

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 2013

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 **Marie's Hair Studio**, a hairdressing business run by Marie Roberts. The business specialises in hairdressing and sales of hair products and styling equipment. The premises are based in Manchester. The business is registered for VAT (**Standard Basis**) and trades on both a credit and cash basis.

Income is divided into 3 categories:

- Income – Hairdressing
- Sales – Products
- Sales – Styling Equipment

Purchases are divided into 2 categories:

- Purchases - Products
- Purchases – Styling Equipment

Following a recent break in at the business premises on 31 May 2013, the computer equipment has now been replaced. Marie had kept regular, up to date, back-up off site and now this information needs to be entered into the new computer system.

Required

1. You are required to set up the accounts on a commercial accounting package of your choice as at 31 May 2013 which is the end of month 5 of the financial year. The financial year start date is 1 January 2013.
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 31st May 2013

Customer		Reference	Date	Gross amount
Shine & Co.	Invoice	3825	15.04.2013	700.00
	Invoice	3887	16.05.2013	125.00
	Credit Note	CN 108	08.05.2013	42.75
Miss L. Cartwright	Invoice	3889	16.05.2013	290.00
Nikki's Hair Design	Invoice	3921	24.05.2013	532.30

The following supplier accounts are held in the Purchase Ledger.
Outstanding at 31st May 2013

Supplier		Reference	Date	Gross amount
Hair Supplies Ltd	Invoice	7342	03.05.2013	422.97
	Invoice	7412	10.05.2013	212.33
J. K's Design	Invoice	1034	14.05.2013	310.00
	Invoice	1095	17.05.2013	416.75
	Credit Note	CN 052	13.05.2013	57.50
Pippa's Hair Studio	Invoice	3108	21.05.2013	319.25
	Invoice	3173	24.05.2013	86.60

Nominal Account Balances, established from the previous system as at 31.05.2013

	Debit £	Credit £
Vehicle at cost	15,000.00	
Vehicle Accumulated Depreciation		3,000.00
Shop Fixtures	6,000.00	
Shop Fixtures Depreciation		1,200.00
Computer Equipment	1,500.00	
Computer Equipment Depreciation		1,000.00
Debtors Control Account	1,604.55	
Stock	2,500.00	
Bank Current Account	5,045.87	
Credit Card Account		356.25
Petty Cash Float	250.00	
Prepaid Rent to 30 June 2013	1,000.00	
Creditors Control Account		1,710.40
VAT Liability		845.66
PAYE/NIC Liability		386.91
Income – Hairdressing		10,000.00
Sales – Products		3,000.00
Sales – Styling Equipment		1,800.00
Purchases – Products	1,500.00	
Purchases – Styling Equipment	900.00	
Advertising	1,100.00	
Electricity	600.00	
Gas	900.00	
Telephone	300.00	
Wages	4,500.00	
Staff Uniform	500.00	
Drawings	6,000.00	
Capital		20,000.00
Profit & Loss Account		5,901.20
	49,200.42	49,200.42

ADDITIONAL INFORMATION

1. Premises rates (outside the scope of VAT) of £256 are paid by Direct Debit. The repayments are made by Direct Debit on 15th of each month.
2. The gas, electricity and telephone bills are all received at the end of March, June, September and December. You are now required to bring the computer system up to date by posting the following amounts into accruals to cover the months of April and May:
 - Electricity £400.00
 - Gas £600.00
 - Telephone £200.00

You should adjust for the accruals at the end of June as follows:-

- The annual total electricity expenditure for the year ended 31 December 2012 was £2,400 and is expected to be the same in this accounting year.
- The annual gas expenditure for the year ended 31 December 2012 was £3,000 and is expected to rise by 20% in this accounting year.
- Telephone is expected to be £100 per month.

3. Depreciation

- Motor vehicles 20% on a straight line basis.
- Shop Fixtures 20% on a reducing balance basis.
- Computer Equipment is depreciated over 3 years based on cost.
- No depreciation is charged on assets in the month of sale.

4. Computer Equipment

Due to the Computer Equipment being stolen the amount needs to be written out of the company records. The computer equipment cost was £1,500 and accumulated depreciation of £1,000. You should now amend this by journal entry dated 31 May 2013 and use a suitable nominal code to allocate the loss on theft.

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

Nominal Code Name	Budget figures	Comment
Income - Hairdressing	£20,000.00	Spread equally over the financial year
Sales – Products	£6,000.00	
Sales – Styling Equipment	£3,600.00	
Purchases – Products	£3,000.00	Spread equally over the financial year
Purchases – Styling Equipment	£1,800.00	

Date	Details
3 June	It was found that an error had occurred in the petty cash account balance at the end of May 2013. The petty cash balance should have been £300.00 (not £250.00). Correct this by journal entry and post the balance to the Profit and Loss Account.
3 June	Marie introduced into the business computer equipment costing £2,000.00. Any VAT implications should be ignored.
3 June	A room at the business address is sub-let to Rebecca Moore who offers a spray tan service. Rent of £720.00 including VAT has been received into Marie's Hair Studio Bank Account from Rebecca Moore to cover 1 June to 31 July 2013.

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

SALES INVOICES

Date	Details
3 June	Invoiced Nikki's Hair Design for products using invoice 3987. This amounted to £420.00 including VAT.
4 June	Invoiced Shine & Co. for styling equipment £160.00 plus VAT £32.00 using invoice 3988 (Total £192.00).
7 June	Invoiced Miss L. Cartwright for products using invoice 3989. This amounted to £125.00 + VAT £23.75 (Total £148.75). The invoice was subject to a 5% discount if paid within 30 days.
7 June	Invoiced Shine & Co. for products using invoice 3990. This amounted to £282.00 including VAT.

PURCHASE INVOICES

Date	Details
3 June	Received invoice 3208 from Pippa's Hair Studio. This covered styling equipment £175.00 plus VAT £35.00 (Total £210.00)
4 June	Received invoice 7534 from Hair Supplies Ltd for products £215.00 and styling equipment £75.00 plus VAT £58.00 (Total £348.00)

RECEIPTS

Date	Details
3 June	Received bank payment for £500.00 from Shine & Co. This should be treated as a payment on account.
3 June	Received cheque number 1093 for £275.50 from Miss L. Cartwright in settlement of our invoice 3889. She took advantage of the discount offered on this invoice.
13 June	Received bank payment for £532.30 from Nikki's Hair Design in settlement of our invoice 3921.
25 June	Cash income from sales at a local market of £540.00 including VAT was received. Marie kept £54.00 (including VAT) to pay for stand hire and banked the remainder. A new nominal code for Cash Sales should be set up.
25 June	Banked income from hairdressing of £1,700.00 including VAT.

PETTY CASH EXPENDITURE

Date	Details
3 June	Paid £120.00 including VAT from petty cash to advertising from 1 June to 31 July, using voucher PC083.
14 June	Paid £12.35 (zero rated for VAT) from petty cash to cover shop refreshments, using voucher PC084.
17 June	Paid £40.00 from petty cash to cover casual wages, using voucher PC085.

CHEQUE PAYMENTS

Date	Details
3 June	Raised cheque 482 for £1,200.00 including VAT for new shop fixtures. This should be treated as an asset.
14 June	Paid cheque 483 for £669.25 to J.K's Design. This covered their invoices 1034, 1095 and credit note CN 052.
19 June	Raised cheque 484 for £180.00 including VAT in respect of a new shop door. This should be treated as an expense.
28 June	Drew cheque 485 to reimburse the petty cash for the month. Marie decided to decrease the float of £300 by £50.

ONLINE PAYMENTS

Date	Details
7 June	Paid the Credit Card balance at 31 May 2013.
15 June	Paid HM Revenue & Customs online for the May PAYE/NIC liability.
28 June	Paid HM Revenue & Customs in respect of the VAT Liability at 31 May.

CREDIT CARD PAYMENTS

Date	Details
12 June	Paid £60.00 including VAT for a replacement office chair.
21 June	Paid £390.00 for vehicle insurance (exempt from VAT) covering 1 July to 30 June 2014.

ADDITIONAL INFORMATION

Date	Details										
10 June	Marie scrapped some shop fixtures, cost £800.00 and accumulated depreciation £640.00.										
10 June	Styling Equipment costing £58.00 had been stolen, presumably by a member of staff. Adjust for this via journal entry. Any VAT implications should be ignored.										
12 June	Was advised by the bank that a cheque received from cash sales for £30.00 had been returned. This should be processed as a bad debt.										
28 June	Marie took products costing £24.00 excluding VAT. Marie's practice is to mark up products by 40% to arrive at a VAT inclusive selling price. This transaction should be coded to Cash Sales.										
28 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;">£688.21</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;">£79.22</td> </tr> <tr> <td>Employees Tax</td> <td style="text-align: right;">£36.29</td> </tr> <tr> <td>Employer's NIC</td> <td style="text-align: right;">£97.14</td> </tr> </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	£688.21	Drawings	£1,000.00	Employees NIC	£79.22	Employees Tax	£36.29	Employer's NIC	£97.14
Net Wages	£688.21										
Drawings	£1,000.00										
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Employees Tax	£36.29										
Employer's NIC	£97.14										
28 June	Stock at 28 June has been valued at £2,800.										
28 June	It has been decided to set up a provision for doubtful debts. This should be based on 2% of outstanding debtors.										
28 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.										
28 June	Process the adjustments at the end of June.										

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

- Income from Hairdressing, Sales of Products, Sales of Styling Equipment and Cash Sales in the Profit and Loss Account
- Purchases of Products and Purchases of Styling Equipment 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.

You are required to calculate the Gross Profit Margin achieved for the year to June 2013 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 2013. 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 2013
- Balance Sheet as at 30 June 2013
- Calculate the Gross Profit Margin achieved for the year to June 2013 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