



## **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:**

**Record transactions and make accounting adjustments** – M/601/0732

**Prepare financial statements for a not for profit organisation** – D601/0757

## **Sample Assessment Material**

# **QUESTION PAPER 1**

**Time Allowed: 3 hours**

## **SECTION A – RECORD TRANSACTIONS AND MAKE ACCOUNTING ADJUSTMENTS**

### **INSTRUCTIONS**

You must complete **ALL TASKS** in this section of the paper

### **QUESTION ONE**

#### **RECONCILE TRADE DEBTORS AND TRADE CREDITORS**

- (A) The General Ledger of Classic Fabrics contains a Sales Ledger Control Account and Purchase Ledger Control Account. As at 30 April 2010 the control accounts carried balances of £164,320 and £182,400 respectively.

You are presented with an extract of the General Ledger of Classic Fabrics showing the control account balances brought forward as at 30 April 2010 (see **page 1** of your **answer booklet**).

The personal accounts of the trade debtors and trade creditors of Classic Fabrics are kept as memorandum accounts in the Sales Ledger and Purchase Ledger. As at 31 May 2010 total debtors per the Sales Ledger were £152,555, total trade creditors as at that date were £173,510.

#### **Trading with Debtors and Creditors in May Month 2010**

The following information has been extracted from the bookkeeping system of Classic Fabrics and is a summary of the business's trading with its trade debtors and trade creditors in the month of May 2010:

	<b>£</b>
Sales on credit per Sales Day Book	83,280
Purchases on credit per Purchase Day Book	91,410
	<b>£</b>
Sales returns per Sales Returns Day Book	1,620
Purchase returns per Purchase Day Book	3,580
Receipts from trade debtors per Cash Book	87,440
Payments to trade creditors per Cash Book	92,360
Cash discounts allowed to trade debtors per Cash Book	1,760
Cash discounts received from trade creditors per Cash Book	2,360

## **REQUIRED**

### **TASK A**

Prepare the Sales Ledger Control Account and Purchase Ledger Control Account of Classic Fabrics as at 31 May 2010. Balance off the two control accounts as at 31 May 2010 bringing down the account balances as at that date.

### **TASK B**

Reconcile the balances on the Sales Ledger Control Account and Purchase Ledger Control Account as at 31 May 2010 with the balances of total debtors per the Sales Ledger and total creditors per the Purchase Ledger as at that date.

**Note:** The following proformas are provided for your use in completing the above tasks:

- General Ledger (Extract): Sales Ledger Control Account and Purchase Ledger Control Account – see **page 1** of your **answer booklet**.
- Reconciliation of Sales Ledger Control Account to total debtors per the Sales Ledger as at 31 May 2010 – see **page 2** of your **answer booklet**.
- Reconciliation of Purchase Ledger Control Account to total creditors per the Purchase Ledger as at 31 May 2010 – see **page 2** of your **answer booklet**.

(B) Since the reporting of the balances of total debtors per the Sales Ledger and total creditors per the Purchase Ledger as at 31 May 2010 the following errors and omissions affecting the personal account balances have been discovered:

- (i) A credit note total of £1,175 relating to goods returned by a trade debtor in May month 2010 had not been posted to the debtor personal account.
- (ii) A cheque for £6,300 paid to a trade creditor in May month 2010 had been posted to the creditor personal account as £3,600.
- (iii) An amount of £4,700 invoiced to a trade creditor in May month 2010 has not been posted to the creditor personal account.
- (iv) The balance of £5,400 on the personal account of a trade debtor had not been included in the trade debtors total of £152,555 as at 31 May 2010.

## **REQUIRED**

### **TASK C**

Complete the Schedules (provided in your **answer booklet**) and amend trade debtors total of £152,555 per the Sales Ledger and trade creditors total of £173,510 per the Purchase Ledger as at 31 May 2010 thereby bringing the ledger account totals into agreement with the totals per the Sales Ledger Control Account and Purchase Ledger Control Account balances calculated in Task A.

**Note:** The following proformas are provided for your use in completing the above task:

- Schedule amending the trade debtors total per the Sales Ledger as at 31 May 2010 – see **page 3** of your **answer booklet**.
- Schedule amending the trade creditors total per the Purchase Ledger as at 31 May 2010 – see **page 3** of your **answer booklet**.

## QUESTION TWO

### ACCOUNT FOR FIXED ASSETS

The financial year of Kaye & Co (Solicitors) ends on 31 May. The business categorises its fixed assets as being:

- Office Furniture
- Computers and Computer Equipment

Separate accounts are kept in the General Ledger of the business to account for the cost of fixed assets and their depreciation.

To account for the depreciation of fixed assets at each financial year end the business uses a Depreciation Expense account in conjunction with Provision for Depreciation accounts. A Fixed Assets Disposal account is also kept for the purpose of accounting for any fixed assets disposed of in a financial year.

You are presented with an extract of the General Ledger of Kaye & Co (see **page 5** of your **answer booklet**) showing the following ledger accounts with balances brought forward as at the financial year end 31 May 2009:

Office Furniture (Cost) £4,000  
Computers (Cost) £3,040  
Office Furniture (Provision for Depreciation) £760  
Computers (Provision for Depreciation) £1,120

Kaye & Co (Solicitors) also keep a Fixed Asset Register in which they record details of fixed assets they acquire. You are provided with the Computers section of the Fixed Asset Register of the business (see **page 6** of your **answer booklet**).

### Acquisitions and Disposals in the Year Ended 31 May 2010

In the year ended 31 May 2010 Kaye & Co (Solicitors) acquired and disposed of the following fixed assets:

Computers: Dell (PC) – originally purchased on 1 August 2007, the computer was disposed of on 31 May 2010, a cheque for £100 was received on disposal.

Computers: HP (Touchsmart) laptop purchased on 1 September 2009 at a cost of £940 (including VAT of £140). The laptop was paid for by cheque.

## **Depreciation Policy**

The policy of Kaye & Co (Solicitors) is to depreciate their fixed assets as follows:

### **Methods of Depreciation**

Office Furniture – 10% per year using the diminishing balance method.

Computers – 25% per year using the straight line method.

### **Basis of Depreciation**

Fixed assets are depreciated using the full year basis. A full years depreciation is taken in the year of an assets acquisition with no depreciation being taken in the year of disposal.

## **Physical Count of Computers**

### **Note:**

#### **Subject: Physical Count of Computers**

A physical count of computers was carried out as at 31 May 2010.

The following items were counted as being on the premises of Kaye & Co (Solicitors) as at that date:

- Packard Bell (PC)
- Lexmark (Laser Printer)
- HP (Touchsmart) Laptop

## **REQUIRED**

### **TASK A**

Enter details of the cost of the new HP (Touchsmart) laptop acquired on 1 September 2009 in the Fixed Asset Register and the Computers (Cost) account in the General Ledger.

### **TASK B**

Enter details of the disposal proceeds of the Dell (PC) disposed of on 31 May 2010 into the Fixed Asset Register, and also post the disposal proceeds to the Fixed Asset Disposal account in the General Ledger.

### **TASK C**

Calculate depreciation on Office Furniture as at 31 May 2010 and prepare the Journal entry to account for depreciation on Office Furniture at the year end. Date your Journal entry 31 May 2010 and provide a suitable narrative.

### **TASK D**

Post the entries from the Journal prepared in Task C above into the relevant ledger accounts in the General Ledger.

### **TASK E**

Update the Fixed Asset Register as at 31 May 2010 by completing the columns 'Annual Depreciation', 'Accumulated Depreciation' and 'Net Book Value' for each item of Computers and Computer Equipment owned by the business as at the year end.

### **TASK F**

Prepare the Journal entry as at 31 May 2010 to account for depreciation at the year end on Computers. Date your Journal entry 31 May 2010 and provide a suitable narrative.

### **TASK G**

Post the entries from the Journal prepared in Task F above into the relevant ledger accounts in the General Ledger.

### **TASK H**

Prepare the Journal entries required to transfer the cost and accumulated depreciation on the Dell (PC) disposed of as at 31 May 2010 to the Fixed Asset Disposal account. Date your Journal entries 31 May 2010 and provide a suitable narrative.

### **TASK I**

Post the entries from the Journal prepared in Task H above into the relevant ledger accounts in the General Ledger.

### **TASK J**

Prepare the Journal entry as at 31 May 2010 to transfer the profit or loss on disposal of the Dell (PC) disposed of to the Profit and Loss Account. Date your Journal entry 31 May 2010 and provide a suitable narrative.

### **TASK K**

Post the Journal entry prepared in Task J above to the Fixed Assets Disposal account in the General Ledger and close the account. (Note that you are not provided with the Profit and Loss Account, therefore you can only post the 'leg' of the Journal entry which relates to the Fixed Assets Disposal account) close off the Fixed Asset Disposal Account as at 31 May 2010.

### **TASK L**

Compare the contents of the Computers section of the Fixed Asset Register to the list of fixed assets per the note on **page 5 of this question booklet** relating to the physical count of Computers as at 31 May 2010. Prepare a short note as at 31 May 2010 identifying any discrepancies between the two sets of records.

**Note:** Other than closing off the Fixed Disposal Account you are not required to balance off any other of the ledger accounts in the General Ledger.

**Note:** The following proformas are provided for your use in completing the above tasks:

- General Ledger (extract) – see **page 5** of your **answer booklet**
- Fixed Asset Register (extract) – see **page 6** of your **answer booklet**
- Journal – see **page 7** of your **answer booklet**
- Note (for the purpose of completing Task L – see **page 8** of your **answer booklet**)



### QUESTION THREE

#### ACCOUNT FOR THE VALUE OF STOCK. PREPAYMENTS AND ACCRUALS AND BAD AND DOUBTFUL DEBTS

The balances appeared in the General Ledger of Protech as at the financial year end 31 May 2010.

	<b>£</b>
Provision for Doubtful Debts (31 May 2009)	3,250
Sale Ledger Control	186,200
Rates	21,500
Heat and Light	2,680
Stock (Opening Stock 1 June 2009)	159,800

You are provided with an extract from the General Ledger of Protech showing the above balances as at 31 May 2010 (see **pages 10 and 11** of your **answer booklet**).

#### Additional Information

You are provided with the following additional information as at 31 May 2010:

- (i) The balance of £1,200 (ignore VAT) on the personal account of a trade debtor as at 31 May 2010 is now to be written off as a bad debt. The balance on the Provision for Doubtful Debts account as at 31 May 2010 is to be adjusted to 2% of total debtors per the Sales Ledger Control account following the bad debt write off.
- (ii) The balance of £21,500 on the rates account per the General Ledger as at 31 May 2010 includes a prepayment of £12,000 in respect of business rates paid for the following.
- (iii) The last payment posted to the Heat and Light Account at the year end 31 May 2010 was a cheque for £900. The cheque was in respect of heat and light bills for the three months period ended 31 March 2010. It is expected that heat and light bills for the three months period ended 30 June 2010 will be 10% lower than bills for the previous quarter.
- (iv) Closing stock as at 31 May 2010 had been valued at £176,800. However, since the original valuation was carried out the following discrepancies have been discovered:
  - One line of stock included in the original valuation at a cost of £2,800 was now described as obsolete and was to be sold off to a clearance warehouse for £500.
  - One line of stock included in the original valuation had been valued at retail selling price of £12,000. The stock line is marked up by 50% when pricing the stock line for sale.

**Note:** The General Ledger of Protech includes ledger accounts for the specific purpose of accounting for Prepayments and Accruals.

## **REQUIRED**

### **TASK A**

The Journal entry to account for the bad debt write off as at 31 May 2010 is already partly prepared. A Journal entry showing the accounts to be used and giving a narrative is provided in your **answer booklet**. Complete the Journal entry by adding the amount to be written off.

### **TASK B**

Post the entries from the Journal prepared in Task A above into the relevant accounts in the General Ledger.

### **TASK C**

The Journal entry to account for the Provision for Doubtful Debts Account adjustment as at 31 May 2010 is already partly prepared. A Journal entry showing the accounts to be used and giving a suitable narrative is provided in your **answer booklet**. Complete the Journal entry by adding the amount to adjust the provision at the year end.

### **TASK D**

Post the entries from the Journal prepared in Task C above into the relevant accounts in the General Ledger (note you are not provided with the Profit and Loss Account, therefore you can only post the 'leg' of the transaction which relates to the Provision for Doubtful Account).

### **TASK E**

The Journal entries to account for rates prepaid and heat and light accrued at 31 May 2010 are already partly prepared. A Journal entry showing the accounts to be used and giving a suitable narrative is provided in your **answer booklet**. Complete the Journal entries by adding the amounts to make the year end prepayment and accrual adjustments

### **TASK F**

Post the entries from the Journal prepared in Task E above into relevant accounts in the General Ledger.

### **TASK G**

Amend the original closing stock valuation of £176,800 as at 31 May 2010 by completing the schedule provided on **page 12** of your **answer booklet**.

### **TASK H**

The Journal entries to account for the transfer of opening and closing stock (as amended in Task G above) to the Trading Account as at the year end 31 May 2010 are already partly prepared. A Journal entry showing the accounts to be used and giving a suitable narrative is provided in your **answer booklet**. Complete the Journal entries by adding the amounts to make the transfer of stock to the Trading Account.

### **TASK I**

Post the Journal entries prepared in Task H above to the stock account in the General Ledger (note that you are not provided with the Trading Account, therefore you can only post the 'legs' of the Journal entries which relate to the stock account).

### **TASK J**

The Journal entries to account for the transfer of the expenses of bad debts, rates and heat and light at the year end 31 May 2010 are already partly prepared. A Journal entry showing the accounts to be used and giving a suitable narrative is provided in your **answer booklet**. Complete the Journal entries by adding the amounts to transfer as expenses to the Profit and Loss Account.

### **TASK K**

Post the Journal entries prepared in Task J above to the expense accounts of Bad Debts, Rates, Heat and Light in the General Ledger and close off the accounts. (Note that you are not provided with a Profit and Loss Account, therefore you can only post the 'legs' of the Journal which relate to the expense accounts).

### **TASK L**

Balance off the Provision for Doubtful Debts Account, Sales Ledger Control Account, Stock Account, Prepayments Account and Accruals Account as at 31 May 2010, bringing down the account balances as at that date.

**Note:** The following proformas are provided for your use in completing the above tasks:

- General Ledger (see **pages 10 and 11** of your **answer booklet**)
- Schedule Amending Closing Stock Valuation (see **page 12** of your **answer booklet**)
- Journal (see **pages 13 and 14** of your **answer booklet**)

## SECTION B – PREPARE FINANCIAL STATEMENTS FOR NOT FOR PROFIT ORGANISATIONS

### INSTRUCTIONS

You must complete **ALL TASKS** in this section of the paper

### QUESTION ONE

- (A) Sprinters Athletics Club is based at a local sports stadium. You are provided with the following information in respect of the club as at the year ended 31 May 2009:

	<b>£</b>
Cash in hand and at bank	2,500
Subscriptions – received in advance	360
Clubhouse rent and rates – prepaid	800
Clubhouse fixtures and fittings – net book value	5,000
Club sports equipment – net book value	12,000
Clubhouse heat and light – accrued	240
Groundsman’s equipment – net book value	10,000

#### **REQUIRED**

#### **TASK A**

Calculate the accumulated fund of the members of Sprinters Athletics Club as at 31 May 2009.

**Note:** The following proforma is provided for your use in completing the above task:

- Workings – Calculation of Accumulated Fund of Members of Sprinters Athletic Club as at 31 May 2009 (see **page 16** of your **answer booklet**)
- (B) The club treasurer has presented you with the following summary of the club’s receipts and payments for the year ended 31 May 2010, together with a list of additional information as at that date.

**Sprinters Athletics Club**  
**Receipts and Payments Account for the Year Ended 31 May 2010**

<b>Receipts</b>	<b>£</b>	<b>Payments</b>	<b>£</b>
Cash at bank b/f (31 May 2009)	2,500	Clubhouse rent and rates	6,000
Members subscriptions	15,200	Clubhouse heat and light	1,800
Donation (lottery fund)	5,000	New sports equipment	2,000
		Groundsman's wages	5,200
		Ground maintenance	1,200
		Teams travel expenses	2,000
		Cash at bank c/d (31 May 2010)	4,500
	<u>22,700</u>		<u>22,700</u>
Cash at bank b/d (31 May 2010)	4,500		

Additional Information as at 31 May 2010

- (i) An amount of £480 has been received from club members as at 31 May 2010 in respect of their membership subscriptions for the year ended 31 May 2011. There were no membership subscriptions in arrears as at 31 May 2010.
- (ii) Clubhouse rent and rates of £1,200 were prepaid as at 31 May 2010.
- (iii) An accrual of £360 is to be made in respect of clubhouse heat and light bills unpaid as at 31 May 2010.
- (iv) Depreciation for the year ended 31 May 2010 is to be charged as follows:

	<b>£</b>
• Clubhouse fixtures and fittings	1,000
• Club sports equipment (including the equipment purchased in the year)	1,500
• Groundsman's equipment	500
• Total depreciation charge	<u>3,000</u>

## **REQUIRED**

### **TASK B**

Prepare the following accounts for the year ended 31 May 2010:

- Subscriptions (income)
- Clubhouse Rent and Rates
- Clubhouse Heat and Light

### **TASK C**

Prepare the Income and Expenditure Account of Sprinters Athletic Club for the Year Ended 31 May 2010.

### **TASK D**

Prepare the Balance Sheet of the Sprinters Athletic Club as at 31 May 2010.

**Note:** The following proformas are provided for your use in completing the above tasks:

Workings – Calculation of Members accumulated fund as at 31 May 2009  
(see **page 16** of your **answer booklet**)

- Accounts – Subscriptions (income), Clubhouse Rent and Rates and Clubhouse Heat and Light (see **page 17** of your **answer booklet**)
- Income and Expenditure Account (see **page 18** of your **answer booklet**)
- Balance Sheet (see **page 19** of your **answer booklet**)