

Exam ID 331



Qualifications

LEVEL 3 Award in Computerised Bookkeeping (QCF)

(Accreditation number 500/9407/5)

LEVEL 3 Certificate in Applied Bookkeeping (QCF)

(Accreditation number 500/9276/5)

Examination

Unit

Managing a computerised accounts system to provide management information – (R601/8080)

**JANUARY 2012
QUESTION PAPER**

Time Allowed: 3 hours

INTERNATIONAL ASSOCIATION OF BOOK-KEEPERS

QUALIFICATION TITLE: IAB LEVEL 3 AWARD IN COMPUTERISED BOOKKEEPING

General Information and Instructions

The following Instructions should also 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: THREE HOURS.
- 3 Printing may be carried out after completion of the three hours examination time.
- 4 The use of silent non-programmable calculators is permitted.
- 5 NOTE - This Question Booklet has information and data printed on both sides of the pages.
- 6 **THE VAT RATE FOR THIS PAPER IS 20% AND THEREFORE COMPUTERS SHOULD BE SET TO 20% PRIOR TO STARTING THE QUESTION PAPER.**
- 7 **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

You are a Bookkeeper for **Oak Farm Kennels**, a kennels and dog training centre run by Isabella Dixon. The business specialises in training working dogs and the freehold premises are based in Windermere, Cumbria and consist of the kennels and grounds. The business is registered for VAT (**Standard Basis**) and trades on both a credit and cash basis.

Income is divided into 3 categories:

- Income from kennel fees
- Income from training fees
- Income from dog food (the latter being VAT zero rated)

Purchases are divided into 2 categories:

- Purchases of training equipment, and
- Purchases of dog food/other consumables (dog food being VAT zero rated)

Isabella Dixon has purchased a new computer system as she has decided to replace the manual records currently in place and therefore the outstanding debtors and creditors and nominal account balances will need to be entered.

Required

1. You are required to set up the accounts on a commercial accounting package of your choice as at 31st December 2011 which is the end of month 6 of the financial year. The financial year start date is 1st July 2011.
2. Process the transactions for the month of January, taking into account the additional information provided.
3. Take printouts as detailed on page 7. This may be carried out after the end of the three hour examination time.

The following customer accounts are held in the Sales Ledger.
Outstanding at 31st December 2011

Customer		Reference	Date	Gross amount
The Old Farm House	Invoice	2856	28.11.2011	300.00
	Invoice	2894	05.12.2011	275.50
The Hollies	Invoice	2864	28.11.2011	225.00
	Credit Note	CN 312	02.12.2011	45.00
The Meadows	Invoice	2910	15.12.2011	550.00

The following supplier accounts are held in the Purchase Ledger.
Outstanding at 31st December 2011

Supplier		Reference	Date	Gross amount
Cedar Lodge	Invoice	0178	15.12.2011	330.00
	Invoice	0184	18.12.2011	265.20
Canine Supplies Ltd	Invoice	678	12.12.2011	174.50
	Invoice	685	19.12.2011	413.75
	Credit Note	CN 075	15.12.2011	54.50
J Burns & Co	Invoice	4031	22.12.2011	250.00
	Invoice	4183	28.12.2011	175.00

Nominal Account Balances, established from the previous system as at 31.12.2011

	Debit £	Credit £
Freehold Premises & Land	250,000.00	
Delivery Vehicle at cost	8,000.00	
Delivery Vehicle Accumulated Depreciation		1,600.00
Debtors Control Account	1,305.50	
Stock	1,700.00	
Bank Current Account	7,455.67	
Credit Card Account		423.77
Petty Cash Float	700.00	
Prepaid Vehicle Insurance to 30 June 2012	350.00	
Prepaid Premises Insurance to 30 June 2012	900.00	
Creditors Control Account		1,553.95
VAT Liability		845.88
PAYE/NIC Liability		564.32
Income – Kennel Fees		30,000.00
Income – Training Fees		39,000.00
Purchases – Training Equipment	4,700.00	
Purchases – Dog Food and Other Consumables	4,400.00	
Advertising	500.00	
Wages	5,200.00	
Drawings	4,500.00	
Capital		173,000.00
Profit & Loss Account		42,723.25
	289,711.17	289,711.17

ADDITIONAL INFORMATION

1. Premises rates (outside the scope of VAT) of £180 are paid by Direct Debit. The repayments are made by Direct Debit on 10th of each month.
2. The gas, electricity and telephone bills are all received in March, June, September and December.
 - The annual total electricity expenditure for the year ended 30 June 2011 was £4,600 and is expected to be the same in this accounting year.
 - The annual gas expenditure for the year ended 30 June 2011 was £5,700 and is expected to rise by 20% in this accounting year.
 - Telephone is expected to be £190 per month.
3. Depreciation
 - Motor vehicles 20% on a straight line basis. No depreciation is charged on motor vehicles in the year of sale.
 - Computer and office equipment are depreciated over 3 years based on cost.
 - No depreciation is charged on the freehold property.

You want to begin to develop the accounts package to provide some useful analysis; Isabella has established budget figures for income and purchases as shown below. Enter these onto the accounts package:

Nominal Code Name	Budget figures	Comment
Income – Kennel Fees	£54,000.00	spread equally over the financial year
Income – Training Fees	£60,000.00	£2,500 for both January and February and the remainder spread equally over the financial year
Purchases – Training Equipment	£ 9,000.00	spread equally over the financial year
Purchases – Dog Food and Other Consumables	£ 8,400.00	

Date	Details
3 Jan	Isabella introduced into the business computer equipment costing £2,500.
3 Jan	Part of the business premises are sub-let to a private specialist dog trainer. Rent of £600 including VAT has been received from Sue Barker to cover 1 January to 28 February 2012.
3 Jan	It is found an error has occurred in the opening Trial Balance at 31 December 2011. Income – Kennel Fees should be £32,000.00 (not £30,000) and Income – Training Fees should be £37,000.00 (not £39,000). Correct this by Journal entry.

The paperwork has been batched. Enter the transactions for the month of January.

SALES INVOICES

Date	Details
3 Jan	Invoiced The Old Farm House for kennel fees using invoice 2946. This amounted to £260.00 + VAT £52.00 (Total £312.00).
3 Jan	Invoiced The Hollies for training fees using invoice 2947. This amounted to £450.00 + VAT £85.50 (Total £535.50). The invoice was subject to a 5% discount if paid within 7 days.
5 Jan	Invoiced The Meadows for kennel fees £275.00 and training fees £200.00 plus VAT £95.00 using invoice 2948 (Total £570.00).
8 Jan	Invoiced The Old Farm House for kennel fees using invoice 2949. This amounted to £220.00 plus VAT £44.00 (Total £264.00)

PURCHASE INVOICES

Date	Details
3 Jan	Received invoice 4201 from J Burns & Co. This covered training equipment £135.23 and dog food £267.18 plus VAT £27.04 (Total £429.45)
6 Jan	Received invoice 769 from Canine Supplies Ltd for training equipment £109.99 plus VAT £21.99 (Total £131.98)

RECEIPTS

Date	Details
4 Jan	Received cheque number 4512 for £180.00 from The Hollies in settlement of our invoice 2864 and credit note CN 312.
5 Jan	Received cheque number 2975 for £250.00 from The Meadows. This should be treated as a payment on account.
10 Jan	Received cheque 4529 for £513.00 from The Hollies in settlement of our invoice 2947. They took advantage of the discount offered.
22 Jan	Cash income from kennel fees of £1,752.00 including VAT was received. Isabella kept £500.00 as drawings and banked the remainder.
31 Jan	Commission for the month of January was received in cash from Sue Barker. This amounted to £180.00 including VAT and should be banked.

PETTY CASH EXPENDITURE

Date	Details
3 Jan	Paid £172.80 including VAT from petty cash to cover advertising in a local newspaper from 1 January to 31 March, using voucher PC78.
10 Jan	Paid £45.00 including VAT from petty cash to cover repairs to one of the kennels, using voucher PC79.

CHEQUE PAYMENTS

Date	Details
5 Jan	Paid cheque 306 for £595.20 to Cedar Lodge in settlement of their invoices 0178 and 0184.
12 Jan	Raised cheque 307 for £423.77 to pay the Credit Card balance at 31 December 2011.
18 Jan	Raised cheque 308 for £100.00 including VAT in respect of new dog bedding purchased at a dog show.
22 Jan	Raised cheque 309 for £144.00 including VAT in respect of a new computer scanner.
31 Jan	Drew cheque 310 to reimburse the petty cash for the month and decrease the float by £100.

ONLINE PAYMENTS

Date	Details
16 Jan	Paid HM Revenue & Customs online for the December PAYE/NIC liability.
31 Jan	Paid HM Revenue & Customs in respect of the VAT Liability at 31 December.

CREDIT CARD PAYMENTS

Date	Details
12 Jan	Paid £75.00 including VAT for specialist dog training equipment.
19 Jan	Paid £300 for magazine subscription fees (VAT zero rated) covering 1 January to 30 June 2012.

ADDITIONAL INFORMATION

Date	Details										
10 Jan	Isabella replaced the delivery vehicle, cost £8,000.00 and accumulated depreciation £1,600.00, with a new one costing £12,000.00, including VAT and paid for this herself. She also took the old delivery vehicle for her own use at an agreed valuation of £6,000.00. Any VAT implications on the disposal should be ignored.										
26 Jan	Was advised by the bank that a cheque received from cash sales for £75.00 had been returned. This should be processed as a bad debt.										
31 Jan	Isabella took some dog food for her own two dogs. Process this with a value of £60.00.										
31 Jan	<p>The January wages and drawings have been calculated:</p> <table><tbody><tr><td>Net Wages</td><td>£875.90</td></tr><tr><td>Drawings</td><td>£500.00</td></tr><tr><td>Employees NIC</td><td>£32.87</td></tr><tr><td>Employees Tax</td><td>£197.60</td></tr><tr><td>Employer's NIC</td><td>£39.59</td></tr></tbody></table> <p>The net wages and drawings are paid by BACS. The tax and NICs will be sent to H.M. Revenue & Customs during February and should, therefore, be posted as a journal.</p>	Net Wages	£875.90	Drawings	£500.00	Employees NIC	£32.87	Employees Tax	£197.60	Employer's NIC	£39.59
Net Wages	£875.90										
Drawings	£500.00										
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Employees Tax	£197.60										
Employer's NIC	£39.59										

31 Jan	Stock at 31 January has been valued at £1,500.
31 Jan	It has been decided to set up a provision for doubtful debts. This should be based on 3% of outstanding debtors.
31 Jan	It is the company's policy to only show the total VAT liability in the accounts. Prepare and post a Journal to transfer the balances on the VAT Sales Tax Account and VAT Purchase Tax Account to the VAT Liability Account.
31 Jan	Process the adjustments at the end of January.

You are required to provide management reports for Isabella and therefore you should edit the Chart of Accounts so that the following are clearly shown:

- Income from Kennel Fees, Income from Training Fees and Income from Dog Food in the Profit and Loss Account
- Purchases of Training Equipment and Purchases of Dog Food and Other Consumables in the Profit and Loss Account
- Provision for Doubtful Debts and Profit/Loss on Asset Disposal in the Profit and Loss Account
- Provision for Doubtful Debts in the Balance Sheet.

Print the following reports as at 31 January 2012. This may be carried out after the three hour examination time.

- Trial Balance
- Summary Audit Trail
- Detailed Aged Debtors and Creditors Analyses
- Nominal Activity for Bank transactions
- VAT Return for the month of January
- A Report comparing January Budget and Actuals
- Profit & Loss Account for the month ended 31 January 2012
- Balance Sheet as at 31 January 2012
- Calculate the Net Profit Margin achieved year to date and write it on the Profit and Loss Account printout.

THIS IS THE END OF QUESTION PAPER