

Exam ID 223



Qualifications

Level 2 Award in Computerised Bookkeeping QCF

(Accreditation Number 500/9261/3)

Level 2 Certificate in Applied Bookkeeping QCF

(Accreditation Number 500/9262/5)

Examination

Units:

ID 222 - Setting up Accounting Software to Manage Accounting Information
– F6013649

ID 221 - Process Routine Payments and Receipts Using a Computerised System –
A6013651

January 2012

QUESTION PAPER

Time Allowed: 2 hours

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INTERNATIONAL ASSOCIATION OF BOOK-KEEPERS

QUALIFICATION TITLE: IAB LEVEL 2 AWARD IN COMPUTERISED BOOKKEEPING

Unit Titles:

**Setting up Accounting Software to Manage Accounting Information
– F6013649**

**Process Routine Payments and Receipts Using a Computerised System –
A6013651**

General Information and Instructions

The following Instructions should be followed:

- 1 You must enter your **Candidate Number, Student Number, Name of Centre, Date of Examination** and **Software used** on the front cover of your Answer Booklet.
- 2 Time Allowed: TWO HOURS.
- 3 The use of silent non-programmable calculators is permitted.
- 4 NOTE - This Question Booklet has information and data printed on both sides of the pages.
- 5 **THE VAT RATE FOR THIS PAPER IS 20% AND THEREFORE COMPUTERS SHOULD BE SET TO 20% PRIOR TO STARTING THE QUESTION PAPER.**
- 6 **If possible, you should generate your own printouts, check them and staple them into the Answer Booklet. However, if the examination centre is not set up for you to do that, you should save your reports in PDF format into a folder bearing your name and candidate number. The invigilator or technician will then print all the PDF reports in that folder and staple them into the Answer Booklet.**

Scenario

Cayden Taylor has set up a new business on the 1st January 2012, ***Taylor's Cycles***, the business is registered for VAT on the Standard Accounting Scheme and will be trading on both a credit and cash basis.

The business buys and sells cycles and safety helmets. The cycles are standard rated for VAT; the safety helmets are zero rated.

Required

You are to assume the role of Accounts Clerk and carry out the instructions in the order that they are given using a commercial Accounting software package. Cayden is relying on you to input the data accurately. You should ensure every transaction has a unique reference.

The business was started on 1st January 2012. Set this as your Financial Year Start Date.

The name and address of Taylor's Cycles is as follows:

Taylor's Cycles
12 Mitton Road
Cambridge
CB2 9NK

Enter this information onto your Accounting program and, after the name Taylor's Cycles, add your Examination Entry number.

Set up the following Nominal Accounts, using an account reference relevant to the package you are using. Cayden has established budget figures for sales and purchases, as shown. Enter these as you set up the accounts.

Nominal Code Name	Budget figures	Comment
Capital		
Drawings		
Sales – Cycles	£1,500,000	spread equally over January to December
Sales – Safety Helmets	£75,000	
Purchases – Cycles	£950,000	
Purchases – Safety Helmets	£30,000	

On 1st January the owner has introduced assets as follows:

Nominal Account	£
Bank	75,000.00
Petty Cash	200.00
Delivery Van	10,000.00

Set up the following Customer Accounts, using an appropriate account reference:

Cycle World 22 Pear Hill Cambridge CB2 3DC	The Cycle Shack 3 Newmarket Road Cambridge CB2 4XC	Supreme Cycles 10 Hill Street Bedford MK40 5GH
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Set up the following Supplier Accounts, using an appropriate account reference:

The Bike Factory 1 Lower Road Northampton NN1 7BD	Chain Reaction Maple House 5 Maple Street Peterborough PE6 8AW	Cycle World 22 Pear Hill Cambridge CB2 3DC
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A book was set up (extract below) in which a list of all cheques paid out would be recorded. From this Cheque Log, enter these details onto the system:

Cheque Log							
Date	Cheque no.	Payee	Details	Net £	VAT £	Gross £	√
3 Jan	100	Cash	Petty Cash	75.00			
3 Jan	101	Smith & Co.	Rent	3,000.00	600.00	3,600.00	
4 Jan	102	J.P.T. Ltd	Shop Display	500.00	100.00	600.00	
5 Jan	103	Peacocks Ltd	Fixtures & Fittings	750.00	150.00	900.00	
6 Jan	104	Cambridge News	Advertising	84.00	16.80	100.80	
7 Jan	105	Jones & Co.	Shop Flooring	475.00	95.00	570.00	

During the month, the following Invoices were sent out to customers. Enter these transactions:

Taylors Cycles		
12 Mitton Road Cambridge CB2 9NK Telephone: 01223 532729		
Invoice To: Cycle World 22 Pear Hill Cambridge CB2 3DC	Invoice No. Invoice Date	TC001 03.01.2012
	VAT Rate	Net
Safety Helmets – Various sizes x 150	Zero	1,875.00
		1,875.00
	Invoice Total	1,875.00
Terms: 30 days net VAT Reg. No. 123 4567 89		

Taylors Cycles		
12 Mitton Road Cambridge CB2 9NK Telephone: 01223 532729		
Invoice To: Supreme Cycles 10 Hill Street Bedford MK40 5GH	Invoice No. Invoice Date	TC002 04.01.2012
	VAT Rate	Net
Men's Cycles x 100	20%	22,500.00
		22,500.00
	VAT @ 20%	4,500.00
	Invoice Total	27,000.00
Terms: 30 days net VAT Reg. No. 123 4567 89		

Taylors Cycles

12 Mitton Road
Cambridge
CB2 9NK

Telephone: 01223 532729

Invoice To:

The Cycle Shack
3 Newmarket Road
Cambridge
CB2 4XC

Invoice No. TC003
Invoice Date 05.01.2012

	VAT Rate	Net
Ladies Cycles x 75	20%	16,125.00
Children's Cycles x 40	20%	3,800.00
		19,925.00
	VAT @ 20%	3,785.75
	Invoice Total	23,710.75

Terms: Cash discount of 5% for payment
received within 14 days

VAT Reg. No. 123 4567 89

Taylors Cycles

12 Mitton Road
Cambridge
CB2 9NK

Telephone: 01223 532729

Invoice To:

Cycle World
22 Pear Hill
Cambridge
CB2 3DC

Invoice No. TC004
Invoice Date 06.01.2012

	VAT Rate	Net
Men's Cycles x 50	20%	18,375.00
Safety Helmets – Various Sizes x 50	Zero	625.00
		19,000.00
	VAT @ 20%	3,675.00
	Invoice Total	22,675.00

Terms: 30 days net

VAT Reg. No. 123 4567 89

Taylors Cycles

12 Mitton Road
Cambridge
CB2 9NK

Telephone: 01223 532729

Invoice To:
Supreme Cycles
10 Hill Street
Bedford
MK40 5GH

Invoice No. TC005
Invoice Date 09.01.2012

	VAT Rate	Net
Men's Cycles x 50	20%	11,250.00
Children's Cycles x 50	20%	4,250.00
		<hr/>
		15,500.00
	VAT @ 20%	3,100.00
	Invoice Total	<hr/> 18,600.00

Terms: 30 days net
VAT Reg. No. 123 4567 89

During the month, the following Credit Note was sent out. Enter this transaction:

Taylors Cycles

12 Mitton Road
Cambridge
CB2 9NK

Telephone: 01223 532729

Credit Note:
Supreme Cycles
10 Hill Street
Bedford
MK40 5GH

Credit Note No. CN001
Credit Note Date 10.01.2012

	VAT Rate	Net
Damaged Men's Cycles x 5 on our invoice TC002	20%	1,125.00
		<hr/>
		1,125.00
	VAT @ 20%	225.00
	Invoice Total	<hr/> 1,350.00

Terms: 30 days net
VAT Reg. No. 123 4567 89

During the month, the following invoices were received from Suppliers. Enter these transactions:

Chain Reaction		
Maple House 5 Maple Street Peterborough PE6 8AW		
Invoice To:	Invoice No.	CR 1032
Taylor's Cycles 12 Mitton Road Cambridge CB2 9NK	Invoice Date	3.01.2012
	VAT Rate	Net
Safety Helmets – Various Sizes x 250	Zero	2,125.00
Ladies Cycles x 250	20%	41,250.00
Children's Cycles x 250	20%	16,250.00
		<u>59,625.00</u>
	VAT @ 20%	11,500.00
	Invoice Total	<u>71,125.00</u>
Terms: 30 days net VAT Reg. No. 385 6374 09		

THE BIKE FACTORY		
1 LOWER ROAD NORTHAMPTON NN1 7BD		
Invoice To:	Invoice No.	4935
Taylor's Cycles 12 Mitton Road Cambridge CB2 9NK	Invoice Date	3.01.2012
	VAT Rate	Net
Men's Cycles x 300	20%	52,500.00
		<u>52,500.00</u>
	VAT @ 20%	9,975.00
	Invoice Total	<u>62,475.00</u>
Terms: Cash discount of 5% for payment within 30 days VAT Reg. No. 536 9241 87		

Cycle World
22 Pear Hill
Cambridge
CB2 3DC

Invoice To:

Taylor's Cycles
 12 Mitton Road
 Cambridge
 CB2 9NK

Invoice No. CW 582
Invoice Date 3.01.2012

	VAT Rate	Net
Ladies Cycles x 50	20%	7,750.00
Children's Cycles x 50	20%	3,375.00
		<u>11,125.00</u>
	VAT @ 20%	<u>2,225.00</u>
	Invoice Total	13,350.00

Terms: Net monthly account
 VAT Reg. No. 287 4352 56

Chain Reaction
 Maple House
 5 Maple Street
 Peterborough
 PE6 8AW

Invoice To:

Taylor's Cycles
 12 Mitton Road
 Cambridge
 CB2 9NK

Invoice No. CR 1063
Invoice Date 5.01.2012

	VAT Rate	Net
Safety Helmets – Various Sizes x 75	Zero	637.50
Children's Cycles x 50	20%	3,250.00
		<u>3,887.50</u>
	VAT @ 20%	<u>650.00</u>
	Invoice Total	4,537.50

Terms: 30 days net
 VAT Reg. No. 385 6374 09

THE BIKE FACTORY

1 LOWER ROAD
NORTHAMPTON
NN1 7BD

Invoice To:

Taylor's Cycles
12 Mitton Road
Cambridge
CB2 9NK

Invoice No. 4983
Invoice Date 6.01.2012

	VAT Rate	Net
Men's Cycles x 50	20%	8,750.00
		<u>8,750.00</u>
	VAT @ 20%	1,662.50
	Invoice Total	<u>10,412.50</u>

Terms: Cash discount of 5% for payment within 30 days
VAT Reg. No. 536 9241 87

Cycle World

**22 Pear Hill
Cambridge
CB2 3DC**

Invoice To:

Taylor's Cycles
12 Mitton Road
Cambridge
CB2 9NK

Invoice No. CW 601
Invoice Date 6.01.2012

	VAT Rate	Net
Ladies Cycles x 25	20%	3,875.00
Children's Cycles x 25	20%	1,687.50
		<u>5,562.50</u>
	VAT @ 20%	1,112.50
	Invoice Total	<u>6,675.00</u>

Terms: Net monthly account
VAT Reg. No. 287 4352 56

During the month, the following monies have been received from Customers:

		£
13 Jan	Cheque (no. 1845) received from Cycle World. This covers our invoices TC001 and TC004, and Cycle Worlds invoices CW 582 and CW 601. This should therefore be processed as a contra entry.	4,525.00
16 Jan	Cheque (no. 2657) received from Supreme Cycles. This covered invoice TC002 and credit note CN001.	25,650.00
16 Jan	Cheque (no. 1045) received from The Cycle Shack. This should be treated as a payment on account.	10,000.00

You have already entered some cheques (ticked) from the Cheque Log – enter the remaining cheque payments.

Cheque Log							
Date	Chq no.	Payee	Details	Net £	VAT £	Gross £	✓
3 Jan	100	Cash	Petty Cash	75.00			✓
3 Jan	101	Smith & Co.	Rent	3,000.00	600.00	3,600.00	✓
4 Jan	102	J.P.T. Ltd	Shop Display	500.00	100.00	600.00	✓
5 Jan	103	Peacocks Ltd	Fixtures & Fittings	750.00	150.00	900.00	✓
6 Jan	104	Cambridge News	Advertising	84.00	16.80	100.80	✓
7 Jan	105	Jones & Co.	Shop Flooring	475.00	95.00	570.00	✓
9 Jan	106	Parks Ltd	Computer	455.33	91.06	546.39	
9 Jan	107	Cayden Taylor	Drawings			500.00	
11 Jan	108	The Bike Factory	Payment to cover invoice 4935 in full taking into account the discount offered.			59,850.00	
16 Jan	109	Chain Reaction	Payment to Chain Reaction, this should be treated as a part payment against invoice CR 1032.			50,000.00	
Print out a Remittance Advice Note to send with the following payment.							
27 Jan	110	Chain Reaction	Calculate the payment required to pay invoice CR 1063 and the remainder of invoice CR 1032 in full, allowing for the part payment made 16 January.				

16 Jan

Cash Sales of £545.00 for safety helmets were made during a police health and safety presentation at a local school. £445.00 was banked into the business bank account and the remainder of £100.00 should be entered as a petty cash receipt. Cayden then sent £50.00 as a donation using cheque numbered 111.

20 Jan

Received notification from the Bank that a cheque received from Supreme Cycles for £25,650.00 had been returned unpaid. Process this as a returned cheque.

25 Jan

Cayden took 2 children's helmets as gifts for his children at a selling price of £25.00. Make the journal entry to reflect this.

Produce reports at 31st January 2012:

Trial Balance

Summary Audit Trail

Nominal Account Activity for both categories of Sales

Also include the Remittance Advice Note to Chain Reaction

THE ABOVE REPORTS MUST BE PRINTED BEFORE STARTING THE NEXT SECTION, OR ALTERNATIVELY SAVE THE REPORTS AND PRINT OUT AT THE END OF THE EXAM IN THE PRINTING TIME ALLOWED

TURN TO THE NEXT PAGE

During the month, Petty Cash has been spent and the Vouchers below written out. Enter this expenditure.

Petty Cash Voucher No. PCV 1 Date 3.1.2012	VAT Rate: Exempt
Expense Details Postage	Amount including VAT (where applicable) £25.00
Signed	Total £25.00

Petty Cash Voucher No. PCV 2 Date 3.1.2012	VAT Rate: 20%
Expense Details Shop Repairs	Amount including VAT (where applicable) £33.50
Signed	Total £33.50

Petty Cash Voucher No. PCV 3 Date 4.1.2012	VAT Rate: 20%
Expense Details Stationery	Amount including VAT (where applicable) £8.75
Signed	Total £8.75

Petty Cash Voucher No. PCV 4 Date 9.1.2012	VAT Zero
Expense Details Shop Refreshments	Amount including VAT (where applicable) £5.60
Signed	Total £5.60

Petty Cash Voucher No. PCV 5 Date 16.1.2012	VAT Rate Outside the scope of VAT (T9)
Expense Details Casual Wages	Amount including VAT (where applicable) £30.00
Signed	Total £30.00

Petty Cash Voucher No. PCV 6 Date 20.1.2012	VAT Rate 20%
Expense Details Fuel for Delivery Van	Amount including VAT (where applicable) £50.00
Signed	Total £50.00

On 3 January, a Bank Loan of £25,000 was received into the current account. Enter this as a receipt.

It has been arranged that the loan repayment is to be paid on 28th of each month by Standing Order. This amounts to £550.00 per month, £350.00 being capital repayment and £200.00 being loan interest. Set this up and post the payment.

27 Jan	Paid £115.00 including VAT for graphics for the company delivery van using cheque 112. Treat this as advertising.
30 Jan	Paid £867.00 for premises insurance using cheque 113. This is exempt from VAT.

Petty Cash Voucher PCV 1 dated 3 Jan should have been for cleaning (tax code T0) and not postage. Make the journal entry to correct this.

The wages and drawings for January have been calculated. Enter these transactions.

- 31 January - Net Wages and Drawings are paid from the Bank Current Account by BACS – The Net Wages totalled £2,200.00 and Cayden's drawings are £750.00.
- The statutory and voluntary deductions have been calculated as follows:

Income Tax deducted	£432.88
Employee's NIC deducted	£187.53
Employer's NIC	£213.12
Payroll Giving deducted	£ 15.00

These will not be paid until 15 February; therefore, enter these figures into the system by Journal Entries.

31 January
Identify the amount required to reimburse Petty Cash to £300.00 and process this transaction using cheque numbered 114.

The Bank Statement below has been received; reconcile it to your computer records.

CAMBRIDGE BANK PLC

Taylor's Cycles
12 Mitton Road
Cambridge
CB2 9NK

Sheet No. 1
Sort Code: 10-20-30
Account: 01745362
Telephone: 01223 300000
Facsimile: 01223 305000

STATEMENT

31st January 2012

Date	Particulars	Payments	Receipts	Balance
3 Jan	Opening balance		75,000.00	75,000.00
3 Jan	Bank Loan		25,000.00	100,000.00
3 Jan	100	75.00		99,925.00
4 Jan	101	3,600.00		96,325.00
6 Jan	102	600.00		95,725.00
9 Jan	103	900.00		94,825.00
9 Jan	104	100.80		94,724.20
10 Jan	105	570.00		94,154.20
11 Jan	106	546.39		93,607.81
11 Jan	107	500.00		93,107.81
16 Jan	Counter Credit		4,525.00	97,632.81
16 Jan	108	59,850.00		37,782.81
16 Jan	109	50,000.00		12,217.19 OD
18 Jan	Counter Credit		25,650.00	13,432.81
18 Jan	Counter Credit		10,000.00	23,432.81
18 Jan	Counter Credit		445.00	23,877.81
20 Jan	111	50.00		23,827.81
20 Jan	Returned Cheque	25,650.00		1,822.19 OD
30 Jan	112	115.00		1,937.19 OD
30 Jan	Standing Order	550.00		2,487.19 OD
30 Jan	Bank Charges	23.75		2,510.94 OD

**Produce the following reports as at 31 January 2012:
This may be carried out after the 2 hour examination time**

Trial Balance

Summary Audit Trail

Bank Statement

Nominal Activity Reports for Bank and Petty Cash

Bank Receipts and Payments Day Books

Customer Address List

Detailed Aged Debtors Analysis

Customer Statement for Supreme Cycles

Supplier Address List

Detailed Supplier Activity Report for Chain Reaction

Detailed Aged Creditors Analysis

Budget Reports comparing budget to actuals for the month of January