

Computerised Accounts Level 3

8989-03-003
81055

This paper must be returned with the candidate's work, otherwise the entry will be void and no result will be issued.



Candidate's name (Block letters please)

Centre no

Date

Time allowed: 2 hours 30 minutes, plus 5 minutes reading time
(excluding printing time)

No note making or keyboard/computer operation is allowed during the reading time.

You must attempt **all** the tasks in the order given.

You should read through the materials carefully before you begin.

You may print **one draft** copy of each required printout work during the examination period but must submit a **final printout only** after the examination has ended.

For examiner's use only

Printouts	New accounts	Updating	Batch totals

Instructions to Candidates

Your name is Harjit Singh and you have recently been employed as Assistant Accountant for Burns Furniture, a company specialising in furniture production. The company's financial year-end is 31 December and their address is Orient Works, Lock Lane, Camden, NW3 5FB.

Your new position involves responsibility for updating the company records and producing draft financial accounts.

Today is 31 August and this is the first month-end in your new position. You find a file that contains a printed hard copy of all the data that is already entered onto the system and a statement of the company's accounting policies as follows.

Balances at 30 August

Nom Code	Name	Debit	Credit
0020	Plant & Machinery Cost	116 100.00	
0021	Plant & Machinery Depreciation		50 124.00
1001	Stock	84 115.00	
1100	Debtors Control Account	74 296.99	
1101	Bad Debt Provision	0.00	0.00
1103	Prepayments	3 320.00	
1200	Bank Current Account	27 809.62	
1230	Cash Account	304.88	
2100	Creditors Control Account		58 811.48
2109	Accruals		600.00
2200	Sales Tax Control Account		8 642.66
2201	Purchase Tax Control Account	7 289.63	
2202	Sales & Purchase Tax Liability		8 116.95
3000	Capital		40 000.00
3200	Profit and Loss Account		44 467.45
4000	Sales Dining Room		68 700.66
4001	Sales Suites		61 084.52
4002	Sales Bedroom		40 366.85
4003	Sales Occasional		22 051.71
4004	Sales Contract Furnishing		132 912.79
4005	Sales Office Furniture		36 339.39
4009	Discounts Allowed	2 485.40	
5000	Purchases Wood	94 981.10	
5001	Purchases Upholstery	40 212.22	
5002	Purchases Miscellaneous	15 727.83	
5009	Discounts Taken		2 214.00
5100	Carriage Inwards	1 426.23	
5200	Opening Stock	62 500.00	
5201	Closing Stock		84 115.00
7850	Factory Rent & Rates	34 218.80	
7851	Machine Maintenance	4 308.27	
7852	Motor & Travel	9 903.46	
7853	Delivery Costs	10 640.98	
7854	Office Costs	7 444.25	
7855	Staff Costs	56 730.60	
8000	Depreciation	4 515.00	
8100	Bad Debt Write Off	217.20	
8102	Bad Debt Provision	0.00	0.00
	Totals	658 547.46	658 547.46

Customer data

A/C No	Name	Address	Contact Name	Contact No	Credit Limit	Terms
2308	Hayes Furnishings	Crail Retail Park Cantray Road Aberdeen AB2 3YS	Jim Donald	01224 340852	£15 000	30 days net
2664	Craig Hotel Group	Craig House Pendine Way Swansea SA1 8HW	Jill Johnson	01792 440833	£50 000	30 days net
2699	UK Shopfitters Ltd	Swarby Works West Street Market Rasen LN8 1AP	Sue McBride	01673 502488	£30 000	30 days net
2764	Gerstein Homes	24 Bosworth Road Skipton North Yorkshire BD23 4DK	Faz Ahmed	01756 603004	£20 000	30 days net
2783	Thorpe Factors	Glenside Spalding Lincolnshire PE11 8VX	Pam Franks	01775 204199	£5 000	30 days net
2801	Cade Contractors	Shilton House Iden Way Manchester M14 5DA	David Wright	0161 275 6610	£75 000	5% discount for 30 day settlement
2834	Hinton & Parr Ltd	366 Church View Stroud Gloucestershire GL5 4GP	Jenny Woodford	01453 445208	£3 000	30 days net
2842	Elm Furniture plc	Stretton House Kirkland Road Batley WF17 8VK	Tim Bryant	01924 343811	£10 000	30 days net

Supplier Data

A/C No	Name	Address	Contact Name	Contact No	Credit Limit	Terms
CA24	Castle Upholstery	Castle Works Brough Lane Letchworth SG6 9HA	Emma Halliday	01462 525740	£30 000	30 days net
DA36	Danns Timber Co Ltd	Portland Road Hessle East Yorkshire HU13 6JM	Mark Richie	01482 663275	£100 000	5% discount for 30 day settlement
FJ33	FJ Hardware Ltd	Unit 17 Waterloo Estate Horsforth LS18 3DN	Carla Knight	0113 268 4922	£15 000	30 days net
HA27	Hainton Supplies	17 Hainton Avenue Perry Barr West Midlands B42 6GR	Bilal Quasar	0121 240 1280	£10 000	30 days net
NE42	Nethercott & Co	16 Fulstow Drive Southport Merseyside PR8 5HP	Nick Haynes	01704 343288	£2 000	30 days net
TH44	Thorpe Factors	Glenside Spalding Lincolnshire PE11 8VX	Pam Franks	01775 204199	£5 000	30 days net

Statement of Accounting Policies

1. It is company policy to depreciate all fixed assets at 15% per annum using the straight-line method of depreciation. Depreciation should be charged on a month-by-month basis. A full month's depreciation should be charged in the month of purchase, but no depreciation should be charged in the month of sale.
2. At the end of each month, it is company policy to close off the Sales Tax Control Account and Purchase Tax Control Account by transfer to the Sales & Purchase Tax Liability Account.
3. The balance of account 5200 opening stock will represent the stock on hand at 1 January and this should remain the same throughout the financial year.

You are required to carry out the following tasks.

1. You look at the trial balance and realise that the balances of stock, prepayments and accruals at the end of July have not yet been reversed. Using the information below, process the necessary entries to reverse these balances, date the entries 1 August and use the reference JREV07.

Nominal Code	Account Name	Amount £	Notes
1001	Stock	84 115.00	Closing stock at 31 July.
1103	Prepayments	120.00	Road Fund Licences – two months paid in advance (Motor & Travel).
1103	Prepayments	3 200.00	One month Factory Rent paid in advance.
2109	Accruals	600.00	Estimated accrual for Office Costs.

2. You are given the following bank statement and are asked to produce a bank reconciliation at 31 July, processing any adjustments that may be necessary. Prior to starting, print out the Nominal Ledger Bank Current Account (Account 1200) at 31 July.

Midwest Bank plc				
Statement of Account as at 31 July				
Burns Furniture - Account No 15156363				
Date	Details	Debit	Credit	Balance
24 July	Balance B/F			23 422.85
26 July	Credit		4 122.44	27 545.29
28 July	Credit		1 012.16	28 557.45
30 July	Cheque 042380	4 122.35		24 435.10
30 July	Credit transfer – Rates refund (no tax)		272.00	24 707.10
30 July	Direct Debit – Office Costs (inc tax)	141.00		24 566.10
30 July	Credit		943.85	25 509.95
30 July	Cheque 042382	314.52		25 195.43
30 July	Credit		4 657.33	29 852.76
30 July	Balance C/F			29 852.76

3. You are given a batch of unprocessed purchase and sales invoices all of which have been duly authorised. Process the invoices through the relevant ledgers and complete the batch totals.

Purchase (Supplier) Invoices

A/C No	Supplier	Inv Date	Inv Ref	Nominal Code	Net Cost £	Tax £	Gross Cost £
CA24	Castle Upholstery	20 Aug	K3053	5001	2 280.35	399.06	2 679.41
DA36	Danns Timber Co Ltd	22 Aug	995207	5000	1 402.30	233.13	1 635.43
HA27	Hainton Supplies	22 Aug	3822	5002	374.00	65.45	439.45
NE42	Nethercott & Co	23 Aug	372	9998	412.24	72.14	484.38
CA24	Castle Upholstery	24 Aug	K3186	5001	3 251.89	569.08	3 820.97
Batch Totals							

Sales (Customer) Invoices

A/C No	Customer	Inv Date	Inv Ref	Nominal Code	Net Cost £	Tax £	Gross Cost £
2801	Cade Contractors	21 Aug	71457	4004	11 662.63	1 938.91	13 601.54
2308	Hayes Furnishings	21 Aug	71458	4000	820.00	143.50	963.50
2699	UK Shopfitters Ltd	23 Aug	71459	4005	3 412.88	597.25	4 010.13
2664	Craig Hotel Group	26 Aug	71460	4004	770.69	134.87	905.56
2842	Elm Furniture plc	26 Aug	71461	4001	612.29	107.15	719.44
2699	UK Shopfitters Ltd	26 Aug	71462	4005	952.36	166.66	1 119.02
Batch Totals							

4. You are told that some Bedroom Furniture supplied to Gerstein Homes on 11 August was damaged. A credit note (CN748) for £452.40 (plus tax) has been raised dated 24 August. Process this transaction through the company's records.
5. The company allows cash sales to be made to senior employees and on 25 August you sell a Suite to the company secretary who pays you by cash. The total sale was for £399.50 (including tax). Process this transaction using reference CS24.
6. You have been asked to set up a new nominal ledger account "Purchases Consumables", using nominal code 5003.
7. You are told that consumables have previously been posted to Purchases Miscellaneous (Nominal Code 5002). You are asked to transfer £4 353.76 from this code to Purchases Consumables, using reference TF5003, and dated 28 August.
8. A member of staff has been overpaid by £360 in their wages. The company has agreed to accept repayment direct into the Bank Current Account, in three instalments commencing 31 August. Set up a recurring entry for £120 per month (no tax) to be credited to Staff Costs (Nominal Code 7855) using reference RC62 and process the first amount due on 31 August.
9. On 28 August you are asked to transfer £2 400.00 from the Bank Current Account to the Cash Account using reference T2808.
10. You are asked to process the following three cash payments.

Date	Reference	Details	Amount (£)
28 Aug	WS328	Staff Costs (no tax)	2 185.64
28 Aug	CP289	Motor & Travel (including tax)	151.34
29 Aug	CP290	Delivery Costs (including tax)	253.80

11. Your manager tells you that the invoice received from Nethercott & Co (Account No NE42) on 23 August should have been posted to Purchases Miscellaneous (Nominal Code 5002). Process a transfer to correct the misposting. Date the transfer using the original invoice date and use the original invoice number as the reference.

12. You are handed the following four cheques received from customers and asked to process them through the company's records, ensuring that they are correctly allocated.

Date	Customer	Cheque No	Details	Amount (£)
27 Aug	Hayes Furnishings	380463	Inv 71235, 71445	2 893.43
29 Aug	UK Shopfitters Ltd	100573	Inv 71438, 71444, 71447, 71453	8 072.01
29 Aug	Gerstein Homes	127290	Account paid in full	6 399.73
30 Aug	Cade Contractors	406115	Inv 71253 (disc £79.96) Inv 71333 (disc £98.76)	3 811.48

13. Your manager tells you that all invoices have now been processed for the month and he asks you to print off an aged creditors list and pay all amounts that are due to suppliers in accordance with their terms of trade. He reminds you that discount is to be taken off the following amounts due to Danns Timber Co Ltd – invoice 981241, £94.40 and invoice 981953, £101.91.

All cheques should be dated 31 August, must be allocated through the relevant accounts and you should print off remittance advices to send with the cheques. The next available cheque number is 042384.

14. You are asked to process a payment to settle the Sales & Purchase Tax liability outstanding at the end of July, using the next available cheque number and date the transaction 31 August.

Continued on next page

15. Having completed all of the routine processing for August, you receive the following memo from Chris Seddon, your manager.

Memo

To: Harjit Singh
From: Chris Seddon
Date: 31 August
Re: Accounts to 31 August

I would like you to complete the month-end accounts and I detail below all of the information you will need. Where necessary, use reference ME08 and date all adjustments 31 August.

- i. Closing stock at 31 August is valued at £76 240.
- ii. Please review the prepayments from the end of last month and make an appropriate prepayment for road fund licences charged to Motor & Travel.
- iii. We have still not been charged for the Office Costs that I accrued last month. Would you please increase the provision to £1350 this month.
- iv. I would like you to write off the full balance outstanding on the account of our customer Hinton & Parr Ltd (Account No 2834).
- v. Please set up a provision for doubtful debts to represent 5% of the total debtors outstanding at today's date after the above write off.
- vi. You will need to provide for depreciation on the company's Plant & Machinery. You will find details of the method to be used in the statement of accounting policies.
- vii. Please read the company's accounting policies carefully to ensure that all requirements are met in respect of the Tax Control Accounts.

Continued on next page

16. Obtain the following printouts

(Note – the tick checklist is for your benefit to ensure that you have provided all required printouts.)

	Printout task	✓
i.	Prepare a trial balance at 31 August taking full account of all relevant issues and provide a printout.	
ii.	Provide a printout of the profit and loss account for the month ended 31 August.	
iii.	Provide a printout of the balance sheet at 31 August.	
iv.	Provide a printout of the following Nominal Ledger accounts only (to include account name, account reference, all transactions and the account balance) at 31 August. <ul style="list-style-type: none"> • Bank Current Account • Cash Account • Purchases Miscellaneous 	
v.	Provide a printout of the supplier day book for August only, showing only invoices processed in that month.	
vi.	Provide a printout of the summary audit trail for August only.	
vii.	Provide a printout of the Sales Ledger Report(s) at 31 August to include customer name, address, account reference number, all transactions and the account balance.	
viii.	Provide a printout of the Purchases Ledger Report(s) at 31 August to include supplier name, address, account reference number, all transactions and the account balance.	
ix.	Provide a printout of the bank reconciliation statement at 31 July prepared in task 2.	
x.	Provide the printout of all remittance advices produced for the supplier cheque payments in task 13.	
xi.	Provide the Aged Creditor printout used to calculate the supplier cheque payments in task 13.	
xii.	Provide a printout of the recurring entry set up in task 8.	

End of examination