



Qualifications:

LEVEL 3 Certificate in Bookkeeping (QCF)

(Accreditation number: **601/0731/5**)

LEVEL 3 Certificate in Manual Bookkeeping (QCF)

(Accreditation number: **500/9260/1**)

LEVEL 3 Diploma in Bookkeeping (QCF)

(Accreditation number: **601/0484/3**) – **Apprenticeship Framework**

Examination

Units:

310: Prepare financial statements for a partnership – Y601/0742

311: Prepare financial statements for a sole trader – A601/0734

SAMPLE ASSESSMENT

PAPER No: E0028

MODEL ANSWERS

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SECTION A

QUESTION ONE

Amir and Petra Trading in Partnership

Trading and Profit and Loss Account – Answer Task A

Amir and Petra			
Trading and Profit and Loss Account for the Year Ended 31 May 2010			
	£	£	£
Sales			671,780
Less Cost of Goods Sold			
Opening stock	76,350		
Add Purchases	550,690		
		627,040	
Less Closing stock		85,250	
Cost of Sales			541,790
Gross profit			129,990
Less Expenses			
Office expenses		12,366	
Salaries and wages		36,448	
Discounts allowed		3,216	
Rent and rates (£15,733 – £960)		14,773	
Motor expenses		5,967	
Heating and lighting (£3,810 + £1,413)		5,823	
General expenses		8,293	
Depreciation		5,560	
			91,846
Net profit			38,144

Amir and Petra Trading in Partnership

Profit and Loss Appropriation Account – Answer Task B

Amir and Petra		
Profit and Loss Appropriation Account for the Year Ended 31 May 2010		
	£	£
Net profit		38,144
Add Interest on drawings: Amir	940	
Petra	570	
		1,510
		39,654
Less Interest on capital: Amir	6,000	
Petra	4,800	
		10,800
		28,854
Less Salary: Petra		8,000
		20,854
Less Share of profits: Amir	10,427	
Petra	10,427	
		20,854
		-

Current Accounts – Answer Task C

DR		Current Accounts				CR	
2010	Details	Amir £	Petra £	2010	Details	Amir £	Petra £
31 May	Balance b/f		1,500	31 May	Balance b/f	5,500	
31 May	Interest on drawings	940	570	31 May	Interest on capital	6,000	4,800
31 May	Drawings	18,800	11,400	31 May	Salary		8,000
31 May	Balance c/d	2,187	9,757	31 May	Share of profit	10,427	10,427
		21,927	23,227			21,927	23,227
				31 May	Balance b/d	2,187	9,757

Amir and Petra Trading in Partnership

Balance Sheet - Answer Task D

Amir and Petra Balance Sheet as at 31 May 2010			
	£	£	£
Fixed Assets	Cost	Less Depn to Date	NBV
Fixtures and fittings	34,500	16,050	18,450
Motor vehicles	26,490	18,050	8,440
	60,990	34,100	26,890
Current Assets			
Stock	85,250		
Debtors	85,442		
Prepaid expenses	960		
Bank	45,978		
		217,630	
Less Current Liabilities			
Creditors	51,163		
Accrued expenses	1,413		
		52,576	
Working capital			165,054
			191,944
Financed By:			
Capital – Amir	100,000		
Add Current account	2,187		
		102,187	
Capital – Petra	80,000		
Add Current account	9,757		
		89,757	
			191,944

QUESTION TWO

Tim, Toby and Lola Trading in Partnership

Capital Accounts – Answer Task A

DR		Capital Accounts						CR		
Date	Details	Tim £	Toby £	Lola £	Date	Details	Tim £	Toby £	Lola £	
1/6/09	Goodwill adjm't	-	-	16,000	31/5/09	Balance b/f	80,000	80,000	-	
1/6/09	Balance c/d	88,000	88,000	84,000	1/6/09	Bank	-	-	100,000	
					1/6/09	Goodwill adjm't	8,000	8,000	-	
		88,000	88,000	100,000			88,000	88,000	100,000	
					1/6/09	Balance b/d	88,000	88,000	84,000	

Workings – Goodwill Adjustment

Partners	Goodwill Creation £	Goodwill Deletion £	Net Adjustment £
Tim	24,000 (CR)	16,000 (DR)	8,000 (CR)
Toby	24,000 (CR)	16,000 (DR)	8,000 (CR)
Lola	-	16,000 (DR)	16,000 (DR)
	<u>48,000 (CR)</u>	<u>48,000 (DR)</u>	-

Tim, Toby and Lola Trading in Partnership

Profit and Loss Appropriation Account – Answer Task B

Tim, Toby and Lola Profit and Loss Appropriation Account for the Year Ended 31 May 2010		
	£	£
Net profit		95,000
Less Interest on capital: Tim	4,400	
Toby	4,400	
Lola	4,200	
		13,000
		82,000
Less Salaries: Tim	20,000	
Toby	20,000	
Lola	24,000	
		64,000
		18,000
Less Share of profit: Tim	6,000	
Toby	6,000	
Lola	6,000	
		18,000
		-

Current Accounts for Use in Answering Task C

DR		Current Accounts						CR	
Date	Details	Tim £	Toby £	Lola £	Date	Details	Tim £	Toby £	Lola £
31/5/09	Balance b/f	-	800	-	31/5/09	Balance b/f	1,200	-	-
31/5/10	Drawings	22,000	22,000	24,000	31/5/10	Interest on capital	4,400	4,400	4,200
31/5/10	Balance c/d	9,600	7,600	10,200	31/5/10	Salaries	20,000	20,000	24,000
					31/5/10	Share of profit	6,000	6,000	6,000
		31,600	30,400	34,200			31,600	30,400	34,200
					31/5/10	Balance b/d	9,600	7,600	10,200

SECTION B

Continental Foods

Trial Balance – Answer Task A

Continental Foods Trial Balance as at 31 May 2010		
	DR £	CR £
Premises (cost)	100,000	
Motor vehicles (cost)	40,000	
Office equipment (cost)	7,500	
Motor vehicles provision for depreciation		17,500
Office equipment provision for depreciation		1,500
Stock (31 May 2009)	25,400	
Purchases	279,600	
Sales		435,000
Discounts received		4,050
Discounts allowed	3,590	
Wages and salaries	72,630	
Carriage inwards	1,720	
Loan interest	2,000	
Vehicle expenses	5,250	
Rates	14,800	
Other operating expenses	36,200	
Trade debtors	45,600	
Trade creditors		37,200
Cash	250	
Bank		14,500
Drawings	27,500	
Loan		20,000
Capital		131,050
Suspense		1,240
Totals	662,040	662,040

Continental Foods

Suspense Account – Answer Tasks B and D

DR		Suspense Account		CR	
2010	Details	£	2010	Details	£
31 May	Discounts received	420	31 May	Difference in books	1,240
31 May	Wages and salaries	1,000	31 May	Vehicle expenses	180
		<u>1,420</u>			<u>1,420</u>

Journal – Answer Task C

Journal

2010	Details	DR £	CR £
31 May	Suspense Discounts Received Correction of error, discounts received not transferred from Cash Book	420	420
31 May	Suspense Wages and salaries Correction of error balance on Wages Account overstated	1,000	1,000
31 May	Vehicle Expenses Suspense Correction of error of transposition	180	180

Continental Foods

Extended Trial Balance – Answers Tasks E, F and G

Continental Foods – EXTENDED TRIAL BALANCE AS AT 31 MAY 2010								
Ledger Account	Trial Balance		Adjustments		Profit & Loss		Balance Sheet	
	DR £	CR £	DR £	CR £	DR £	CR £	DR £	CR £
Premises (cost)	100,000						100,000	
Motor vehicles (cost)	40,000						40,000	
Office equipment (cost)	7,500						7,500	
Motor vehicles – prov'n dep'n		17,500		4,500				22,000
Office equipment – prov'n dep'n		1,500		750				2,250
Stock (31 May 2009)	25,400				25,400			
Purchases	279,600				279,600			
Sales		435,000				435,000		
Discounts received		4,470				4,470		
Discounts allowed	3,590				3,590			
Wages and salaries	71,630				71,630			
Carriage inwards	1,720				1,720			
Loan interest	2,000				2,000			
Vehicle expenses	5,430				5,430			
Rates	14,800			7,800	7,000			
Other operating expenses	36,200		2,600		38,800			
Trade debtors	45,600						45,600	
Trade creditors		37,200						37,200
Cash	250						250	
Bank		14,500						14,500
Drawings	27,500						27,500	
Loan		20,000						20,000
Capital		131,050						131,050
Totals	661,220	661,220	-	-	-	-	-	-
Closing stock – profit & loss				27,200		27,200		
Closing stock – Balance Sheet			27,200				27,200	
Prepayment adjustment			7,800				7,800	
Accruals adjustment				2,600				2,600
Depreciation expense			5,250		5,250			
Net profit					26,250			26,250
Totals			42,850	42,850	466,670	466,670	255,850	255,850

Continental Foods

Trading and Profit and Loss Account for - Answer Task H

Continental Foods			
Trading and Profit and Loss Account for the Year Ended 31 May 2010			
	£	£	£
Sales			435,000
Less Cost of Goods Sold			
Opening stock	25,400		
Add Purchases	279,600		
Add Carriage inwards	1,720		
		306,720	
Less Closing stock		27,200	
Cost of Sales			279,520
Gross Profit			155,480
Add Other Income			
Discounts received			4,470
			159,950
Less Expenses			
Discounts allowed		3,590	
Wages and salaries		71,630	
Loan interest		2,000	
Vehicle expenses		5,430	
Rates		7,000	
Other operating expenses		38,800	
Depreciation		5,250	
			133,700
Net profit			26,250

Continental Foods

Balance Sheet - Answer Task H

Continental Foods			
Balance Sheet as at 31 May 2010			
	£	£	£
Fixed Assets	Cost	Less Dep'n to Date	NBV
Premises	100,000	-	100,000
Motor vehicles	40,000	22,000	18,000
Office equipment	7,500	2,250	5,250
	147,500	24,250	123,250
Current Assets			
Stock	27,200		
Trade debtors	45,600		
Prepayment	7,800		
Cash	250		
		80,850	
Less Current Liabilities			
Trade creditors	37,200		
Accrual	2,600		
Bank overdraft	14,500		
		54,300	
Working capital			26,550
			149,800
Financed By:			
Capital	131,050		
Add Net Profit	26,250		
		157,300	
Less Drawings		27,500	
			129,800
Long-Term Liabilities			
Bank loan			20,000
			149,800