

**331 Exam ID**

**Question Paper for the following Qualifications:**

- 330: Level 3 Award in Computerised Bookkeeping QCF: 50094075  
340: Level 3 Certificate in Applied Bookkeeping QCF: 50092625  
3030: Level 3 Diploma in Bookkeeping QCF: 60104843

Units

- 331: Managing a computerised accounts system to provide management information:  
R6018080

**Time Allowed 3 Hours**

Paper No: 0044

General Instructions

1. Enter your IAB Student Number, Candidate Number, Name of Examination Centre and Software used in the spaces provided on the front cover of your Answer Booklet
2. Calculators are permitted
3. The Question Paper has information and data printed on both sides of the pages
4. The VAT rate for this paper is 20% and therefore computers should be set to 20% prior to starting the paper
5. 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.
6. Mobile phones are not permitted

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## Scenario

You are a Bookkeeper for **Forty Winks**, a bed shop run by Vicky Jones. The business specialises in bed frames, mattresses and headboards. The premises are based in Minehead, Somerset. The business is registered for VAT (**Standard Basis**) and trades on both a credit and cash basis.

Sales are divided into 3 categories:

- Sales – Bed Frames
- Sales – Mattresses
- Sales – Headboards

Purchases are divided into 3 categories:

- Purchases – Bed Frames
- Purchases – Mattresses
- Purchases – Headboards

The business records have previously been kept on a manual basis and therefore need to be entered into the new computerised system.

## Required

1. You are required to set up the accounts on a commercial accounting package of your choice as at 31 May 2014 which is the end of month 5 of the financial year. The financial year start date is 1 January 2014.
2. Process the transactions for the month of June, taking into account the additional information provided.
3. Take printouts as detailed on page 9. 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 31<sup>st</sup> May 2014

Customer		Reference	Date	Gross amount
Lily's Beds	Invoice	4736	30.04.2014	1,000.00
	Invoice	4743	05.05.2014	350.50
	Credit Note	CN 175	08.05.2014	49.50
Sleepwell Ltd	Invoice	4756	16.05.2014	645.00
Cozy Nights	Invoice	4769	22.05.2014	860.00

The following supplier accounts are held in the Purchase Ledger.  
 Outstanding at 31<sup>st</sup> May 2014

Supplier		Reference	Date	Gross amount
Beds Direct	Invoice	06721	05.05.2014	745.55
	Invoice	06732	23.05.2014	120.99
The Bed Store	Invoice	10785	14.05.2014	460.00
	Invoice	10797	21.05.2014	274.50
	Credit Note	CN 194	19.05.2014	120.00
Dreamers Ltd	Invoice	2745	23.05.2014	975.99
	Invoice	2751	30.05.2014	225.50

Nominal Account Balances, established from the previous system as at 31.05.2014

	Debit £	Credit £
Delivery Van at cost ( <b>1 van</b> )	15,000.00	
Delivery Van Accumulated Depreciation		3,000.00
Shop Fixtures and Fittings	8,000.00	
Shop Fixtures and Fittings Depreciation		1,600.00
Computer & Printer Equipment	2,500.00	
Computer & Printer Equipment Depreciation		833.25
Debtors Control Account	2,806.00	
Stock	5,000.00	
Bank Current Account	6,352.55	
Credit Card Account		354.76
Petty Cash Float	200.00	
Prepaid Storage Costs (for stock) to 30 June 2014	200.00	
Prepaid Van insurance to 31 December 2014	525.00	
Creditors Control Account		2,682.53
VAT Liability		1,856.63
PAYE/NIC Liability		463.90
Sales – Bed Frames		14,500.00
Sales – Mattresses		6,500.00
Sales – Headboards		8,200.00
Purchases – Bed Frames	6,000.00	
Purchases – Mattresses	3,400.00	
Purchases – Headboards	3,800.00	
Advertising	500.00	
Electricity ( <b>covering 5 months</b> )	1,500.00	
Gas ( <b>covering 5 months</b> )	1,750.00	
Telephone	370.00	
Wages	7,500.00	
Repairs and Renewals	180.00	
Refreshments	62.74	
Drawings	5,000.00	
Capital		15,000.00
Profit & Loss Account		15,655.22
	<b>70,646.29</b>	<b>70,646.29</b>

### **ADDITIONAL INFORMATION**

1. Premises rates (outside the scope of VAT) of £260.00 are paid by Direct Debit. The repayments are made by Direct Debit on 28<sup>th</sup> of each month.
2. The gas, electricity and telephone bills are all received at the end of March, June, September and December. The monthly amounts for accrual purposes are:
  - Electricity – this is expected to rise by 5% from June 2014 and should therefore be adjusted accordingly
  - Gas – this is expected to rise by 5% from June 2014 and should therefore be adjusted accordingly
  - Telephone £80.00

### 3. Depreciation

- Motor vehicle 20% on a straight line basis.
- Shop Fixtures and Fittings 20% on a reducing balance basis.
- Computer & Printer Equipment is depreciated over 3 years based on cost.
- Depreciation is charged in the year of acquisition. No depreciation is charged on assets in the month of sale.

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

Nominal Code Name	Budget figures	Comment
Sales – Bed Frames	£30,000.00	Spread equally over the financial year
Sales – Mattresses	£14,000.00	
Sales – Headboards	£17,500.00	
Purchases – Bed Frames	£12,000.00	Spread equally over the financial year
Purchases – Mattresses	£6,000.00	
Purchases – Headboards	£7,000.00	

Date	Details
2 June	It was found that an error had occurred in the bank balance at the end of May 2014. The bank balance should have been £6,852.55 (not £6,352.55). Correct this by journal entry and post the balance to the Profit and Loss Account.
2 June	Vicky introduced into the business shop fixtures and fittings costing £500.00 and paid £200 for office decorating. Any VAT implications should be ignored.
2 June	After the month end, a stocktake revealed some damaged goods. Flood damage had resulted in mattresses with a cost price of £800.00 and headboards with a cost price of £300.00 being scrapped. Adjust for this by journal entry and post the balance to the Profit and Loss Account.

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

## SALES INVOICES

Date	Details
5 June	Invoiced Lily's Beds for bed frames using invoice 4775. This amounted to £850.00 including VAT.
6 June	Invoiced Cozy Nights for mattresses £500.00 plus VAT £100.00 using invoice 4776 (Total £600.00).
13 June	Invoiced Sleepwell Ltd for headboards using invoice 4777. This amounted to £450.00 + VAT £85.50 (Total £535.50). The invoice was subject to a 5% discount if paid within 30 days.
20 June	Invoiced Baker & Co. a new customer, for bed frames using invoice 4778. This amounted to £180.00 including VAT.

## PURCHASE INVOICES

Date	Details
9 June	Received invoice 10821 from The Bed Store. This covered bed frames £440.00 plus VAT £88.00 (Total £528.00)
16 June	Received invoice 2782 from Dreamers Ltd for mattresses £375.00 and headboards £200.00 plus VAT £115.00 (Total £690.00)

## RECEIPTS

Date	Details
5 June	Received cheque number 5362 for £950.50 from Lily's Beds. This relates to invoice 4736 and credit note CN 175.
6 June	Received bank payment for £500.00 from Cozy Nights. This should be treated as a payment on account.
19 June	Received bank payment for £623.50 from Sleepwell Ltd in settlement of our invoice 4756. This invoice was subject to a 4% discount.
30 June	Total cash income from sales of bedframes at a local show of £600.00 including VAT was received at the store. This should be paid into the business bank account.
30 June	Vicky took a mattress for her own use and paid £120.00 including VAT into petty cash to cover this.
30 June	Total cash income from sales of bed frames was received of £1,020.00 including VAT and paid into the business bank account. An agreement is in place whereby the sales representative for Forty Winks receives 10% of the net sales and this should be paid by cheque 368.

## PETTY CASH EXPENDITURE

Date	Details
5 June	Paid £40.00 from petty cash for casual wages (outside the scope of VAT), using voucher PC125.
19 June	Paid £14.20 (zero rated for VAT) from petty cash to cover the milkman, using voucher PC126.
26 June	Paid £36.00 (including VAT) from petty cash to cover advertising, using voucher PC127.

## CHEQUE PAYMENTS

Date	Details
5 June	Raised cheque 672 for £720.00 including VAT in respect of storage costs covering the period 1 July 2014 to 30 September 2014.
12 June	Paid cheque 673 for £866.54 to Beds Direct. This covered their invoices 06721 and 06732.
23 June	Raised cheque 674 for £360.00 including VAT in respect of new office flooring.
30 June	Drew cheque 675 to reimburse the petty cash for the month. Vicky decided to increase the float of £200 by £50.

## CREDIT CARD PAYMENTS

Date	Details
16 June	Paid £2,200.00 for premises insurance (exempt from VAT) covering 1 July 2014 to 30 June 2015.
27 June	Paid £120.00 including VAT for advertising in a trade magazine in July.

## ONLINE PAYMENTS

Date	Details
12 June	Paid the Credit Card balance at 31 May 2014.
16 June	Paid HM Revenue & Customs online for the May PAYE/NIC liability.
27 June	Paid HM Revenue & Customs in respect of the VAT Liability at 31 May.



## ADDITIONAL INFORMATION

Date	Details										
9 June	Vicky replaced the delivery van, cost £15,000.00 and accumulated depreciation £3,000.00, with a new one costing £24,000.00 including VAT. The old vehicle was part exchanged for £12,000.00 including VAT. The balance was paid for by hire purchase with the first payment being due in July.										
12 June	Was advised by the bank that cheque number 5362 received from Lily's Beds for £950.50 had been returned. This should be processed as a returned cheque.										
23 June	Vicky took a headboard costing £90.00 excluding VAT for her own personal use. Vicky's practice is to mark up products by 40% to arrive at a VAT inclusive selling price.										
30 June	<p>The June wages and drawings have been calculated:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Net Wages</td> <td style="text-align: right;">£1,500.00</td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">£1,000.00</td> </tr> <tr> <td>Employees NIC</td> <td style="text-align: right;">£141.24</td> </tr> <tr> <td>Employees Tax</td> <td style="text-align: right;">£69.03</td> </tr> <tr> <td>Employer's NIC</td> <td style="text-align: right;">£174.62</td> </tr> </table> <p>The net wages and drawings are paid by BACS. The tax and NICs will be sent to H.M. Revenue &amp; Customs during July and should, therefore, be posted as a journal.</p>	Net Wages	£1,500.00	Drawings	£1,000.00	Employees NIC	£141.24	Employees Tax	£69.03	Employer's NIC	£174.62
Net Wages	£1,500.00										
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Employees Tax	£69.03										
Employer's NIC	£174.62										
30 June	Stock at 30 June has been valued at £4,500.00										
30 June	It has been decided to set up a provision for doubtful debts. This should be based on 3% 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 Vicky and therefore you should edit the Chart of Accounts so that the following are clearly shown:

- Sales of Bed Frames, Sales of Mattresses and Sales of Headboards in the Profit and Loss Account
- Purchases of Bed Frames, Purchases of Mattresses and Purchases of Headboards in the Profit and Loss Account
- Provision for Doubtful Debts in the Profit and Loss Account
- Provision for Doubtful Debts in the Balance Sheet.

You are required to calculate the Gross Profit Margin achieved for the month of June 2014 and write it on the Profit and Loss Account printout. This calculation should be done during the examination time.

Print the following reports as at 30 June 2014. 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 and Petty Cash transactions
- VAT Return for the month of June
- A Report comparing June Budget and Actuals
- Profit & Loss Account for the month ended 30 June 2014
- Balance Sheet as at 30 June 2014
- Calculate the Gross Profit Margin achieved for the month of June 2014 and write it on the Profit and Loss Account printout.

**ENSURE ALL REPORTS ARE COLLATED IN THE CORRECT ORDER. FAILURE TO DO SO WILL RESULT IN A DEDUCTION OF MARKS.**

**THIS IS THE END OF QUESTION PAPER**