$	Ledger accounts \$	Travel \$	Beverages \$



(d) Prepare the following accounts to show the transfers from the petty cash book on 22 June 2016.

(2)

**Anh Tung general ledger  
Postage Account**


**Anh Tung payables ledger  
E Bishop Account**


(Total for Question 2 = 16 marks)

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3 On 31 May 2016 Chang prepared a trial balance that agreed.

On that date he discovered that an invoice, total value \$230, sent to Wong on 23 May 2016, had not been entered in the books of account.

(a) State the type of error that has occurred.

(1)

(b) Prepare the journal entry to correct this error. A narrative **is** required.

(3)

	Debit \$	Credit \$

(c) State **two** other types of error not revealed by the preparation of a trial balance.

(2)

1 .....

2 .....

(d) Explain **one** reason why a trial balance is prepared, other than to identify errors.

(2)

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On 1 December 2015 Chang purchased a new motor vehicle, cost \$12 000, for use in his business.

On that date he paid \$500, by cheque, in respect of motor insurance for one year.

Half of this figure represented insurance on his private motor vehicle.

- (e) (i) Calculate how much Chang should show in his income statement in respect of this transaction for the year ended 31 May 2016.

(2)

- (ii) State **two** accounting concepts that have been applied in the recording of this transaction.

(2)

1 .....

2 .....

The business's depreciation policy for motor vehicles uses the reducing (diminishing) balance method at 25% per annum, depreciation being charged on a monthly basis.

- (f) Calculate how much depreciation should be charged for the year ended 31 May 2016.

(2)

(Total for Question 3 = 14 marks)



- 4 On 1 April 2016 Mustafa Can's cash book showed a debit balance of \$3 290 while his bank statement showed a credit balance of \$2 000.

A review of the documents revealed that the following items appeared in the bank statement but not in the cash book.

	\$
Bank charges	39
Bank interest received	21
Credit transfers from trade receivables	
• Sevket	329
• Hamidi	124
Direct debit – Crystal Power	125
Standing order – Style Properties	250
Trade receivable cheque returned unpaid	
• Dimitri	320

- (a) Explain the circumstances in which a bank would return a cheque unpaid.

(2)

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- (b) Update the cash book on 1 April 2016. Balance the account on that date.

(9)

**Cash Book (Bank column)**




A further review revealed that the following items were in the cash book but not on the bank statement.

	\$
Cash takings deposited in bank	1 887
Cheques issued to trade payables	
• Hasan	321
• Kann	536

(c) Prepare the bank reconciliation statement at 1 April 2016.

(9)

(Total for Question 4 = 20 marks)



- 5 The following balances remained in the books of Stylianos after the preparation of the income statement for the year ended 31 March 2016.

	\$
Accrued expenses	329
Accumulated depreciation – fixtures and fittings	3 100
Accumulated depreciation – motor vehicles	21 000
Bank	8 560
Bank loan	25 000
Closing inventory	6 000
Drawings	21 000
Equity at 1 April 2015	42 399
Fixtures and fittings (cost)	40 000
Motor vehicles (cost)	55 000
Prepaid expenses	1 430
Profit for the year	31 200
Trade payables	13 211
Trade receivables	4 249

### Additional information

A repayment, \$10 000, on the bank loan is to be made during the year ending 31 March 2017.

- (a) Prepare the equity account of Stylianos for the year ended 31 March 2016.  
Balance the account on that date and bring the balance down on 1 April 2016.

(4)

### Equity Account




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