



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: 500/9262/5)

Examination

Unit

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

JUNE 2012

QUESTION PAPER

Time Allowed: 3 hours

INTERNATIONAL ASSOCIATION OF BOOK-KEEPERS

QUALIFICATION TITLE: IAB LEVEL 3 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 **Motor World**, a garage run by Evan Williams. The business specialises in MOT testing, sales of car parts and cleaning products. The freehold premises are based in Swansea. 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 MOT Testing (outside the scope of VAT)
Sales - Car Parts
Sales - Car Cleaning Products

Purchases are divided into 2 categories:

Purchases - Car Parts
Purchases - Car Cleaning Products

Evan Davies has purchased a new computer system as he 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 May 2012 which is the end of month 3 of the financial year. The financial year start date is 1st March 2012.
2. Process the transactions for the month of June, 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 May 2012

Customer		Reference	Date	Gross amount
UK Car Parts	Invoice	4128	20.04.2012	475.00
	Invoice	4201	12.05.2012	199.90
Mister Auto	Invoice	4399	22.05.2012	891.20
	Credit Note	CN 298	29.05.2012	73.40
Edwards & Co.	Invoice	4203	12.05.2012	297.50

The following supplier accounts are held in the Purchase Ledger.
Outstanding at 31st May 2012

Supplier		Reference	Date	Gross amount
Express Parts Ltd	Invoice	0502	12.05.2012	1,520.00
	Invoice	0578	20.05.2012	275.50
Car Spares (Wales) Ltd	Invoice	0476	07.05.2012	953.10
	Invoice	0504	12.05.2012	471.78
	Credit Note	CN 096	14.05.2012	65.00
D. Jones & Son	Invoice	1321	26.05.2012	350.00
	Invoice	1347	29.05.2012	219.00

Nominal Account Balances, established from the previous system as at 31.05.2012

	Debit £	Credit £
Freehold Premises	200,000.00	
Vehicle at cost	12,000.00	
Vehicle Accumulated Depreciation		1,800.00
Tools & Equipment	14,200.00	
Tools & Equipment Depreciation		3,400.00
Debtors Control Account	1,790.20	
Stock	1,500.00	
Bank Current Account	3,721.37	
Credit Card Account		739.80
Petty Cash Float	200.00	
Prepaid Premises Insurance to 31 October 2012	1,000.00	
Creditors Control Account		3,724.38
VAT Liability		621.88
PAYE/NIC Liability		496.15
Accrual – Mobile Telephone for May 2012		100.00
Income from MOT Testing		35,000.00
Sales – Car Parts		17,000.00
Sales – Car Cleaning Products		2,500.00
Purchases – Car Parts	13,500.00	
Purchases – Car Cleaning Products	1,800.00	
Advertising	750.00	
Wages	7,200.00	
Drawings	4,000.00	
Capital		150,000.00
Profit & Loss Account		46,279.36
	261,661.57	261,661.57

ADDITIONAL INFORMATION

1. Premises rates (outside the scope of VAT) of £175 are paid by Direct Debit. The repayments are made by Direct Debit on 28th of each month.
2. The gas, electricity and telephone bills are all received in March, June, September and December. No bills have been received and no accruals had been posted in the manual system; you are required to bring the accounts up to date.
 - The annual total electricity expenditure for the year ended 28 February 2011 was £3,200 and is expected to be the same in this accounting year.
 - The annual gas expenditure for the year ended 28 February 2011 was £1,800 and is expected to rise by 25% in this accounting year.
 - Telephone is expected to be £150 per month.
3. Depreciation
 - Motor vehicles 20% on a straight line basis. No depreciation is charged on motor vehicles in the year of sale.
 - Tools & Equipment and the Roller Shutter Door 20% on a reducing balance basis.
 - Computer Equipment is 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; Evan has established budget figures for income and purchases as shown below. Enter these onto the accounts package:

Nominal Code Name	Budget figures	Comment
Income – MOT Testing	£120,000.00	spread equally over the financial year
Sales – Car Parts	£60,000.00	Spread equally over the financial year
Sales – Car Cleaning Products	£11,250.00	£1,500 for both June, July and August and the remainder spread equally over the financial year
Purchases – Car Parts	£40,000.00	spread equally over the financial year
Purchases – Car Cleaning Products	£5,500.00	

Date	Details
1 June	Evan introduced into the business computer equipment costing £1,800.00. Any VAT implications should be ignored.
4 June	Part of the business premises are sub-let to Car Care who offer car servicing and repair work. Rent of £1,200.00 including VAT has been received into Motor Worlds Bank from Car Care to cover 1 June to 31 August 2012.
4 June	It is found an error had occurred in the valuation of Stock at the end of the last financial year. Stock should have been valued at £1,750.00 (not £1,500.00). Correct this by Journal entry.

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

SALES INVOICES

Date	Details
4 June	Invoiced Edwards & Co. for MOT testing using invoice 4470. This amounted to £540.00.
4 June	Invoiced UK Car Parts for car parts using invoice 4471. This amounted to £325.00 + VAT £63.05 (Total £388.05). The invoice was subject to a 3% discount if paid within 14 days.
5 June	Invoiced Mister Auto for car cleaning products £176.20 plus VAT £35.24 using invoice 4472 (Total £211.44).
7 June	Invoiced Edwards & Co. for MOT testing using invoice 4473. This amounted to £240.00.

PURCHASE INVOICES

Date	Details
1 June	Received invoice 0635 from Express Parts Ltd. This covered car parts £135.98 plus VAT £27.19 (Total £163.17)
4 June	Received invoice 1428 from D. Jones & Son for car parts £189.97 and car cleaning products £423.52 plus VAT £122.69 (Total £736.18)

RECEIPTS

Date	Details
4 June	Received cheque number 2975 for £400.00 from Edwards & Co. This should be treated as a payment on account.
4 June	Received cheque number 4192 for £817.80 from Mister Auto in settlement of our invoice 4399 and credit note CN 298.
11 June	Received cheque 4529 for £378.30 from UK Car Parts in settlement of our invoice 4471. They took advantage of the discount offered.
22 June	Cash income from car cleaning products at a local market of £240.00 including VAT was received. Evan kept £20.00 to pay for garage refreshments (zero rated) and banked the remainder.
29 June	Received £30.00 (including VAT) for a car battery sold to a member of staff. The cash was placed in the petty cash tin.

PETTY CASH EXPENDITURE

Date	Details
4 June	Paid £144.00 including VAT from petty cash to cover stand hire at a local market from 1 June to 31 August, using voucher PC106.
12 June	Paid £74.50 including VAT from petty cash to cover premises repairs, using voucher PC107.

CHEQUE PAYMENTS

Date	Details
5 June	Paid cheque 532 for £1,000.00 to Express Parts Ltd. This should be treated as a payment on account.
13 June	Raised cheque 533 for £739.80 to pay the Credit Card balance at 31 May 2012.
13 June	Raised cheque 534 for £1,350.00 including VAT for a new roller shutter door. This should be treated as an asset.
21 June	Raised cheque 535 for £960.00 including VAT in respect of new tools purchased.
29 June	Drew cheque 536 to reimburse the petty cash for the month and increase the float by £100.

ONLINE PAYMENTS

Date	Details
15 June	Paid HM Revenue & Customs online for the May PAYE/NIC liability.
29 June	Paid HM Revenue & Customs in respect of the VAT Liability at 31 May.

CREDIT CARD PAYMENTS

Date	Details
12 June	Paid £80.00 including VAT for computer software.
21 June	Paid £420.00 for vehicle insurance (exempt from VAT) covering 1 June to 31 May 2013.

ADDITIONAL INFORMATION

Date	Details										
11 June	Evan replaced the company car, cost £12,000.00 and accumulated depreciation £1,800.00, with a new one costing £16,000.00. The old vehicle was part exchanged for £10,000.00. The balance was paid for by hire purchase with the first payment being due in July. (all transactions are VAT code T9)										
25 June	Was advised by the bank that a cheque received from Edwards & Co. for £400.00 had been returned. This should be processed as a returned cheque.										
29 June	Evan took some car cleaning products for his own use. They had cost £20.00 excluding VAT. Evan's practice is to mark up car cleaning products by 40% to arrive at a VAT inclusive selling price.										
29 June	<p>The June wages and drawings have been calculated:</p> <table><tbody><tr><td>Net Wages</td><td>£675.20</td></tr><tr><td>Drawings</td><td>£1,000.00</td></tr><tr><td>Employees NIC</td><td>£29.94</td></tr><tr><td>Employees Tax</td><td>£107.40</td></tr><tr><td>Employer's NIC</td><td>£29.18</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 July and should, therefore, be posted as a journal.</p>	Net Wages	£675.20	Drawings	£1,000.00	Employees NIC	£29.94	Employees Tax	£107.40	Employer's NIC	£29.18
Net Wages	£675.20										
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Employees Tax	£107.40										
Employer's NIC	£29.18										
30 June	Stock at 30 June has been valued at £2,000.										
30 June	It has been decided to set up a provision for doubtful debts. This should be based on 2.5% of outstanding debtors.										
30 June	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.										
30 June	Process the adjustments at the end of June.										

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

- Income from MOT Testing, Sales of Car Parts and Sales of Car Cleaning Products in the Profit and Loss Account
- Purchases of Car Parts and Purchases of Car Cleaning Products 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 30 June 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 June
- A Report comparing June Budget and Actuals
- Profit & Loss Account for the month ended 30 June 2012
- Balance Sheet as at 30 June 2012
- Calculate the Gross Profit Margin achieved in June and write it on the Profit and Loss Account printout.

ENSURE ALL REPORTS ARE COLLATED IN THE CORRECT ORDER

THIS IS THE END OF QUESTION PAPER