

MyStudyBro - Revision Exercise Tool

This Revision Handout includes the Questions and Answers of a total of 3 exercises!

Chapters:

Petty Cash Book - Paper 1 (Pearson Edexcel)

Page 1	(4AC0) 2019 Winter
Page 4	(4AC0) 2019 Winter - Answer
Page 6	(4AC0) 2018 Winter Ratios
Page 10	(4AC0) 2018 Winter - Answer Also Includes: Ratios
Page 12	(4AC0) 2015 Winter
Page 15	(4AC0) 2015 Winter - Answer

- 12** R Patel maintains a full set of accounting books including a petty cash book. He maintains a petty cash float of £250.

On 1 November 2018 the balance of the petty cash book was £166. On that day the float was restored.

During the month of November 2018 the following petty cash payments were made.

November	Voucher Number	Transaction	£
1	46	Paid interviewee's travel claim.	15.00
6	47	Purchased postage stamps.	12.50
10	48	Paid Jones, a credit supplier.	26.00
14	49	Paid for taxi to the train station for client.	21.00
22	50	Purchased photocopy paper.	35.50
30	51	Paid Peters, a credit supplier.	27.00

- (a) Prepare the petty cash book on page 9 for the month of November 2018. Balance the book on 30 November 2018 and bring the balance down to 1 December 2018.

(10)



DO NOT WRITE IN THIS AREA

Petty Cash Book

[illegible]

On 1 November 2018 the balance on the Travel Account was £28.

- (b) Prepare the travel account for the month of November 2018 to show the transfer from the petty cash book. Balance the account on 30 November 2018 and bring the balance down to 1 December 2018.

(4)

Travel Account

Date	Narrative	£	Date	Narrative	£

- (c) State the section of the balance sheet where the petty cash balance on 30 November 2018 will appear.

(1)

(Total for Question 12 = 15 marks)



Question Number	Mark																																																																																																																										
a)	<div>Award marks as indicated</div> <div>Petty Cash Book</div> <table><tr><th>Receipts</th><th>Date</th><th>Details</th><th>Voucher No</th><th>Total</th><th>Postage and Stationery</th><th>Travel</th><th>Ledger Accounts</th></tr><tr><td></td><td>Nov</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>£</td><td></td><td></td><td></td><td>£</td><td>£</td><td>£</td><td>£</td></tr><tr><td>166 (1)</td><td>1</td><td>Balance b/d</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>84 (1)</td><td>1</td><td>Cash book</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1</td><td>Interviewee travel</td><td>46</td><td>15 (1)</td><td></td><td>15</td><td></td></tr><tr><td></td><td>6</td><td>Postage stamps</td><td>47</td><td>12.50 (1)</td><td>12.50</td><td></td><td></td></tr><tr><td></td><td>10</td><td>Jones</td><td>48</td><td>26 (1)</td><td></td><td></td><td>26</td></tr><tr><td></td><td>14</td><td>Taxi Fare</td><td>49</td><td>21 (1)</td><td></td><td>21</td><td></td></tr><tr><td></td><td>22</td><td>Paper</td><td>50</td><td>35.50 (1)</td><td>35.50</td><td></td><td></td></tr><tr><td></td><td>30</td><td>Peters</td><td>51</td><td>27 (1)</td><td></td><td></td><td>27</td></tr><tr><td></td><td></td><td></td><td></td><td>137 (1of)</td><td><u>48</u></td><td><u>36</u></td><td><u>53</u></td></tr><tr><td></td><td>30</td><td>Balance c/d</td><td></td><td>113</td><td></td><td></td><td></td></tr><tr><td><u>250</u></td><td></td><td></td><td></td><td><u>250</u></td><td></td><td></td><td></td></tr><tr><td>113 (1of)</td><td>Dec 1</td><td>Balance b/d</td><td></td><td></td><td></td><td></td><td></td></tr></table>		Receipts	Date	Details	Voucher No	Total	Postage and Stationery	Travel	Ledger Accounts		Nov							£				£	£	£	£	166 (1)	1	Balance b/d						84 (1)	1	Cash book							1	Interviewee travel	46	15 (1)		15			6	Postage stamps	47	12.50 (1)	12.50				10	Jones	48	26 (1)			26		14	Taxi Fare	49	21 (1)		21			22	Paper	50	35.50 (1)	35.50				30	Peters	51	27 (1)			27					137 (1of)	<u>48</u>	<u>36</u>	<u>53</u>		30	Balance c/d		113				<u>250</u>				<u>250</u>				113 (1of)	Dec 1	Balance b/d						
Receipts	Date	Details	Voucher No	Total	Postage and Stationery	Travel	Ledger Accounts																																																																																																																				
	Nov																																																																																																																										
£				£	£	£	£																																																																																																																				
166 (1)	1	Balance b/d																																																																																																																									
84 (1)	1	Cash book																																																																																																																									
	1	Interviewee travel	46	15 (1)		15																																																																																																																					
	6	Postage stamps	47	12.50 (1)	12.50																																																																																																																						
	10	Jones	48	26 (1)			26																																																																																																																				
	14	Taxi Fare	49	21 (1)		21																																																																																																																					
	22	Paper	50	35.50 (1)	35.50																																																																																																																						
	30	Peters	51	27 (1)			27																																																																																																																				
				137 (1of)	<u>48</u>	<u>36</u>	<u>53</u>																																																																																																																				
	30	Balance c/d		113																																																																																																																							
<u>250</u>				<u>250</u>																																																																																																																							
113 (1of)	Dec 1	Balance b/d																																																																																																																									
		(10)																																																																																																																									

Question Number	Mark																															
12 (b)	Award marks for correct amounts as indicated. Award 1 mark for ALL correct dates and narratives																															
Travel Account																																
	<table><tr><th>Date</th><th>Narrative</th><th>£</th><th>Date</th><th>Narrative</th><th>£</th></tr><tr><td>Nov 1</td><td>Balance b/d</td><td>28 (1)</td><td>Nov 30</td><td>Balance c/d</td><td>64</td></tr><tr><td>Nov 30</td><td>Petty cash book</td><td>36 (1 of)</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>64</td><td></td><td></td><td>64</td></tr><tr><td>Dec 1</td><td>Balance b/d</td><td>64 (1of)</td><td></td><td></td><td></td></tr></table>	Date	Narrative	£	Date	Narrative	£	Nov 1	Balance b/d	28 (1)	Nov 30	Balance c/d	64	Nov 30	Petty cash book	36 (1 of)						64			64	Dec 1	Balance b/d	64 (1of)				
Date	Narrative	£	Date	Narrative	£																											
Nov 1	Balance b/d	28 (1)	Nov 30	Balance c/d	64																											
Nov 30	Petty cash book	36 (1 of)																														
		64			64																											
Dec 1	Balance b/d	64 (1of)																														
		(4)																														

Question Number	Mark	
12 (c)	<p>Award mark as indicated</p> <p>Current assets (1)</p>	(1)

(Total for Question 12 = 15 marks)

- 12** Devon Sawa maintains a full set of accounting books including a petty cash book, which is kept using the imprest system with a float of £250.

On 1 November 2017 the balance of the petty cash book was £186. On that day the float was restored.

During the month of November 2017 Devon made the following petty cash transactions.

November	Voucher Number	Transaction	£
1	101	Paid sales manager's travel expenses for October 2017.	28
6	102	Purchased postage stamps.	8
10	103	Paid window cleaner.	19
14	104	Paid for taxi fare to the train station for client.	21
22	105	Purchased photocopy paper.	12
26		Sold stamps to a member of staff.	4
29	106	Paid office cleaner's wages.	25
30	107	Paid Peters, a credit supplier.	35

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(15)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

On 1 November 2017 the balance on the postage and stationery account was £57.

- (b) Prepare the postage and stationery account for the month of November 2017 to show the transfers from the petty cash book. Balance the account on 30 November 2017 and bring the balance down to 1 December 2017.

(4)

Postage and Stationery Account

Date	Details	£	Date	Details	£



- (c) State in which section of the balance sheet the petty cash balance on 30 November 2017 will appear.

(1)

On 30 November 2017 Devon Sawa provided the following information.

Year ended 30 November	Current ratio	Quick ratio (acid test)
2016	2.5:1	1.4:1
2017	1.3:1	0.9:1

- (d) Evaluate the change in the liquidity of the business over the two years and the implications of this for the business's creditors.

(5)

(Total for Question 12 = 25 marks)



Question Number	Answer																																																																																																																																																										
12 (a)	<div><div>Award marks as shown</div><div><div>Petty Cash Book</div><table><tr><th>Receipts</th><th>Date Nov</th><th>Details</th><th>Voucher No</th><th>Total</th><th>Postage and Stationery</th><th>Travel</th><th>Cleaning</th><th>Ledger Accounts</th></tr><tr><td>£</td><td></td><td></td><td></td><td>£</td><td>£</td><td>£</td><td>£</td><td>£</td></tr><tr><td>186 (1)</td><td>1</td><td>Balance b/f</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>64 (1)</td><td>1</td><td>Cash book</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1</td><td>Manager's travel claim</td><td>101</td><td>28 (1)</td><td></td><td>28</td><td></td><td></td></tr><tr><td></td><td>6</td><td>Stamps</td><td>102</td><td>8 (1)</td><td>8</td><td></td><td></td><td></td></tr><tr><td></td><td>10</td><td>Window cleaner</td><td>103</td><td>19 (1)</td><td></td><td></td><td>19</td><td></td></tr><tr><td></td><td>14</td><td>Taxi fare</td><td>104</td><td>21 (1)</td><td></td><td>21</td><td></td><td></td></tr><tr><td></td><td>22</td><td>Photocopy paper</td><td>105</td><td>12 (1)</td><td>12</td><td></td><td></td><td></td></tr><tr><td>4 (1)</td><td>26</td><td>Stamps</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>29</td><td>Office cleaner</td><td>106</td><td>25 (1)</td><td></td><td></td><td>25</td><td></td></tr><tr><td></td><td>30</td><td>Peters</td><td>107</td><td>35 (1)</td><td></td><td></td><td></td><td>35</td></tr><tr><td></td><td></td><td></td><td></td><td>148</td><td><u>20</u></td><td><u>49</u></td><td><u>44</u></td><td><u>35</u></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>(1of) for row</td></tr><tr><td></td><td>30</td><td>Balance c/d</td><td></td><td>106</td><td></td><td></td><td></td><td></td></tr><tr><td><u>254</u></td><td></td><td></td><td></td><td><u>254</u> (1of)</td><td></td><td></td><td></td><td></td></tr><tr><td>106 (1of)</td><td>Dec 1</td><td>Balance b/d</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table></div><div><div>+1 for dates</div><div>+1 for details</div></div></div>	Receipts	Date Nov	Details	Voucher No	Total	Postage and Stationery	Travel	Cleaning	Ledger Accounts	£				£	£	£	£	£	186 (1)	1	Balance b/f							64 (1)	1	Cash book								1	Manager's travel claim	101	28 (1)		28				6	Stamps	102	8 (1)	8					10	Window cleaner	103	19 (1)			19			14	Taxi fare	104	21 (1)		21				22	Photocopy paper	105	12 (1)	12				4 (1)	26	Stamps								29	Office cleaner	106	25 (1)			25			30	Peters	107	35 (1)				35					148	<u>20</u>	<u>49</u>	<u>44</u>	<u>35</u>									(1of) for row		30	Balance c/d		106					<u>254</u>				<u>254</u> (1of)					106 (1of)	Dec 1	Balance b/d							(15)
Receipts	Date Nov	Details	Voucher No	Total	Postage and Stationery	Travel	Cleaning	Ledger Accounts																																																																																																																																																			
£				£	£	£	£	£																																																																																																																																																			
186 (1)	1	Balance b/f																																																																																																																																																									
64 (1)	1	Cash book																																																																																																																																																									
	1	Manager's travel claim	101	28 (1)		28																																																																																																																																																					
	6	Stamps	102	8 (1)	8																																																																																																																																																						
	10	Window cleaner	103	19 (1)			19																																																																																																																																																				
	14	Taxi fare	104	21 (1)		21																																																																																																																																																					
	22	Photocopy paper	105	12 (1)	12																																																																																																																																																						
4 (1)	26	Stamps																																																																																																																																																									
	29	Office cleaner	106	25 (1)			25																																																																																																																																																				
	30	Peters	107	35 (1)				35																																																																																																																																																			
				148	<u>20</u>	<u>49</u>	<u>44</u>	<u>35</u>																																																																																																																																																			
								(1of) for row																																																																																																																																																			
	30	Balance c/d		106																																																																																																																																																							
<u>254</u>				<u>254</u> (1of)																																																																																																																																																							
106 (1of)	Dec 1	Balance b/d																																																																																																																																																									

Question Number	Answer	Mark																		
12 (b)	<p>Award marks for correct date, details and amounts in combination.</p> <p style="text-align: center;">Postage and Stationery Account</p> <table><tr><th>Date</th><th>Details</th><th>£</th><th>Date</th><th>Details</th><th>£</th></tr><tr><td>Nov 1</td><td>Balance b/d</td><td>57 (1)</td><td>Nov 30</td><td>Petty cash book</td><td>4 (1)</td></tr><tr><td>Nov 30</td><td>Petty cash book</td><td>20 (1 of)</td><td>Nov 30</td><td>Balance c/d</td><td>73</td></tr></table>	Date	Details	£	Date	Details	£	Nov 1	Balance b/d	57 (1)	Nov 30	Petty cash book	4 (1)	Nov 30	Petty cash book	20 (1 of)	Nov 30	Balance c/d	73	(4)
Date	Details	£	Date	Details	£															
Nov 1	Balance b/d	57 (1)	Nov 30	Petty cash book	4 (1)															
Nov 30	Petty cash book	20 (1 of)	Nov 30	Balance c/d	73															

			<u>77</u>			<u>77</u>	
	Dec 1	Balance b/d	73 (1 of)				

Question Number	Answer	Mark
12 (c)	Award mark for correct response only Current assets (1)	(1)
Question Number	Answer	Mark
12 (d)	<p>Award (1) mark for a general statement regarding the change in liquidity over the two years; a further (2) marks for the meaning of each individual ratio; (1) mark for the implication for their creditors and a final (1) mark for a conclusion.</p> <p>Sample answer</p> <p>The liquidity of the business has worsened over the two years (1) which is evidenced by the reduction in both ratios.</p> <p>The current ratio indicates that they are just able to cover their short term debts (1) whereas their quick ratio indicates that they are below the ideal ratio of 1:1. (1)</p> <p>The implication of this for a creditor is that the business may experience some difficulty in meeting its short term debts (1).</p> <p>The business needs to consider whether it needs to take steps to invest more cash into the business in order to meet its short term obligations (1)</p>	(5)

(Total for Question 12 = 25 marks)

SECTION B**Answer ALL questions.****11** Allan Brown commenced business on 1 July 2014. On that day he:

purchased goods for resale, costing £5 000 and fixtures and fittings for use in the business, costing £8 000;

paid £3 500 into a business bank account and kept £100 on hand to pay for petty cash expenses;

received a £5 000 loan from his brother, which he paid into the business bank account.

(a) Show the opening journal entry to record these transactions.

(7)

Journal

	Debit £	Credit £



During his first month of trading Allan paid the following expenses from petty cash.

July		£
1	Postage stamps	10
6	Bus fares	8
10	J Green – a creditor	19
14	Window cleaner	21
22	Taxi fare	12
26	Stationery	16

On 31 July Allan withdrew the appropriate amount from the bank to balance the petty cash book.

- (b) Prepare the petty cash book for the month of July 2014. Balance the book on 31 July 2014 and bring the balance forward to 1 August 2014.

(9)



Petty Cash Book

Receipts	Date	Details	Total	Postage and Stationery	Travel	Cleaning	Ledger Accounts
£			£	£	£	£	£

(Total for Question 11 = 16 marks)

Section B

Question Number	Answer	Mark																														
11 (a)	<p style="text-align: center;">Journal</p> <table> <tr> <th></th><th>Debit</th><th>Credit</th></tr> <tr> <td></td><td>£</td><td>£</td></tr> <tr> <td>Purchases</td><td>5 000(1)</td><td></td></tr> <tr> <td>Fixtures and fittings</td><td>8 000(1)</td><td></td></tr> <tr> <td>Bank</td><td>8 500(1)</td><td></td></tr> <tr> <td>(Petty) Cash</td><td>100(1)</td><td></td></tr> <tr> <td>Loan</td><td></td><td>5 000(1)</td></tr> <tr> <td>Capital</td><td></td><td>16 600 (1of)</td></tr> <tr> <td></td><td><u>21 600</u></td><td><u>21 600</u></td></tr> <tr> <td>Being assets and liabilities on 1 July 2014 (1)</td><td></td><td></td></tr> </table>		Debit	Credit		£	£	Purchases	5 000(1)		Fixtures and fittings	8 000(1)		Bank	8 500(1)		(Petty) Cash	100(1)		Loan		5 000(1)	Capital		16 600 (1of)		<u>21 600</u>	<u>21 600</u>	Being assets and liabilities on 1 July 2014 (1)			(7)
	Debit	Credit																														
	£	£																														
Purchases	5 000(1)																															
Fixtures and fittings	8 000(1)																															
Bank	8 500(1)																															
(Petty) Cash	100(1)																															
Loan		5 000(1)																														
Capital		16 600 (1of)																														
	<u>21 600</u>	<u>21 600</u>																														
Being assets and liabilities on 1 July 2014 (1)																																

Question Number	Answer	Mark
11 (b)		(9)

Petty Cash Book

Receipts	Date	Details	Total	Postage and Stationery	Travel	Cleaning	Ledger Accounts
£			£	£	£	£	£
100 (1)	July 1	Capital					
	July 1	Postages	10(1)	10			
	July 6	Bus fares	8(1)		8		
	July 10	J Green	19(1)				19
	July 14	Window Cleaner	21(1)			21	
	July 22	Taxi Fare	12(1)		12		
	July 26	Stationery	16(1)	16			
			86	<u>26</u>	<u>20</u>	<u>21</u>	<u>19</u>
86 (1)	July 31	Cash					
	July 31	Balance c/d	100				
<u>186</u>			<u>186</u>				
100 (1)	Aug1	Balance b/d					